

Tax breaks needed to increase penetration of general insurance: G Srinivasan

Interview with Chairman and MD, New India Assurance
M Saraswathy / Mumbai November 20, 2012, 0:05 IST

G Srinivasan, who recently assumed office as chairman and managing director of New India Assurance, the state-owned general insurance company, has a long list of dos and don'ts for the company and the sector. In an interview with *M Saraswathy*, he shares his ideas and plans. Edited excerpts:

As the new CMD, what are the top issues you plan to address?

The first focus will be customer service. The aim will be to ensure customers get a very high-level service. We will focus on bringing out new and innovative products, and ensure settlement claim process are simplified.

The second focus will be to improve profitability. Today, the entire general insurance industry faces the challenge of underwriting profitability. We will be improving our underwriting standards and ensure we reach an underwriting break, as quickly as possible. The third focus will be on markets, both domestic and international. We will try to maintain our dominant position in the Indian market. We also have a large international operation and the aim will be to ensure we continue to expand it.

Would you also launch new products?

There is scope for innovation in the personal line of business. Motor insurance is one area, where lots of customers could be added and products designed to cater to different segments. Health is another; only 15 per cent of Indians are entitled to health insurance, so there is huge scope.

Another area is micro-insurance. With the development seen in rural areas, people have the ability to spend money on insurance. We need to come out with simple and interesting products which will take care of their needs. We are planning to open 300-400 offices in tier-III and tier-IV cities in the next three-four months. Another idea is tying up with the business correspondents in banks, since they have been able to reach the smaller villages.

What suggestions were mooted in the CEOs' meet with the finance minister?

The CEOs said the price for the third-party motor segment was administered by the Insurance Regulatory and Development Authority and was not adequate for the commercial vehicle segment. We also brought to his notice the need for an amendment to the Motor Vehicles Act. It does not impose any limit on liability and there is no time and geographic limit for filing cases.

Tax Deducted at Source on reinsurance is a major area of concern. We also suggested that for increasing the penetration of general insurance, some tax breaks were needed.

There is talk of introducing catastrophe insurance. How will this work?

A committee formed by the General Insurance Council is working on it. The idea is whenever there is a catastrophe, the insured losses are not very high, though economic losses could be, as vulnerable sections lose everything. The Rashtriya Swasthya Bima Yojana is providing health insurance for below poverty line (BPL) families. There is need for such a product to provide protection to poorer sections in case of a catastrophe. The industry is working on it, with the National Disaster Management Authority.

Would New India Assurance look at additional bancassurance tie-ups?

The bancassurance channel as a whole is very promising, as banks have presence all over the country. However, the problem in bancassurance is banks are not investing enough resources in training the employees. These should identify people dedicated to sell policies.

How would you be expanding your international presence?

We operate through 27 offices across the globe. We are in the process of finding out if we can enter Canada and Qatar.