Exclusive Interview | IL on Track to Meet 102% Combined Ratio | Bhargav Dasgupta

The Economic Times

SMART INVESTING
ICICI Lombard On Track to Meet 102% Combined Ratio

ICICI Lombard On Track to Meet 102% Combined Ratio

ET Q&A

ICICI Lombard General Insurance is confident of achieving the target combined ratio of 102%. **Bhargav Dasgupta**, chief executive, in an interview with **Shilpy Sinha**, talks about the impact on the industry due to an increase in reinsurance rates, competition in the motor segment, empanelling hospitals to detect fraud and regulator IRDAI's new guidelines allowing one bank to partner with nine insurers in each category. Edited excerpts:

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> BHARGAV DASGUPTA
> CEO, ICICI Lombard

The IRDAI has introduced a big change at the beginning of the financial year. Has the rate on commercial lines come down in April following the new Expense of Management (EOM) guidelines?
Rates have come down, but not due to the change in EOM guidelines. Instead, there has been a change in reinsurance treaties, resulting in some price reductions. Commercial line margins have also seen a marginal reduction.

Some insurance companies have come up with commission rates for just a month instead of the financial year to assess the market under the new EOM regulation. What's your approach?
This is for a good reason because, as I said, this is a massive change, and everyone has to figure out the right approach to the market. The tactical opportunity as to what you want to do with the new EOM guidelines is something that people will figure out. The principle that IRDAI has laid down is the ease of doing business, being the main plank, but the expectation from the industry is that the cost of distribution should come down. So, our endeavour will be to achieve that objective to come down. The EOM Regulation expects companies to manage business within the limit and those at more than 30% EOM to have a glide path to reduce their expenses.

Your combined ratio was elevated last fiscal, and you have set a target of 102% for this year. How do you plan to achieve it?
Our combined ratio is elevated largely because we integrated Bharti AXA, which had a much higher combined ratio of 120%. We had said that it would take us a couple of years to get the synergy benefits. We see the synergy benefits coming fast. We have significantly increased our distribution, particularly on the health side, and have invested heavily in technology, not just from

modernisation perspective for the future. So, despite that investment, we stayed within the limit we had set for ourselves. What we have said is that over the next two years, we believe our combined ratio will come down. We are reasonably confident that unless the market deteriorates further from where it is, we should be on track to achieve 102% in two years.

Will these changes lead to M&As in the industry?
In most industries, the top 4-5 players retain 80% of the value pool, which includes profits and cash flows. If one believes in this thesis, there will be gradual consolidation, with more players looking at specific inch segments and geographies. However, the Indian GI market is not very large, and for me, bigger players will become bigger, with the writing on the wall. Bharti AXA's loss ratio was not an issue at 78%, but the expense ratio at 42% was.

Do you expect increased competition in the motor segment as companies offer higher commissions to lure brokers and dealers to grow the top line?
Competition has been there for the last few years. Now, the motor business is running at about 118% combined ratio for the industry for the first nine months of the last fiscal year. Therefore, I don't think companies can afford to engage in this level of competition. Instead, pricing has to increase or distribution costs have

How are companies dealing with the increase in reinsurance rates?
Reinsurance rates have gone up by 40% to 60%, so it's a pretty hefty increase for all of us, especially when reinsurance is a cost. This is driven by global reinsurance rates, and there are restrictions on where to place the risk first as we have to give the Indian market the right of first refusal. So, there is a lack of adequate capacity, and it's something we have to deal with. One hopes that as the global market softens in a couple of years, rates will become more reasonable.

FOR FULL INTERVIEW, GO TO www.economictimes.com

Coverage Garnered in Print and Online

Exclusive Interview | We will hold on to Premium Rates this year | Bhargav Dasgupta

Moneycontrol

We will hold on to premium rates this year, provided healthcare inflation doesn't go through the roof: ICICI Lombard MD and CEO

Unless insurance companies take action against errant hospitals, healthcare costs will remain elevated, potentially making health insurance unaffordable for many and affecting penetration, Bhargav Dasgupta tells Moneycontrol

PREETI KULKARNI | MAY 03, 2023 / 10:07 AM IST

Healthcare costs increased sharply due to COVID-19 but have not dropped since then. Elevated healthcare inflation, overcharging and outright frauds by some hospitals remain top concerns in this segment for general insurance companies.

ICICI Lombard raised renewal premium rates by 19 percent last financial year but does not have plans to increase rates this financial year, unless healthcare inflation worsens.

High cost of treatment was a cause for concern during COVID-19 and continues to be a challenge now, ICICI Lombard's managing director and CEO Bhargav Dasgupta told Preeti Kulkarni in an interview.

To deal with unreasonable charges, the industry is planning stronger action against errant hospitals besides using the Insurance Information Bureau's (IIB) data to investigate potentially fraudulent claims.

On the regulatory front, the Insurance Regulatory and Development Authority of India's (IRDAI) relaxed norms, which give more flexibility to insurers to manage their expenses and easier product-filing processes, will boost innovation, Dasgupta said. Edited excerpts:

How do you see the new commission and expenses of management (EoM) regulations playing out going forward? Will larger players hold an edge over their smaller peers now?

From the industry's perspective – without dividing companies into large or small – it can help companies that are cost-efficient. Companies whose EoM exceed the regulatory limit of 30 percent (for general insurance companies), will have to create glide paths to bring it down to 30 percent within the next three years. For some of us whose EoM are already below this limit, there's a bit of leeway to spend more. But I don't believe any of the large companies would want to do that. As a company, we want to improve our combined ratio and to do that, we cannot afford to

There's been a lot of talk around Bima Sugam. When is it likely to be operational? And how will it help policyholders?

Bima Sugam will be a transparent platform which will you give you the ease of accessing multiple insurance companies' policies. Then, there are other initiatives such as Bima Vaahak and Bima Vistaar that will be focused on rural markets. The whole thought process behind this overall architecture is to penetrate the rural markets too. My sense is that you'll start seeing some of these details emerge in a couple of months but difficult to predict when Bima Sugam will become effective.

The General Insurance Council has decided to take action against overcharging and frauds at some hospitals. What are the industry's key concerns on this front?

We want to ensure that health insurance pricing remains reasonable and it becomes more affordable. (High cost of healthcare) is one of the areas where we've been raising our concerns. During COVID-19, we raised this concern multiple times. As an industry, we paid claims worth close to Rs 30,000 crore.

In several countries, insurers denied these claims on the grounds that a pandemic was not covered, but we paid the claims. All we requested was some amount of reasonableness in charging customers because, at the end of the day, it's the customer's sum insured that gets affected. It didn't happen then, and since then the healthcare inflation has been very high. So that has been a real concern for the industry.

The GI Council's decision also refers to outright fraudulent claims...

So, that is another issue. Now the IRDAI has initiated some action. Under the Bima Satark initiative, the Insurance Information Bureau (IIB), which has data from all insurance companies, is sharing it with the insurance industry. It can be used to run models and predict which particular claim is a potential fraud. The insurance industry now has the opportunity to investigate those claims.

Secondly, we are seeing some hospitals being particularly egregious and the industry is coming together to take some action against them. If we don't, the premiums will keep rising and existing policyholders will suffer. Penetration, too, won't improve because people won't be able to afford health insurance at those rates.

What's been the impact of COVID-19 on ICICI Lombard's underwriting process and premiums?

We did not increase the rates for the new book (fresh customers). However, for the renewal book (existing customers), we had to increase prices by about 19 percent last year.

The bigger problem is that the effective cost of healthcare in times of COVID-19 went up and it has stayed up. It should have come down by now, but it hasn't. So effectively all companies had to increase prices (health insurance premiums). But we are hoping that in future, some discipline in terms of fraud and abuse control will contain the healthcare inflation.

How has the average health insurance sum insured size gone up for ICICI Lombard since 2020?

The average sum insured has increased post COVID-19. Those who had coverage of Rs 5 lakh have increased it to Rs 10 lakh. People have realised that Rs 5-6 lakh covers are not adequate.

Are we likely to see any health premium rate hikes this year?

As of now, we don't plan to increase rates. We will hold on to the rates provided the healthcare inflation doesn't go through the roof. If the healthcare cost goes up, then we may have to consider it later but there's nothing on the horizon as of now.

The last 12 months have witnessed a flurry of regulatory announcements including use-and-file, easing of distribution tie-ups and so on. What are the changes you would like to see this year?

The biggest change that the regulator has brought about is a change in mindset — from rule-based regulation to principle-based regulation; the principles being policyholder protection, fair treatment of policyholders and so on but not dictate how companies go about it. So this is a progressive mindset, which is what you see in Western markets. We are seeing it for the first time in India. For example, earlier while launching a new product, we had to design it, approach the regulator and get approvals.

Now, it's left to the companies (in some categories). So this widens the scope for innovation. We had launched telematics-based, driving behaviour-linked motor insurance products under the sandbox regime. Once the regulations changed (and the use-and-file framework came into effect), we launched them as full-fledged products.

What kind of growth do you foresee for ICICI Lombard and the industry this financial year?

I expect the growth to be in the high teens (closer to 20 percent). We would definitely want to grow in line or slightly ahead of that. If some of the initiatives the regulator is talking about - Bima Sugam and Vistaar - take off, it will give a further fillip to the growth.

Press Conference (exclusive) | IL's Corporate India Risk Index | Bhargav Dasgupta

CNBC TV18

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Coverage Garnered in 24 Print, 59 Online, 2 Broadcast, & 1 Wire,

The Times of India

Risks have increased for businesses but they are better prepared: ICICI Lombard

MAYUR SHETTY / TNN / Updated: Apr 25, 2023, 15:26 IST

Mumbai: The risk profiles of Indian corporates have improved despite their risk exposure increasing due to better management. ICICI Lombard's Corporate India Risk Index (CIRI), which reflects the outcome of an annual study of the risk profiles of Indian businesses, shows that risk management has improved due to government policies and efficient risk handling by companies to contain market & economy and operations-related risk.

By adopting efficient risk management strategies, the government and corporates have displayed resilience in the face of global challenges, such as rising inflation, slowing global growth, elevated commodity prices, and tightening global monetary policies.

According to the report, risk profiles have improved for infrastructure, real estate, aerospace and defence, and education. At the same time, they have worsened for chemical and petrochemical industries, agri and food processing and transportation.

The CIRI Score for businesses improved from 62 in 2021 to 63 in 2022, indicating better risk management by Indian enterprises. The risk profile improvement is despite the risk exposure index going up from 62 to 64. ICICI Lombard's CIRI 2022 comprises 32 risk elements across 6 broad dimensions and draws upon global risk management best practices. A higher score signifies better risk management, enabling companies to adopt effective practices.

While the risk index score improved, corporate India's risk management index also rose from 64 in 2020 to 65 in 2021 and 66 in 2022. In the same period index measuring corporate risk exposure first declined from 66 in 2020 to 62 in 2021, which worsened to 64 in 2022.

"The ICICI Lombard Corporate Risk Index report provides the insights and tools necessary for companies to evaluate and manage their risk profiles and empowers them to navigate adversity for long-term and sustainable growth. The enhanced score in the 3rd edition of the Corporate Risk Index is a testament to the efficient risk management practices adopted by Indian corporates in the face of global headwinds and challenges," said Bhargav Dasgupta, MD & CEO, ICICI Lombard.

Aroop Zutshi, Global President, Frost & Sullivan, said, "Strength of India's story lies in the fact that Corporate India Risk Index score is steadily improving year on year; we are seeing a larger number of sectors moving towards a better Risk Index such as Telecom & Communication, Aerospace & Defense and Education & Skill Development."

The Times of India

Cos face more risks, but better prepared: Study

TIMES NEWS NETWORK

Mumbai: The risk profiles of Indian corporates have improved due to better management despite their risk exposure increasing. ICICI Lombard's 'Corporate India Risk Index' (CIRI), which reflects the outcome of an annual study of the risk profiles of Indian businesses, shows that risk management has improved due to government policies and efficient risk handling by companies to contain market & economy and operations-related risk.

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ICICI Lombard's CIRI comprises 32 risk elements and draws upon risk management best practices

The CIRI score for businesses improved from 62 in 2021 to 63 in 2022, indicating better risk management. The risk profile improvement is despite the risk exposure index going up from 62 to 64. ICICI Lombard's CIRI comprises 32 risk elements and draws upon best practices. A higher score signifies better risk management,.

Prabhat

ભારતીય કોર્પોરેટ્સની સ્થિરતા અકબંધ હોવાની પુષ્ટિ કરે છે

આઈસીઆઈસીઆઈ લોમ્બાર્ડનો કોર્પોરેટ ઈન્ડિયા રિસ્ક ઈન્ડેક્સ ૨૦૨૨

વૈશ્વિક સ્તરે સખત નાણાકીય નીતિઓ, વધતો ફુગાવો, ધીમો પડતો વૈશ્વિક વૃદ્ધિ દર અને કોમોડિટીના ઊંચા ભાવ જેવા પડકારોનો સામનો કરવા છતાં, ભારત સરકાર અને કોર્પોરેટ્સે કાર્યક્ષમ જોખમ વ્યવસ્થાપન વ્યૂહરચનાઓનો ઉપયોગ કરીને સ્થિતિસ્થાપકતા દર્શાવી છે. આ બાબત કોર્પોરેટ ઈન્ડિયા રિસ્ક ઈન્ડેક્સ (સીઆઈઆરઆઈ) ૨૦૨૨ની ૩જી આવૃત્તિમાં પ્રતિબિંબિત થાય છે, જે આઈસીઆઈસીઆઈ લોમ્બાર્ડ દ્વારા ફ્રોસ્ટ અને સુલિવાનના સહયોગમાં હાથ ધરાયેલ પ્રોપરાઈટરી અભ્યાસ છે, જે દર્શાવે છે કે રિસ્ક ઈન્ડેક્સ સ્કોર ૨૦૨૧માં ૬૨ થી ૨૦૨૨માં ૬૩ થયો છે. ભારતની અગ્રણી ખાનગી વીમા કંપની આઈસીઆઈસીઆઈ લોમ્બાર્ડ ભારતીય કોર્પોરેટ જગત અને ઈન્ડિયા રિસ્ક મેનેજમેન્ટ એવોર્ડ્સ (આઈઆરએમએ) માટે આ પ્રકારનો પ્રથમ રિસ્ક ઈન્ડેક્સ બનાવવા માટે અગ્રણી છે અને આ માટેનો પાયો નાંખવાનો વિચાર તેનો છે, જે કંપનીઓને તેમની જોખમ શાસન પદ્ધતિઓ માટે માન્યતા આપવા માટેની મિલકત છે.

આઈસીઆઈસીઆઈ લોમ્બાર્ડના સીઆઈઆરઆઈ ૨૦૨૨માં ૬ વ્યાપક પરિમાણોમાં ૩૨ જોખમ ઘટકોનો સમાવેશ થાય છે અને વૈશ્વિક જોખમ વ્યવસ્થાપનની શ્રેષ્ઠ પદ્ધતિઓનો સમાવેશ કરે છે. ઉચ્ચ સ્કોર એ બહેતર જોખમ વ્યવસ્થાપનનો સંકેત આપે છે, જે કંપનીઓને અસરકારક જોખમ સંચાલન પદ્ધતિઓ અપનાવવા સક્ષમ બનાવે છે.

Gujarat Pranam

વૈશ્વિક પડકારો છતાં ભારતીય કોર્પોરેટ્સની સ્થિરતા અકબંધ હોવાની પુષ્ટિ કરે છે આઈસીઆઈસીઆઈ લોમ્બાર્ડનો કોર્પોરેટ ઈન્ડિયા રિસ્ક ઈન્ડેક્સ ૨૦૨૨

મુંબઈ, તા. ૨૫મી એપ્રિલ, ૨૦૨૩: વૈશ્વિક સ્તરે સખત નાણાકીય નીતિઓ, વધતો ફુગાવો, ધીમો પડતો વૈશ્વિક વૃદ્ધિ દર અને કોમોડિટીના ઊંચા ભાવ જેવા પડકારોનો સામનો કરવા છતાં, ભારત સરકાર અને કોર્પોરેટ્સે કાર્યક્ષમ જોખમ વ્યવસ્થાપન વ્યૂહરચનાઓનો ઉપયોગ કરીને સ્થિતિસ્થાપકતા દર્શાવી છે. આ બાબત કોર્પોરેટ ઈન્ડિયા રિસ્ક ઈન્ડેક્સ (સીઆઈઆરઆઈ) ૨૦૨૨ની ૩જી આવૃત્તિમાં પ્રતિબિંબિત થાય છે, જે આઈસીઆઈસીઆઈ લોમ્બાર્ડ દ્વારા ફ્રોસ્ટ અને સુલિવાનના સહયોગમાં હાથ ધરાયેલ પ્રોપરાઈટરી અભ્યાસ છે, જે દર્શાવે છે કે રિસ્ક ઈન્ડેક્સ સ્કોર ૨૦૨૧માં ૬૨ થી ૨૦૨૨માં ૬૩ થયો છે. ભારતની અગ્રણી ખાનગી વીમા કંપની આઈસીઆઈસીઆઈ લોમ્બાર્ડ ભારતીય કોર્પોરેટ જગત અને ઈન્ડિયા રિસ્ક મેનેજમેન્ટ એવોર્ડ્સ (આઈઆરએમએ) માટે આ પ્રકારનો પ્રથમ રિસ્ક ઈન્ડેક્સ બનાવવા માટે અગ્રણી છે અને આ માટેનો પાયો નાંખવાનો વિચાર તેનો છે, જે કંપનીઓને તેમની જોખમ શાસન પદ્ધતિઓ માટે માન્યતા આપવા માટેની મિલકત છે.

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Business World

ICICI Lombard's Corporate India Risk Index 2022 Shows Corp's Resilience Amidst Global Challenges

Despite facing challenges such as tightening global monetary policies, rising inflation and slowing growth, ICICI Lombard's corporate India risk index 2022 shows the country's corporate resilience, however, it scored 63 in 2022 from 62 in 2021 which is a small increase.

The index shows all 20 sectors in 'superior' or 'optimal risk handling', with 7 sectors demonstrating 'superior' handling, including FMCG, tourism, healthcare, telecom, pharmaceuticals and new age.

The aerospace and defence sector showed the most improvement bouncing back from 52 in 2021 to 63 in 2022 due to government and enterprise-led initiatives, it stated. Traditional sectors are also preparing for technological risks such as cyber threats and innovation risks.

Sectors such as tourism and hospitality and transportation and logistics have efficiently dealt with disruptions caused by fuel price hikes and terrorism.

However, the report mentioned that metals and Mining and chemical and petrochemical sectors showed a dip in risk management due to external macroeconomic factors.

Besides highlighting the performance of corporates on the corporate India risk index, the study recommended measures to mitigate risk and achieve a superior risk index score in 2023.

"These include envisioning risk through scenario planning, de-risking through a holistic approach, and using predictive future analysis to gain actionable insights," it added.

Business Insider

Aerospace & defence sector saw the most improvement in risk resilience in 2022 – Corporate India Risk Index

ANAGH PAL | APR 25, 2023, 17:47 IST

Although corporations have faced challenges such as increasing inflation, slower global growth, elevated commodity prices and tighter global monetary policies, they have shown resilience through effective risk management strategies. This resilience is reflected in an improvement in corporate India's risk index score to 63 in 2022 from 62 in 2021, as measured by Corporate India Risk Index (CIRI) 2022, a study conducted by ICICI Lombard in collaboration with Frost & Sullivan.

A higher score on the index indicates superior risk management, allowing businesses to implement efficient risk-management protocols.

Says Bhargav Dasgupta, managing director and chief executive officer, ICICI Lombard, "The enhanced score in the 3rd edition of the Corporate Risk Index is a testament to the efficient risk management practices adopted by Indian corporates in the face of global headwinds and challenges. As we move forward, it is crucial for companies to stay ahead of the curve and adopt comprehensive and efficient risk management practices."

All twenty sectors of the Indian economy are categorised as either 'superior' or 'optimal risk handling,' with 7 sectors exhibiting 'superior' risk management practices. These sectors include automotive, fast-moving consumer goods (FMCG), tourism, healthcare, telecom, pharmaceuticals, and new-age businesses.

The 'Aerospace and Defence' sector demonstrated the most significant improvement in the risk index, with its score rising from 52 in 2021 to 63 in 2022, driven by initiatives from both the government and enterprises. Even conventional industries are now gearing up for technological risks like cyber threats and innovation risks.

Sectors like tourism and hospitality, and transportation and logistics handled the disruptions arising from fuel price hikes and terrorism effectively. However, the metals and mining, and chemical and petrochemical sectors experienced a decline in their risk management scores, attributable to external macro-economic factors.

Exclusive | IL remains cautious on Private Car Insurance | Bhargav Dasgupta

CNBC TV18

ICICI Lombard remains cautious on private car insurance segment, says MD

By Yash Jain | Apr 25, 2023 5:34 PM IST (Published)

Bhargav Dasgupta, the Managing Director and CEO of ICICI Lombard, one of India's leading general insurance companies believes that ease of doing business has helped the company launch new products and expand its reach in the market. However, he remains cautious on the motor segment, particularly the private car segment.

"Dynamics of the industry are changing. There are a lot of regulatory changes that are being brought about which improves the ease of doing business and allows us to launch new products which earlier would take a lot of time to get approval."

"The only segment that we are still cautious is the motor segment, particularly the private car segment where we are finding that the combined ratio for the industry is roughly about 118 percent if you see the nine months data. 118 percent combined ratio doesn't make it viable to ride this business," Dasgupta said.

He further said the health segment is growing faster than the market, and ICICI Lombard is well-positioned to take advantage of this trend. Dasgupta believes that the market growth should be between 15-20 percent this year, and the company's strategic initiatives are aligned with this growth target.

"Health is growing faster than market and we believe it will continue to do so. We think we will grow faster than market. We believe market growth this year should be within 15-20 percent and our combined ratio which was about 104 percent last year, over the next two years we want to bring it to 102 percent," he added.

In terms of pricing, Dasgupta feels that a price increase of 7-10 percent will be adequate to maintain profitability and ensure sustainable growth. He emphasised the importance of balancing the pricing strategy with customer expectations and market dynamics.

Authored Article | How AI, Data analytics is going to Shape Future | Bhargav Dasgupta

Echo of India

How AI, data analytics is going to shape future of Insurance underwriting in India

BHARGAV DASGUPTA

Increased internet penetration and mobile data usage has made the world around us increasingly digital. Consumers today are leveraging UPI for digital payments, Alexa to turn on their favorite music and using Swiggy / Zomato for their dining needs. In this rapidly changing world, a predominantly physical-intensive industry such as insurance is also undergoing rapid transformation. Data analytics and new-age technologies such as Artificial Intelligence (AI) and Machine Learning (ML) are leading this change.

In recent years, the insurance industry has seen new types of risks emerging; be it pandemics, climate change or data protection and privacy. Even traditional risks are changing rapidly. In motor insurance, we are seeing connected cars generating significant amount of data.

ML algorithms are helping us understand driving behavior and risk a lot better. In the future of driverless cars, the risk will completely change from analyzing driving behavior to analyzing the performance of the AI software. As that happens, onboard sensors data and ecosystem data will enable insurers to provide a near real time pay as you drive insurance basis the routes that are being driven and the probability of an accident on the driven route.

On the health front, information from wearables and other devices is helping people in moving towards a healthier lifestyle. Sophisticated video-based AI solutions are helping consumers understand their health vitals and are providing key biomarkers for understanding risk. Advances in genetics and understanding of the human genome could pave way for extremely personalized underwriting. Individuals at higher risk of certain diseases could not only get appropriate cover for the same, but also work on reducing their premiums by maintaining a certain lifestyle.

In commercial lines insurance, physical property risk inspection is essential for underwriting and pricing of risk. Drones and satellites are now helping us in real-time inspection of this risk and AI algorithms are helping in understanding and segmenting this risk. In agriculture insurance, high resolution imagery, coupled with AI based insights, is helping in yield prediction and crop damage assessment.

As we continue to be a part of a rapidly changing world, underwriting strategies would need to adapt to using this real time data from connected ecosystems, along with historical data, to price risk. New skillsets will need to be acquired to understand and process this information and a culture of innovation and transformation will need to develop in this movement towards a foresight driven world of underwriting in insurance. (Author is the MD & CEO, ICICI Lombard GIC Ltd/Views are his own)

The Meghalaya Guardian

How AI, data analytics is going to shape future of insurance underwriting in India

INCREASED internet penetration and mobile data usage has made the world around us increasingly digital. Consumers today are leveraging UPI for digital payments, Alexa to turn on their favorite music and using Swiggy /Zomato for their dining needs. In this rapidly changing world, a predominantly physical-intensive industry such as insurance is also undergoing rapid transformation. Data analytics and new-age technologies such as Artificial Intelligence (AI) and Machine Learning (ML) are leading this change.

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By Bhargav Dasgupta

On the health front, information from wearables and other devices is helping people in moving towards a healthier lifestyle. Sophisticated video-based AI solutions are helping consumers understand their health vitals and are providing key biomarkers for understanding risk. Advances in genetics and understanding of the human genome could pave way for extremely personalized underwriting. Individuals at higher risk of certain diseases could not only get appropriate cover for the same, but also work on reducing their premiums by maintaining a certain lifestyle.

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Coverage Garnered in 5 Print and 3 Online

Mint

Insurance premiums to turn 10% costlier

Global reinsurers raise rates, pushing up insurance cost in India

Anirudh Laskar
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MUMBAI

The insurance cost for Indian companies and motor vehicle owners is set to surge as global reinsurers, impacted by the war in Ukraine and other weather-related losses worldwide, have raised rates by 40-60%.

The increase in reinsurance rates is expected to result in a minimum 10% rise in insurance premiums for properties, liabilities, marine, and motor covers in the coming months, top executives of Indian general insurers said.

"The cost of reinsurance is expected to increase the property premiums by 8-10% across a few categories of risks. Similarly, we may witness an increase in motor and marine covers as well," said Ritesh Kumar, managing director and chief executive of HDFC ERGO General Insurance Co. Ltd.

India's general insurance industry, comprising 24 companies and excluding standalone health and agriculture insurers, underwrote a gross premium of ₹2.15 trillion during FY23, a 16% increase from the previous year. These insurers collectively hold 84% market share in the general insurance industry.

Bhargav Dasgupta, managing director and CEO of ICICI Lombard General Insurance Co. Ltd, India's largest private general insurer, said, "Extensive damages are happening, which in turn, increased the reinsurance costs for Indian insurers."

For India, reinsurance rates have risen roughly 40% and 60%, Dasgupta said.

"Due to the exposure to catastrophe losses, (reinsurance) rates have gone up, which affects all lines of business—factories, properties, motor, everything it affects. The lines that got affected more are the commercial lines, for corporates," Dasgupta said.

HDFC Ergo's Kumar stated that about 50% of the premiums for property and liability lines of business at the industry level are reinsured.

Indian companies buy large insurance covers to mitigate the

TURN TO PAGE 6

EXPENSIVE COVER

India's general insurance industry underwrote a gross premium of ₹2.15 trillion during FY23, a 16% increase from the previous year

Gross direct premium income underwritten by non-life insurers (in ₹ cr)
General insurers sub total (of sectors likely to see rise in prices)

	FY22	FY23	Growth (in %)
Marine	4,167.6	5,057.8	21.36
Engineering	3,563.3	4,281.4	20.15
Liability	4,190.5	4,862.9	16.05
Motor	70,433.5	81,291.7	15.42
Fire	21,547.9	23,933.5	11.07

Compiled on the basis of data submitted by member insurers on online portal
Source: Irdai, General Insurance Council

mint

UNFORESEEN EVENTS

DUE to the exposure to war, catastrophes, rates have gone up

FIRMS buy large covers to mitigate the impact of big losses

PREMIUMS of cars, bikes, and CVs may increase soon

SARVESH KUMAR SHARMA/MINT

Insurance premiums to turn 10% costlier

FROM PAGE 1

impact of unforeseen liabilities and catastrophic losses. They typically buy insurance cover to protect against fire, marine-related risks, engineering, and business interruptions.

Motor insurance is, however, mandatory for all vehicle owners in India. Motor insurance alone contributed ₹81,292 crore in premiums to the general insurance industry's total business in FY2023.

With the latest rise in reinsurance costs, the premium rates for buying insurance for vehicles such as passenger cars, bikes and commercial vehicles are likely to go up by 10-15% in the next few months, according to industry experts.

At ₹8,582 crore, ICICI Lombard's motor business alone contributed around 40% of the company's total premium in FY2023. The insurer's total premium grew by 17% in FY23.

According to the Insurance Regulatory and Development Authority of India (IRDAI), during FY23, general insurers underwrote a total fire insurance premium of ₹23,933 crore, marine insurance premium of ₹5,058 crore, engineering insurance premium of ₹4,281 crore, aviation insurance premium of ₹889 crore and a liability insurance premium of ₹4,863 crore.

Motor insurance is a major contributor to the general insurance industry's total biz

General insurers' liability portfolio comprises insurance cover against workmen's compensation, employers' liability, public liability, product liability and other liability covers.

HDFC Ergo's Kumar said since central banks in Western countries have increased interest rates by 4.5-5% over the last 12 months, increasing the cost of capital for global reinsurers.

Further, Kumar said the climate change uncertainty had gone up in recent years, leading to huge losses for the reinsurers. "Even though there has been a limited impact of catastrophes in India, the reinsurance cost for catastrophic covers has increased significantly during the year. In lieu of this, a significant impact is expected on the premiums for property and engineering risks, especially for flood cover," Kumar said.

He said that major reinsurers providing reinsurance capacities in India are based in Europe and the US.

Globally, Munich Re, Swiss Re, Hannover Re, SCOR (France), Partner Re, Everest Re, Lloyd's and Reinsurance Group of America are the top reinsurance firms.

"A couple of events happened in the Ukraine war, which has increased the losses for the industry. The reinsurance rates have gone up also because of the climate change and the related losses that we are seeing," said Dasgupta, whose company underwrote a total gross premium of ₹21,025 crore for FY23, the highest among private players, commanding a market share of 8.2% in the general insurance industry. "The Western world, particularly, has had a series of catastrophe losses, and that has had a significant financial impact on the reinsurance market, according to ICICI Lombard's Dasgupta.

"At the same time, because of inflation, interest rates are going up, their (reinsurers') investment book had had some hits. So the interest rates globally have gone up. Even this year for India also, for all of us in the market, reinsurance rates have gone up," Dasgupta said.

Industry | Steep Rise In Reinsurance Rates | Bhargav Dasgupta

Business Standard

Steep rise in reinsurance rates seen in April renewals

SUBRATA PANDA
Mumbai, 19 April

Although it was expected that Indian insurers would feel the heat of high reinsurance rates this renewal season, the quantum of a hike in rates has taken the industry by surprise.

Sources said most Indian insurers have seen a steep rise in reinsurance rates this renewal season, with rates hardening over 30 per cent or more.

Primary insurers transfer a portion of their risk portfolios to reinsurers by paying a certain premium to reduce the likelihood of paying a large obligation in the form of a claim.

Globally, the renewal of reinsurance contracts between primary insurers and reinsurers takes place in January. Reports had suggested that reinsurance rates touched multi-year highs this renewal season in the wake of adverse weather events, the war in Eastern Europe, and macroeconomic shocks. It was widely expected that the Indian market would also see some hardening of rates, but the quantum of the hike was anybody's guess.

Experts had estimated that since India did not suffer any major natural catastrophe, the extent of the rise in reinsurance rates in the Indian market would not be as severe as seen in some international markets. That was not the case.

"Reinsurance renewals this time have been one of the toughest. The rates moved up in the range of 30-50 per cent, in spite of the Indian market performing decently. Plus, the attachments have been increased. If this trend continues, the underwriting risk will have to undergo change because it is not possible to pass on a 30–40 per cent hike to consumers. We have to build capacity that is more India-centric," said a chief executive officer (CEO) of a private-sector general insurer.

AT A GLANCE

- Reinsurance rates harden by **30 – 50%**
- Reports suggested reinsurance rates globally hardened to multi-year highs in this renewal season
- The spike in rates is in the wake of adverse weather events, war in eastern Europe and macroeconomic shocks
- India did not suffer any major natural catastrophe, still it is facing huge reinsurance rates

"Globally, rates in some markets have gone up 50-60 per cent. In our market, it has also gone up 45–60 per cent for most players. That's an input cost to us," said Bhargav Dasgupta, managing director and CEO, ICICI Lombard General Insurance, in an analyst call.

"The impact of global hardening of reinsurance terms, especially on natural catastrophe protection, was experienced by insurers in April 1 renewals. We believe that although this will create short-term disruption, in the long run, it is expected to be positive and will bring in underwriting discipline. At the same time, for players like us, who have capital, brand, and presence across multiple lines of business at scale, we should benefit from this," he added.

The industry was expecting a 10-15 per cent hike in reinsurance rates in the April renewal season. Like India, Japan, too, did not see any major natural catastrophe losses, but saw a hardening of reinsurance rates in a similar range.

Reinsurance is a practice whereby insurers transfer portions of their risk portfolios to other parties through some kind of agreement to reduce the likelihood of paying a large obligation resulting from an insurance claim. The party that diversifies its insurance portfolio is known as the ceding party. The party that accepts a portion of the potential obligation in exchange for a share of the insurance premium is known as the reinsurer.

The hardening of rates was mostly in the property segment, while speciality rentals were flat, said a source aware of the development.

Hindustan Times

Insurance premiums to become 10% expensive

Global reinsurers raise rates, pushing up insurance cost in India

Anirudh Laskar
anirudh.l@htlive.com

With the latest rise in reinsurance costs, the premium rates for buying insurance for vehicles likely to go up by 10-15%. HT

MUMBAI: The insurance cost for Indian companies and motor vehicle owners is set to surge as global reinsurers, impacted by the war in Ukraine and other weather-related losses worldwide, have raised rates by 40-60%.

The increase in reinsurance rates is expected to result in a minimum 10% rise in insurance premiums for properties, liabilities, marine, and motor covers in the coming months, top executives of Indian general insurers said. "The cost of reinsurance is expected to increase the property premiums by 8-10% across a few categories of risks. Similarly, we may witness an increase in motor and marine covers as well," said Ritesh Kumar, managing director and chief executive of HDFC ERGO General Insurance Co. Ltd.

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Indian companies buy large insurance covers to mitigate the impact of unforeseen liabilities and catastrophic losses. They typically buy insurance cover to protect against fire, marine-related risks, engineering, and business interruptions.

Motor insurance is, however, mandatory for all vehicle owners in India. Motor insurance alone contributed ₹81,292 crore in premiums to the general insurance industry's total business in FY2023. With the latest rise in reinsurance costs, the premium rates for buying insurance for vehicles such as passenger cars, bikes and commercial vehicles are likely to go up by 10-15% in the next few months, according to industry experts.

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General insurers' liability portfolio comprises insurance cover against workmen's compensation, employers' liability, public liability, product liability and other liability covers.

Exclusive Industry story | The Test of Trust | Sheena Kapoor

ET Brand Equity

THE TEST OF TRUST

A customer's implicit trust in a brand for its product quality and consumer experience is a marketer's dream. But reaching this sweet spot needs consistent brand-building efforts with no room for complacency, finds **Mukta Lad**

US billionaire Warren Buffett famously said, "It takes 20 years to build a reputation and five minutes to ruin it." Brands gunning for customer trust know all about this. Long-term trust means that the brand's products, experience, service and communication are perfectly synced with its purpose and values.

However, the ways to earn trust have become more challenging for brands over time. For instance, consumers have become more stringent in their expectations of product quality, holding brands accountable today more than ever. This is different from a few decades ago. Large legacy brands were then inherently trusted to deliver the products and services expected of them. But social media and wide access to the internet are helping users glean more information before making a purchase. Now even the most trustworthy legacy businesses can face the heat at any minute.

How, then, do brands build and maintain long-term trust in a world full of discerning customers?

BUILDING AND MAINTAINING TRUST

TRUST AND SOCIAL MEDIA

THE PROBLEM OF PLENTY?

LOSING AND REBUILDING TRUST

DOS

- Ensure good quality of products and services to customers
- Be genuine and transparent in all customer interactions
- Communicate the brand's promise, vision and values
- Be receptive to customers and their changing needs
- Keep listening and engaging with customers
- Capitalise on trust, don't treat it as a fixed deposit

DON'TS

- Don't make incorrect promises
- Don't ignore customer feedback and complaints
- Don't compromise on quality
- Don't overpromise and underdeliver

Experts' Speak

"Trust takes time and it is a continuous process much like any relationship between two individuals. There is respect, understanding and commitment between the brand and the consumer."
Jayen Mehta, MD, Amul

"Small brands take time to establish themselves as trusted names in the market. This is because trust is something that is built over a long period, especially when it comes to products that consumers use frequently and have been buying for many years."
Ashwin Moorthy, CMO, GCPL

"The biggest proof of their trust is the willingness of consumers to part with their hard-earned money and make an advance transaction to use a brand."
Anurita Chopra, CMO, Haleon India Subcontinent

"Brands need to reward loyalty and customer advocacy through continuous engagement."
Shashank Srivastava, senior executive officer, marketing and sales, Maruti Suzuki

"A lot of it [consumer mistrust] has to do with the inherent complexity involved – as a consumer, if I don't understand something too well, I don't get the confidence to purchase it and neither can I visualise the product's benefit. Insurance is still viewed as an avoidable cost and not something that the customer believes they need."
Sheena Kapoor, head marketing, corporate communications and CSR, ICICI Lombard

"Brands whose leaders speak out and engage with the public – like Mahindra & Mahindra's Anand Mahindra or Zerodha's Nithin Kamath – enjoy more trust because people feel reassured that the leadership is connected with users."
Nisha Sampath, brand consultant and founder, Bright Angles Consulting

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IL's Mother's Day Campaign | Sheena Kapoor

Content Media Solution

ICICI Lombard takes a moment to celebrate ALL mothers for being the greatest protection shield

Mansi

3 days ago

ICICI Lombard recognizes the invaluable and unmatched essence of a mother's love, and with this understanding, we have launched a distinctive campaign to celebrate Mother's Day. The key insight hinges on the premise that the 'mother of all insurance cover' is a mother herself.

As the leading private general insurer, we are inspired by the kind of 'insurance' or 'protection cover' a mother provides her family – always there, ready to cushion every fall, heal every wound, and celebrate every victory. To break the clutter, we decided on long-format prose on digital and bring the power of strong copy to a digital environment. And yet the words may not be quite adequate!

> "As a brand that advocates inclusion, we also wanted to make a significant change in the narrative, by recognizing and celebrating the essence of motherhood and not just limit it to biological moms. We wanted to acknowledge the nannies, grandmas, step moms, maasis/buas, mothers to a furry pet animal or even a single father playing the dual role – the universe is large and equally real and compelling," said **Sheena Kapoor – Head of Marketing, Corporate Communications & CSR, ICICI Lombard.**

Media Bulletins

ICICI Lombard takes a moment to celebrate ALL mothers for being the greatest protection shield

May 13, 2023

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Coverage Garnered in 5 Print & 6 Online

Content Media Solution	Chennai City News	Media Bulletins

यंदाच्या मातृदिनाला साजरे करुया मातृत्व-संरक्षणरुपी कवच असणाऱ्या सर्व मातांसाठी आयसीआयसीआय लोम्बार्डचा उत्सवक्षण

मुंबई : मातेच्या प्रेमाचा अनमोल आणि अतुलनीय सुगंध आयसीआयसीआय लोम्बार्डने जाणला आहे आणि या अर्थबोधातून मातृदिन साजरा करण्यासाठी आम्ही एका आगळ्यावेगळ्या मोहिमेचा शुभारंभ केला आहे. सर्व विमा संरक्षणाची जननीसुद्धा स्वत:च एक आई आहे. ही या मोहिमेची मुख्य अंतर्दृष्टी आहे. अग्रगण्य खासगी जनरल इन्शुरन्स कंपनी अशी आमची ओळख असून, एक माता तिच्या कुटुंबाला ज्या प्रकारे विमा किंवा संरक्षण कवचच पुरवते, त्याद्वारे आम्ही खूपच प्रेरित झालो आहोत. माता नेहमीच प्रत्येक क्षणाला हजर असते, प्रत्येक संकटाशी सामना करण्यासाठी ती सज्ज असते, प्रत्येक जखम भरून काढते आणि प्रत्येक विजयाचा आनंद ती तितक्याच उत्साहाने साजरा करत असते. तिच्याभोवतालची अनिश्चिततेची स्थिती दूर सारण्यासाठी आम्ही डिजीटल स्वरुपात प्रदीर्घ असे गद्य तयार करताना त्याच्या डिजीटलमय वातावरणासाठी बळकट अशा दर्जेदार साहित्यकृतीचा नजराणा पेश केला आहे. तरीही, तिची महती स्पष्ट करण्यासाठी शब्दही पुरेसे ठरणार नाही. एक ब्रँड जो सर्वसमावेशकतेला प्रोत्साहन देतो आणि आम्हाला या ब्रँडच्या माध्यमातून दृष्टिकोनात व्यापक बदलाची इच्छा आहे आणि हा बदल केवळ जैविक माता या संकल्पनेपुरता मर्यादीत न ठेवता मातृत्वरुपी अनेकांच्या गुणांना जाणून घेत साजरा करायचा आहे. आम्हाला आजी, सावत्र आई, मावशी/आत्या, माता ते एक पाळीव प्राणी तसेच याआय आणि वडील यांची दुहेरी भूमिका बजावणारे वडील या सर्वांना मातृदिनानिमित्त सलाम करायचा आहे. कारण हे विश्व खूप भव्यदिव्य आणि तितकेच वास्तविक अन् आकर्षकही आहे, अशी टिप्पणी आयसीआयसीआय लोम्बार्डच्या कॉर्पोरेट कम्युनिकेशन आणि सीएसआर विभागाच्या विपणन प्रमुख शीना कपूर यांनी या नव्या मोहिमेप्रसंगी केली आहे.

Celebrating Motherhood this Mother's Day – ICICI Lombard takes a moment to celebrate ALL mothers for being the greatest protection shield!

આ મધર્સ ડેએ માતૃત્વની ઉજવણી - આઇસીઆઇસીઆઇ લોમ્બાર્ડ સર્વશ્રેષ્ઠ સુરક્ષા કવચ બનતી દરેક માતાના માતૃત્વની ઉજવણી કરવા માટે સમય કાઢે છે !