



Important Speeches from Webinar on **Bima Sugam** The Game Changer in 2023

Thursday, 4 May 2023



Why the need for Webinar on “Bima Sugam - The Game Changer in 2023”?



The Insurance Regulatory and Development Authority of India (IRDAI) has committed to enable 'Insurance for All' by 2047, where every citizen has an appropriate life, health and property insurance cover and every enterprise is supported by appropriate insurance solutions and also to make Indian insurance sector globally attractive.

To attain this objective, the reform agenda taken up by IRDAI derives inspiration from the Government of India's vision of financial inclusion and strong emphasis on accelerating reforms. The focus of IRDAI is to strengthen the three pillars of the entire insurance ecosystem viz. insurance customers (policyholders), insurance providers (insurers) and insurance distributors (intermediaries) by

- ❖ Making available right products to right customers;
- ❖ Creating robust grievance redressal mechanism;
- ❖ Facilitating ease of doing business in the insurance sector;
- ❖ Ensuring the regulatory architecture is aligned with the market dynamics;
- ❖ Boosting innovation, competition and distribution efficiencies while mainstreaming technology and moving towards principle based regulatory regime.

Mr. S. K. Sethi, Co Chairman BFSI Committee, PHD Chamber of Commerce & Industry, Founder & CEO, Insurance Foundation of India



This webinar is the initiative of PHD Chamber of Commerce & Industry, which was established in 1905. Our Chamber is one of the leading Apex Chamber of Commerce & Industry in the country and is highly focused on

- ❖ Technology Upgradation
- ❖ Skill Development

- ❖ Improving Customers Satisfaction
- ❖ Ease of doing business
- ❖ Promoting Start-ups
- ❖ Employment Generation

We are pleased to know that under the leadership of Mr. Debashish Panda, Chairman, IRDAI the concept of Bima Sugam has been initiated.

This market place will result in increased penetration of insurance, higher insurance density, improved customers satisfaction through cost competitive insurance products. This is very necessary to fulfill the aspirations of our growing nation which is going to be 3rd largest economy of the world under the leadership of Hon'ble Prime minister Narendra Modi in the near future.

We are sure that aspects like Data Privacy and Cyber security will be kept in mind and Bima Sugam will be adequately funded with equity to achieve the objective for which it is being set up.

We are sure that the views of various stakeholders/ experts/ participants will result in healthy discussion and useful suggestions.

It is serving 1,50,000 Organizations on all India basis through 18 branches located all over the country.

We are famous for organizing thought provoking Workshops/ Seminars/ Webinars/ Conferences/ Training Programmes for the benefits of all stake holders.



Speech Delivered By Prof. Bejon Misra in the Webinar “Bima Sugam - The Game Changer in 2023”



Bima Sugam will take care of Interests of Indian Insurance Consumers and result in higher Insurance Penetration in the years to come.

Prof. Bejon Kumar Misra
Founder, Consumer Online Foundation

You'll see technology today is the biggest enabler for the consumer and good thing about it is that it brings in a lot of transparency. It brings in accessibility, it also brings in affordability and the most important aspect for a consumer is empowerment to differentiate between the best. It enables him to take the good and the best decisions in terms of creating the value for money, which is being paid out of his hard-earned money to acquire a product or a service. What could be better than the insurance sector becoming so technology-driven today? That I am sitting in Hyderabad and am now interacting with all of you, you know, in a manner where we would have spent lakhs of Rupees to meet physically. We are meeting virtually and I can see the number of participants which is increasing every second in this mind-boggling discussion, which is also very encouraging. So as a consumer, what do we look for credible information? Nice to know that Bima Sugam is going to bring that information and it is going to be a real Game Changer. Because it is going to empower the consumer to make an informed choice which is the right of the consumer. This initiative by the regulator is an extremely good decision. I want to congratulate the Chairman Mr. Debashish Panda and his able team of members IRDAI. He is having the best of experts in all the fields of insurance as member in irda. I am very happy that we are working towards use of technology and I'm sure very soon we will have technology to empower, the Indian consumers to make an informed choice.

Having said that, I would also not forget the role of the intermediaries in the past. I must confess to you that the intermediaries are a very important link to bring the product and the service provider close to each other, in a very transparent, accountable, quality conscious manner, I still recollect very fondly. How, when I lost my elder, brother? It was that agent who came and handed over the check to my parents who were aggrieved in less than 48 hours. I mean I was absolutely, you know, amazed that kind of a service from Life Insurance Corporation of India. You know, I must tell you that government has to exist side-by-side with private sector. We have to have both public and private sectors working together. We cannot say public sector is better than private sector, or private sector is better than public sector. I only understand. Two words, efficient and inefficient, there can be

inefficiency in private sector. There can also be inefficiency in the public sector. There can be efficient entities in the public sector. I acknowledge the presence of Mr. C. R. Vijayan, who is Acting Secretary General of General Insurance Council, who has joined this webinar. I can also see many eminent people, who are attending this webinar. In Insurance consumer pays, the money in advance to Insurer and it has the responsibility to cover his risk, which you as Insurer have agreed to cover. When the claim comes then you cannot raise issues. But of course, I also say that in the same breath, we cannot encourage fraudulent claims. We cannot encourage people who are fraudsters and who are undermining the image of the consumer. We also want that genuine consumers have to rise up to locate or to identify those fraudsters who are prospering today and are spoiling the image or undermining, the image of the insurance sector in our country. What I see is that the present Modi government is trying to promote Bima Sugam and have bring Fair competition at the marketplace.

The government wants that, we must have products/ pricing of large number of insurance providers available in the country similar to Brokers, Agents, Technology Platforms, Aggregators. We can have choice and then we can have increased penetration. As you all know, India is very low in rank in insurance density cover and we have to go to next higher level.

I just want to conclude by saying that to bring that smile, on the face of the consumer, you must create a wow factor and we are going to do that within the committee, which is at present advising the Chairman IRDAI in improving the ombudsman's process where with support and guidance of Mr. G. Srinivasan, we had a capacity building program, for the Ombudsmen in the insurance sector. I am frank in acknowledge that this training program was absolutely a great success for us because it brought in a huge attitudinal change within the Ombudsmen in terms of practicing as an ombudsmen in the right and fair manner, in the interest of the consumers and also in the interest of the industry, Similarly, we have to spend, and invest a lot of money or spend a lot of money on capacity building on changing the attitudes.

We have to bring in youngsters to get into the insurance sector, we should get youngsters to become entrepreneurs in the insurance sector. So what my concluding remark is, all stakeholders should come together in the manner. We have assembled today under the under the banner of PHD Chamber of Commerce & Industry and are thankful to the Insurance Foundation of India, an insurance focused NGO for organizing this webinar. Credit also goes to Insurance Brokers Association of India for this support.

feel very proud. I feel very happy that I have been able to convey, what the consumers expect from the service providers. And I'm sure every one of you are committed to bring that smile on the face of the consumers, who pay the money in advance, expecting that they will be well, protected when the calamity occurs or there is a catastrophe in the family and he is not being made to run from pillar to post. Bima Sugam is an excellent concept. I congratulate the Modi Government, I congratulate IRDAI, led by Mr. Dabashish

Panda to take this idea forward in a manner that we quickly get this platform going and it takes off in a supersonic speed in the interest of the policyholders. Thank you very much once again for giving me this opportunity I feel very proud to be amongst all the eminent panel members. I know all my friends like I want to tell namaskar to all of you who have joined and I'm obliged that you gave me this time to share my thoughts and I am impatiently waiting to listen to my other panel members. Thank you very much.

Speech Delivered By Mr. G Srinivasan in the Webinar "Bima Sugam - The Game Changer in 2023"



Any grievance should be resolved speedily with human touch as customers always feel very comfortable when they are dealing with human beings.

Mr. G Srinivasan
Formerly Director, National Insurance Academy & Chairman/ MD, The New India Assurance Co. Ltd.

Listening to the various discussions which are going to happen today. I would also like to compliment the PHD Chamber of Commerce, Insurance Foundation of India, and Insurance Brokers Association of India for coming together and organizing this thought provoking webinar on Bima Sugam To my knowledge this is probably the first such event in the country. My compliments to the organizers for this discussion among various stakeholders as till this time we are having information based on newspaper reports and electronic media reports only. But I think through this webinar, we will hear the details in an authentic manner. What exactly is Bima Sugam and what really needs to be done to make it happen. We heard the views of Mr. Misra where we came to know about what the Indian insurance customer wants? A customer wants a product which is suitable to fulfill his needs. He wants the same at an economical premium, he wants good service, specially with respect to claim service, which should be hassle-free and fast.

Claims delivery and very importantly he wants ease of doing insurance. I think this is where Bima Sugam will come. I must also join others in saying, it is a great idea, a great concept. I must really compliment, the Chairman, IRDAI for thinking about it, conceiving the idea and in trying to make it a reality at the earliest possible opportunity.

Enormously one of the challenges. Indian insurance industry faces today, is, you know, obviously lack of penetration and lower density. I think we always talk of penetration but what we also need to talk about those, who are insured, or those who are not adequately insured. One of the challenges is access to taking insurance. Now, India is a large country and is having large population, in fact now the largest population in the world, and also geographically spread over a large area, we are a very big nation. So, one of the challenges

people face is how to reach out to take insurance to they go to an insurance company office? Traveling some, 50 kilometers or 100 kilometers. They will like to find out the location of an insurance agent within 2 Kms? Where is the intermediary office within 5 Kms? So I think all these problems are going to be resolved very easily by Bima Sugam. So it's a great concept and I'm sure that once it gets operationalized, it will really play a very, very important role in increasing penetration in our country.

I would like to focus on a few important points which are very important to make it as a success. You know, one thing is to talk about it. One thing is to praise its merit but another thing is to really look ahead and see what could be the challenges in making it a success. Facing the great reality and how to resolve those challenges and issues and how do we make Bima Sugam something, which is going to be useful to the customers. The first thing which all of us should realize is that setting up Bima Sugam is not going to happen in a very short period of time.

It will take its time because setting up a Marketplace is not a simple process. It requires, you know, not only technological development, but also the need to link it to the market, market players and also to the large market database, so it will take some time. So my suggestion would be that Bima Sugam should come in phases probably. We should start with a product, like Health move to life, move to motor and then, you know, spread it to other products. So one thing is clear that it has to be done in stages. That's how I think it should really be operationalized. The second suggestion is who is really going to run this entity. The regulator can only motivate and regulator can not do business. Similarly insurance industry cannot do business. I mean insurance industry can take equity stake in Bima Sugam, but I don't think they will be able to run it. So you need somebody an entrepreneur, a promoter who can really run it, because without leadership it will face difficulty. So I think we need to have somebody who has a full stake in this, who should be the person driving. It's very, very important. The third is, there has to be a marketing visionary for leading it. We can't expect that we'll put in place marketplace and customers will start logging in and start buying policies. Insurance, will continue to be sold in India.

Not only in India, but also all over the world for many, many years. I mean, I don't think we can expect people just to log into a website or a portal and start taking policies. So we need marketing effort to make it a success. We will even need feet on street, even though it's a technology platform. We need technology model to make this a success. The next point is that all the insurance industry players need to support this platform. They need to come out with all their products in a whole hearted manner.

They should be very transparent on their prices. I am saying this because Insurance have always been quite you know uncomfortable with platforms where some comparisons are made. I think they have to shed that inhibition come out with all their products, not just choose to put only some products into the portal, they should come up with all their products. The support of the insurance industry is very important, I hope and I'm sure that they will do that. The other is I think Bima Sugam will be very, very relevant for retail products.

I'm not very sure because commercial products, you need to know, engage with the customer in a much more intensive manner. So I think we must go at least in the initial phase focus on retail products and commercial products can be seen later on if it is found feasible. The other suggestion is how would the agents and intermediaries support this portal? Because that's very, very important. I know in the current scheme of things apart from the insurers, the agents and intermediaries will also be part of the marketplace, but I think they should not get a sense that this is an attempt to us disintermediation. Their role is very, very important because there is a fear in the minds of some of the agents and intermediaries that, if a customer gets into a portal, why

would they need an agent or intermediary to take a policy. So I think that part of it needs to be sorted out and we need the support of intermediaries to make this a great success. I think there is a need for engagement between the platform and the intermediaries as to how they can play a very important role in making this a very successful venture. And finally, you know, service platforms like this, will help in issuing policies. And in Insurance, issuance of policies is probably the easiest of the service. The real test of insurance comes when a claim happens. So, this platform should not send the consumer to the insurance company later, it should be able to settle claims by itself in a very easy manner with lessor least documentation, and the customer should really feel very happy that, that they're getting a great claim service. I think that this is the point which will drive the customer to this platform. So claim service is very important and added to that very important is the grievance redressal. We know that there are going to be grievances if the customer has to just ring up a phone and wait for 10 minutes, 15 minutes to hear some artificial voices and I'm sure he's going to be the solution. So there must be a good grievance redressal mechanism. Any grievance should be resolved speedily with human touch as customers always feel very comfortable when they are dealing with human beings. So, I think the platform has to put in more efforts in, connecting with the customers with a view to sort out their grievances. I thought, these points will be kept in mind by the team which will be responsible building this Marketplace. This Marketplace will really become a great success and will result in growth of insurance industry. I'm sure the Regulator and other stake holders will take care of these points. Once again, let me say that Bima Sugam is a great idea. It needs to be implemented and it'll be great for the Indian public. Thank you very much.

Mr. Sudhir Kumar Jain, Insurance Professional



Objective: The Insurance Regulator (IRDAI) has taken an initiative to increase the insurance penetration and entity in the country keeping in view of the Top Populus country in the world. Presently both parameters are very much low as compared to worlds average. The Regulator proposed to reduce the premium rates by cutting down the existing distribution cost which is averaging 20% (unofficial 30%) in addition to the other benefits of foreign tours etc.

Action: For this the Regulator cultivated the innovative idea to have "BIMA SUGAM" which will be one shop platform where all the products of all Insurers will be available without addition of any distribution cost which means the present premium rates are expected to reduce by 20% which is present distribution cost. It is also proposed that if any customer wish to avail the services of the any distribution channel the addition cost of 1/10 of the current cost say 10% on motor will be added in the premium.

Result: Once the BIMA SUGAM platform started where the premium rates are available without availing the services of distribution channel and with distribution cost, keeping in view of the price difference the customer may negotiate with the Distribution Channel to reduce their cost which means the distribution is based on the recommendation of the Customer which is FEE MODULE and not the century old system of payment of remuneration by the Insurer.

Legal Requirement: To achieve this the Regulator proposes to remove the section 41 of Insurance Act 1938 which prohibits to reduce the premium in lieu remuneration.

Status: We feel that legally speaking Section 41 of Insurance Act 1938 needs to be abolished, then only the purpose of BIMA SUGAM can be achieved.



Mr. Pritpal Singh, Chief Operating Office, Safeway Ins. TPA Pvt. Ltd.



The comments pertaining to this game changer are:

The main concerns of TPA's are:

1. TPA Fees: The upper limit is already fixed at 5.5% of the premium but on account of making the portal cost savvy if remunerations to various intermediaries also gets cut then it shall be a challenge for TPA as we are the service providers for complete 12 months and beyond as well with heavy costing on services and other overhead expenses.
2. The integration of TPA portal with either BIMA SUGAM or Insurance companies which is not available right now for PSU'S under security and other concerns.
3. Linking the whole claim processing through portal in soft form needs multiple changes at first point in VISION, SLA, AUDIT PROCESS, ORIENTATION, CYBER SECURITY CONCERNS, MEDICAL PRIVACY AND HEALTH REGULATIONS. We as TPA are already equipped with own portal and paperless claim processing system but that needs to be validated by the respective Insurance Companies for swift claim services managing fastest TATs.
4. Grievance redressal system on online portal without physical intervention and communication as effective remedial measure with effective Fraud detection process and uniform Hospital network for all Insurers.
5. Specific BIMA SUGAM product with T&C in all vernacular languages for insured to know before buying the product.

Mr. Shailesh Kumar, Co - Founder & Insurance Head, Insurance Samadhan



The comments pertaining to this game changer are:

1. Bima Sugam is great initiative by IRDA where all policies will be available in digital form.
2. There should be a tool for Need Analysis so that people calculate their insurance requirement.
3. Policy benefits for term insurance should be available in simple terms like Premium payment term, expected return, money to be paid to nominee on death of insured or money to be paid on maturity to the insured.

Teena Jain Kaushal, Editor Money Today-Business Today



The questions pertaining to this game changer are:

1. What kind of marketplace will it finally emerge as?
2. Can it be something as revolutionary as Amazon and Flipkart offering affordable products along with exemplary customer service?"
3. Whether it will offer a deeper and well-meaning solution to policyholders' problems relating to claim settlement?

Suggestions & Comments can be sent to the Organizers



PHD CHAMBER
OF COMMERCE AND INDUSTRY

PHD Chamber of Commerce and Industry
PHD House, 4/2 Siri Institutional Area,
August Kranti Marg, New Delhi 110016
Phone: 011-26863801-04, 49545454
E-mail: phdcci@phdcci.in | Web: www.phdcci.in



Insurance Brokers Association of India
A-Z Industrial Premises, 1st Floor, Unit No. 165,
G.K. Marg, Lower Parel, Mumbai - 400 013
Phone: 022-22846544 | Mob: 96197 94915
E-mail: ibai@ibai.org | Web: www.ibai.org



Insurance Foundation of India
Om Plaza (1st Floor), 430/7, Sant Nagar,
East of Kailash, New Delhi - 110065
Phone: 011-46581577 | Mob: 90154 06030
E-mail: vp@ifingo.org | Web: www.ifingo.org