

Mahindra Insurance Brokers to embark on digitisation drive for growth

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Synopsis

Mahindra Insurance Brokers Ltd. (MIBL), the insurance arm & subsidiary of Mahindra Finance is embarking on a major digitisation drive within three business modules, Motor, Health & commercial lines to enhance growth. This even as the pandemic seems to have fast-tracked the health insurance industry growth over the last couple of years and is expected to overtake motor insurance by 2025.

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Talking about the growing importance of health insurance, Vedanarayanan Seshadri, MD of MIBL said, "Our view, backed by enough data which is coming in from the industry, indicates that health will overtake motor as the largest single line in the next 3-4 years making it a dominant player for the industry."

"There is a 30% to 40% growth in this sector, but the fundamental change is the extent of protection which people are seeking today versus what they were seeking before, backed by more information on health insurance", said Seshadri.

On its part, MIBL has recently announced a tie-up with health care arm, Tata 1 Mg, to offer customised health solutions for corporate employees and their families and would look at such tie-ups in the future as well. MIBL currently has a composite broking license enabling it to distribute products across the entire spectrum of insurance including



Agencies

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motor, life, health, including reinsurance, which is another separate part of the business as well. The subsidiary generates approximately Rs 2800 to Rs 3000 crores of premium a year. Currently, AXA through its investment arm holds a 20% stake in MIBL.

“Our business is basically split into three blocks, one which comes in from the group ecosystem, which extends from the Auto & tractor business to the financial services business. It also includes all the other companies which bring in a large consumer base. The second part is what we call the advisory business, insuring risks for small, medium and large corporates on the property, marine, liability, engineering and other commercial lines, while the third component is our Omnichannel build, in which digital plays the major role”, mentioned Seshadri.

“The digital omnichannel platform business is 6% to 7% of our overall monthly revenues and premiums and rapidly growing and will become about 25% of our business in a couple of years and stabilise at 30% - 35% over the next 4-5 year road map which we have laid out”, he added. Seshadri mentioned that they have brought in digital to build distribution to enhance the customer experience and scale up non-group ecosystem business in the long run.

“We are currently at Rs 350 crore of revenues. The way we have created the infrastructure over the last 24 months, we're readying to take this up to 1000 crores of revenues in the next four years," he said.

MIBL premiums have improved from Rs 2,100 crore to Rs 2800 crores over the last year with revenues up by 30% and profitability up by 55% compared to the last year. Seshadri attributes these numbers to MIBL's reach of close to 2 lac villages in terms of the number of customers they have reached out to. “We've built in a point of sales distribution which is close to 10,000 strong and doubling every year. The real play is in the missing middle segment of 350 million households, who are not covered by adequate insurance. Going ahead for the reinsurance business, we intend to look at the markets in the Middle East and North Africa”, he said.

“We're looking for two sets of acquisitions to grow our book, firstly for players who are in the B2C space and the second area is regional brokers with top quality clientele in the commercial lines business, in geographies in which they operate, similar to what some of the international players have built”, Seshadri said.

Seshadri was quick to sound a word of caution on the life side of the business where the term rates have gone up. “It is a consistent concern for both corporates, small and medium and large in terms of cost of insurance and a more calibrated approach to rate increases on the term is what is called for as corporates are worried about the cost of insurance on the term side”, he said.

LIC hires Reliance-Nippon's Sunil Agarwal as CFO ahead of IPO
