



Institute of Actuaries of India

www.actuariesindia.org

the Actuary INDIA

INDIAN ACTUARIAL PROFESSION
Serving the Cause of Public Interest

THE MAGAZINE OF THE INSTITUTE OF ACTUARIES OF INDIA

VOL. VIII • ISSUE 5

MAY 2016 ISSUE

Pages 32 • ₹ 20



20th
AAC
GUWAHATI • INDIA
2016



For Private Circulation Only



Mr. Munish Sharda

CEO- Future Generali
Life Insurance Co.



INTERVIEW

Personal

Q What qualifications and experience do you think is appropriate for a CEO of a Life Insurance Company to be successful? What are the key qualities one should possess to be a successful and what are the challenges that you faced on the route to becoming a CEO?

A I believe that there are no quantifiable markers which define what is appropriate for a successful CEO; however, the most important thing for any leader is to have a deep understanding about the sector and the market today and where it will be tomorrow. There is a famous quote from Walter Gretzky, father of hockey legend Wayne Gretzky that goes "Skate where the puck is going, not where it's been". This is one of the key traits for long term success.

The life insurance sector is a business led by trust and building relationships across stakeholders. To offer long term value to our customers, it is important to envision what the customer would want in future, even before the customer thinks about it.

Another important quality of a good CEO is the ability to identify a good quality leadership team. Some of the other important attributes of a good CEO are taking ownership in every situation, values, ethics and integrity, transparency, flexibility, collaboration and definitely the art of empowering and motivating his people.

I would not like to call these challenges. My journey towards becoming a CEO has been extremely exciting and indeed I have had some great inspirations, insights and learnings from each and every interaction that I have had with my colleagues and my customers.

Q What are your hobbies and how do you manage your work life balance?

A For me, work is an integral part of life and a source of many joys and learnings. But I do think it's important to switch off once in a while to recharge yourself. I enjoy watching movies across languages and reading and I unwind by running and spending time with my family.

Profession

Q What is your typical day at work?

A Every day is unique when you are building a business and growing it. So there is no typical day at work. I must say that each day brings new challenges and opportunities. I try to follow some rhythm in my work between reviews, talking to customers, meeting distributors. I am an early riser and try to reach office early which gives me some time to put together my thoughts at the beginning of the day. I do spend time over the weekend trying to plan for the week ahead and prioritising items which require my attention.

Q What can you tell us about the future employment outlook in insurance sector for actuaries?

A Actuaries play a crucial role in the insurance sector. They understand the data and statistics and work towards providing a snapshot of the business financials, profitability and view of long term sustainability for the business. Hence, it is imperative for actuaries to be integral part of the insurance business. However, there is a huge scope for actuaries entering into the area of finance, investment and risk sides of the insurance business including operations and compliance. I have also come across some actuaries who are very eager to take on functions like sales etc to drive growth of the company which would allow them to assume business roles like CEOs.

Q What do you consider to be the key areas where actuaries add value to the business?

A Actuarial plays a crucial role in designing and pricing products, maintaining and projecting the solvency position of the company, providing inputs on the value of the company and its profitability, reinsurance management and experience analysis of actual to what was planned for. I think that with proper MIS and analysis, Actuaries can contribute a lot towards guiding the other functions to play a role in driving profitability and ensuring that those functions take appropriate actions in

the areas of concern. The other areas include advising on investments and financial risks for the company.

Q What impact do actuaries have on consumers and society? What should they do to connect with the society?

A Actuaries sit between the consumers and the shareholders. Their key responsibility is to protect the interest of customers even while being remunerated by the shareholder. They are the financial custodians of consumers' interests. Hence, there is a direct impact of actuaries action to the larger society, either through products, illustrations, pricing, bonus declarations etc. Actuaries / Regulator and other insurance bodies need to create more awareness about insurance and its importance.

Q How do you think Institute of actuaries of India can support better its members?

A Given actuaries are aware of how insurance business works, the Institute may conduct workshops for insurance professionals (who are not actuaries), making it easy to understand and clearing concepts. Similarly, they may conduct short term courses and certifications to help them understand the financials of insurance business.

Q What trends do you see for this industry in the next 3 to 5 years?

A The life insurance industry, which has seen some tough times during the last few years, is expected to grow 10-15 per cent in the coming years. A stable government and clear indications of expediting reforms have laid the foundation for India to regain the growth momentum, and the insurance industry is expected to benefit from the same and provide social security, employment as well as the means to deepen financial markets in India. In the current phase

of development we see significant thrust around consumer awareness, advocacy and trust. This augurs well for the industry as we will see innovative products, innovation in distribution, digitising and simplification of processes. Technology will play vital role in enabling value not only for customers but also for distributors and employees. The shift in favour of profitable growth as against only growth is already happening in the industry and that, we believe, will be a great outcome to expect.

Q Are there things that the IRDAI or the Government should have or should not have done to assist the industry?

A The pace of change in the regulatory landscape over the past few years has been unprecedented. I think that the key objective has been to strengthen the Industry and bring customers to the center of every board room. Given that we have a robust framework in place and insurers have realigned their business model to drive profitable growth with a focus on customer value, and we are excited about the future prospects. We believe that the stage is now set for the industry to deliver a healthier growth.

Regulator has taken significant noteworthy steps in this direction already and there are further discussions to continue development on this front. The regulator has introduced various guidelines such as requirement for instituting Policy Holders Protection Committee, board approved policy for Insurance Awareness, simplification of product structures, allowing multi insurer tie ups for banks, standardisation of marketing literature, new models of distribution like IMF, mandating bank accounts for benefits payout, and introduction of CSCs to insurance to name a few which are already showing results and shall continue to do so in the development of insurance business.

Q What market share do you see the private sector players having in ten years time?

A I think it's a difficult question to answer. Market share will be garnered but those players (irrespective of whether they are in private sector or not) who will keep pace with the changing customer needs, distribution model, effective use of technology and building a high quality distribution. I do think that the private sector will continue to grow its share but difficult to say what its likely to be.

Q What are the top three issues facing the Insurance sector in India.

A Life Insurance business requires steady flow of patient capital in the growth phase. Given the long gestation period, raising capital to grow the operations was a concern that the FDI bill has aimed to address. With this, the industry shall now witness an influx of fresh capital that augurs well for insurers and customers alike.

Secondly, given the wide geographical and cultural diversity of the country, distribution costs act as a limiting factor in improving insurance penetration especially in areas where it most deserves. This is where distribution models such as Bancassurance, OTC and digital can play a decisive role. Another key challenge is the ability to build quality distribution which serves the customer for the entire tenure of the policy term.

Thirdly, it is time for the industry to squarely focus removing complexity, improving efficiency, lowering costs and thereby delivering excellence in customer service. It is widely recognised that a fundamental change is required in the way customers think – not only are they more educated but also more demanding. Keeping pace with development in technology especially digital technologies is a matter of

significant relevance for insurers all across. The potential of big data, analytics, preference for online platforms for sales, facilitation and servicing, gaining popularity of social media etc all require a strategic re-think.



What do you believe are the inefficiencies in the insurance industry? How do you think such inefficiencies can be overcome?



(1) Cost of establishing and nurturing a productive distribution especially Agents, require enormous amount of energy, resources and sustained efforts.

(2) Customers are increasingly demanding transparency, simplicity and ease of dealing with insurance companies.

I believe technology can be a great leveler in overcoming these inefficiencies and help build scale in a profitable manner. At Future Generali, we have embraced technology as a way of enabling our brand proposition of being 'Simpler and Smarter'. One of our key priorities was to facilitate the success of our sales teams by giving them winning customer

products/propositions, training them to become better insurance professionals, and continuously improving our distributor proposition to attract and retain best-in-class distributors. Over the last two years, we have made significant progress on these fronts. We completely reviewed our product propositions which culminated with the launch of 3 best-in-class, simple and value for money products. We also built a roadmap for helping frontline managers acquire the required skills to do well in the marketplace and launched initiatives for identifying areas of Competency Development for our team managers. We are working closely with the Future Retail team to harness the massive potential it offers in the form of a regular, loyal customer base by working on simple products, efficient processes aided by technology. We have also enhanced our technology platform to empower our front line staff to address customer issues on a real time basis.



What do you think are the strengths of Indian Insurance Industry?



The biggest strength of the Indian insurance industry is its vibrant,

underserved insurable population. As a vast emerging economy and a country with more than 1bn people, India is too large to ignore, even if the present barriers to entry are high. A democracy with a functioning governance and a regulatory framework familiar to Western corporations makes India that much more attractive. With the recent increase in FDI, open architecture, impetus on consumer awareness and digitisation, the industry is set to gain further momentum. From the consumers' side, the products are far more transparent, accessible and simpler.



How do you keep abreast with latest happenings in insurance sector in India and across globe particularly Life Insurance and overall economy?



I love to Read! I also take time out and meet people, attend seminars and interact with those who are working and contributing towards shaping the landscape of the insurance industry. Our regulator is also a source of great knowledge and I look forward to forums that have been created to support the development of the industry. ■

CALL FOR ARTICLES



We invite articles from the members and non members with subject area being issues related to actuarial field, developments in the field and other related topics which are beneficial for the students of the institute.

The font size of the article ought to be 9.5. Also request you **to mark one or two sentences that represents gist of the article**. We will place it as **'break-out' box** as it will improve readability. Also it will be great help if you can suggest some **pictures that can be used with the article, just to make it attractive**. Articles should be original and not previously published. All the articles published in the magazine are guided by **EDITORIAL POLICY of the Institute**. The guidelines and cut-off date for submitting the articles are available at

http://actuariesindia.org.in/subMenu.aspx?id=106&val=submit_article