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'Focus on claim ratios, not commissions': Bajaj General CEO on insurance reform



Bajaj General Insurance's MD highlights the need to focus on claim ratios instead of distributor commissions. The insurance regulator recently proposed expense caps for better customer protection. Industry discussions are ongoing to gather insights before formal representations are made. Swiss Re Corporate Solutions will collaborate with Bajaj General to provide tailored insurance solutions for globalizing Indian corporates. Mumbai: Interests of customers can be best served if the becomes the focus of attention rather than the commissions being paid to distributors, MD and CEO Tapan Singhel has said.

ICR measures claims incurred against premiums earned. On September 23, the insurance regulator issued a consultation paper that proposed expense caps across lines of business, among other proposals. Insurers are, at present, holding discussions through the Council and are likely to make a representation after collecting inputs from all companies. "We must look at claim ratios and see if the benefit is being passed on. If Rs 100 is the (premium earned) pie, how much is going to consumer, distributors and the companies? In India, 87.3% is going to the consumer in India, and in developed markets, the proportion is 72%. So India is pretty well placed," he said.

He suggested a benchmark of 75% for , a segment that has been in the news due to complaints around claim rejections and renewal premium hikes. "In my view, 75% can be considered as a healthy claim ratio. Beyond that if any company wants to burn capital, that is the shareholder's problem; the customer should not suffer," said Singhel, who also serves as the chairman of the General Insurance Council. "We have to understand the intent of the concept paper.

The regulator's objective is commendable -- that is to ensure that customers' interests are protected. Insurers and distributors are aligned with the consultation paper's thought process. If we have different solutions, we should put them on the table. The regulator can assess the proposals and take a final call," Singhel told The Economic Times in an interaction on the sidelines of an announcement regarding Bajaj General's tie-up with the two companies aim to offer commercial insurance solutions to Indian corporates with global aspirations as well as multinational companies in India across sectors. "More and more Indian corporations are looking to grow globally, but they lack comprehensive insurance solutions to support that expansion.

They are also becoming more sophisticated in their risk management, which means that they demand tailor-made solutions. We are looking to offer our solutions to large and even mid-sized Indian corporates – anybody who is going global,” said Ivan Gonzalez, CEO, Swiss Re Corporate Solutions. On the impact of artificial intelligence (AI), Ivan Gonzalez, CEO of Swiss Re Corporate Solutions, said that agentic AI could ensure faster underwriting with more accuracy. “So, there are three aspects: data infrastructure, underwriting insights and servicing (claims and policy issuance). When it comes to the international programme space, on an average, it takes an insurance company 45 days to issue a policy in a given country. With AI, we will be able to do it in five days,” he said.