



# India Rendezvous Daily

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## Mental health – Indian insurers need to take bold initiatives

By Anoop Khanna

A recent survey, 'Mental Health and Wellness Quotient @Workplace 2023' by MPower, an Indian mental healthcare initiative, found that nearly half (48%) of corporate employees surveyed are struggling with mental health issues and female corporate employees at 56% are more prone to high mental health risk versus 41% males.

The survey revealed that the age group between 35 to 45, known for its productivity, is at a higher risk of suffering from these mental health issues, which have a significant impact not only on employee productivity, but on the country's economy overall.

### Cost of coverage play spoilsport

Speaking with *Asia Insurance Review*, Plum head of innovation Aditya Bagarka said, "Mental health issues present two main categories for insurance. Congenital conditions such as autism, cerebral palsy and Down's syndrome. While insurance products are offered for these, their adoption remains low in the country due to high costs. Some of these conditions are chronic and may also require both outpatient and in-patient consultations and treatment."



Mr Aditya Bagarka

The second category includes outpatient or inpatient coverages for disorders like anxiety, stress, and more. Insurers are making some progress in this category by offering covers that include outpatient consultations and hospitalisations. These policies may provide access to mental health experts and flexible benefits.

Overall, mental health insurance in India faces challenges related to cost and adoption, but there is a positive shift in the coverage landscape, especially in the area of outpatient and inpatient care.

All health insurance products in India now cover mental illnesses in accordance with the provisions of the Indian Mental Healthcare Act, 2017. In February 2023, the Insurance Regulatory and Development Authority of India (IRDAI) mandated making provisions for mental illness coverage in all health insurance just like in the case of any other physical ailment. IRDAI has also mandated the creation of a new standardised cover for mental illnesses.

### Employers' contribution

Speaking about how employers can contribute to developing a mentally healthy workforce in their respective organisations, Mr Bagarka said the overall level of awareness of mental health coverage is low and there is a lot to be done. However, we believe that a human being's health includes both physical and mental aspects and if physical health is extensively covered, so should mental health. That should not be taboo, but just default in any health insurance policy. Positive action can include:

1. Talking to employees to overcome the stigma: The topic of mental health is still stigma-ridden; hence, companies should have open and safe conversations with their employees to dispel taboos. Therapy and counselling should be encouraged and here is where having the right covers would help.

2. Identifying the right ailments to cover: This is more relevant to the regulator and companies like Plum which is able to counsel clients on the kind of coverage mental health policies can include and the price points they come at. With the new directive by IRDAI, it will be interesting to watch if more illnesses are included and if OPDs can be covered too. At present these covers are expensive and also ambiguous in some cases.
3. Innovation in policy: While this is still a distant step, policy innovations will help in including more mental health illnesses and conditions within the coverage bracket and this can help workplaces and group health policies become highly inclusive as far as mental health is concerned.
4. Employees who do not take regular breaks during work hours, skip meals, and fail to exercise are also at a higher risk of experiencing mental health challenges. Encouraging regular breaks, providing healthy food options, and promoting exercise can all help support employee mental health and wellbeing.▲



# Talent crunch can crunch the industry

By Anoop Khanna

India has set a target insurance for all by 2047. To achieve this, the insurance industry requires highly skilled, motivated and industry-ready professionals. However, the industry is currently facing a significant talent shortage. According to a report by KPMG, the Indian insurance industry will require an additional 175,000 professionals by 2025. *Asia Insurance Review* spoke with National Insurance Academy director Tarun Agarwal about how can the industry address this.



Dr Tarun Agarwal

## Insurance is not attractive

Dr Agarwal said a career in insurance is generally not considered. Also, insurance career paths are not as obvious as the rest of the financial industry. "We need to show young people the attractiveness of a career in insurance and how meaningful and rewarding an insurance career can be.

There are several reasons for insurance not being an attractive choice for career. Firstly, many people are not aware of the opportunities for growth in the insurance industry or they may have misconceptions about the industry.

Youngsters are often attracted to careers that are perceived as more exciting or high profile. Unlike investment banking or asset management, insurance does not have the same level of glamour and prestige.

Dr Agarwal said, "The magic to get more youngsters into the industry lies in looking at what their motivators are. The younger generation basically wants an

opportunity to learn and contribute. They want engagement and collaboration.

"Insurance is a complex field with maze of products, each with its own intricacies. Understanding the various insurance products, their terms and how they interact with different risk factors is often a difficult task and thus can make things challenging for newcomers."

He said many prefer an industry like banking or product based like fast moving consumer goods and durables, where there is natural demand and not push-based selling.

## Correcting the wrong impression

Asked if the insurance industry and academic organisations can collaborate to correct the impression and also improve their own branding, Dr Agarwal said, "Collaborative efforts can promote the importance of insurance by improving awareness about the insurance industry job roles, opportunities for growth and career progression

"We in the industry need to create awareness that insurance can be an exciting choice for people from different backgrounds, interests and skills. These could be engineering, economics, data science, fine art, private investigation, cyber security, climate change and so much more," said Dr Agarwal.

Academics can also work with industry professionals to develop and update insurance courses, matching with global requirements and ensuring that they align with the current industry needs and trends.

Industry-academic partnerships by




way of internship programmes can also provide students with practical experience and knowledge about the industry and give them market exposure, making the field more attractive and less daunting. Communicating the inherent human nature of insurance and the vital purpose it serves is very important.

## Educational infrastructure

Speaking about the educational infrastructure for insurance academics, Dr Agarwal said, "Many universities and colleges offer traditional insurance and risk management courses that lay a foundation for industry-specific knowledge but there is need to revise, re-revise the curriculum and teaching pedagogies which should be aligned with current industry needs and trends."

He said, "The industry is evolving rapidly with technological advancements and changing customer preferences; hence, educational programmes should reflect these changes. Some lines of business, being highly technical in nature, need professionals with specialised knowledge, enabling them to navigate complex risk assessment, data analytics and emerging technologies essential for modern insurance practices."

Dr Agarwal said, "Insurance has always been a people's business. We don't need technical skills alone, we need soft skills too. The industry values soft skills like communication, customer service, networking and negotiation. These skills should get equal emphasis in educational programmes.

"Also, there is a growing emphasis on interdisciplinary studies to prepare students for complex, evolving risks. Academic research should be increasingly focused on understanding and mitigating contemporary risks," he said. 





# Life insurance – stark urban and rural divide

By Anoop Khanna

The life insurance ownership gap is more pronounced in rural India, with only 22% of India's rural population owning life insurance products, compared with 73% across urban India. The low uptake can be primarily attributed to inadequate financial resources to buy life insurance, high premiums and multiple buying formalities.

With around 70% of India's population residing in country's rural areas, their access to financial products and financial services is low. Indian life insurers will have to adopt a very different strategy to ensure that cover becomes central to economic resilience for the rural India population and to insulate it from financial risks from unexpected events.

## Financial protection gap

Max Life Insurance deputy managing director V Viswanand speaking with *Asia Insurance Review* said, "India has made significant strides in improving its insurance penetration rate, rising from 2.7% at the turn of the millennium to 4.2% in 2020.

"While this is a remarkable growth, there is a significant gap in uptake



Mr V Viswanand

of insurance products in rural India. According to a recent survey on India's financial protection levels, only 22% of the country's rural population owns life insurance products, compared to 73% ownership recorded across urban India."

He said, "Despite accounting for a massive slice of the total population, rural India is vastly underserved in life insurance. This can be attributed to factors like limited awareness, income disparity and accessibility issues."

## Challenges in bridging the gap

Speaking about the challenges of narrowing the life insurance uptake divide in India, Mr Viswanand said, "It is fraught with numerous impediments that pose significant barriers to achieving this uphill task.

"How to address the pervasive lack of awareness about insurance products, a problem that affects even urban segments to some extent? This awareness gap gets amplified by the dearth of adequate financial literacy resources available to rural communities, which limits their ability to access information and education about financial products including insurance products.

"With just about 38% of India being

digitally literate, financial inclusion remains a challenge, for which a robust public-private partnership becomes a critical requirement."

Indian agriculture largely depends on monsoon rains and the vagaries of weather, especially due to climate change, mar the main source of income of the rural community. Moreover, rural India spends a major chunk of its income on basic expenditures with negligible allocation towards other discretionary expenses. The saving and spending pattern of rural India is very different from urban India's saving and expense allocation.

Mr Viswanand said the relatively low income levels and prevalence of subsistence farming in rural areas result in a lack of disposable income that deters many individuals from investing in insurance products.

He said, "Moreover, rural India's saving and spending patterns differ significantly from urban India, complicating the accessibility of insurance products. As a result, insurance penetration remains low, and other formalities act as insurance purchase deterrents."

In addition, the risks prevailing, the social and cultural lifestyle, digital awareness and financial awareness and habits in rural India are very different from urban India. Hence, for the marketing teams of insurance companies, it cannot be the case of one-size-fits-all.

Mr Viswanand said, "A major challenge for the life insurers is the absence of affordable insurance policies catering to rural India's unique risks. The lack of digital uptake of financial products in rural areas, needs higher levels of manual intervention, which may not always be efficient consequent to which, many rural families remain exposed to financial shocks without adequate protection."



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# The world's eyes are on India

Over 800 delegates turned up at the cocktail reception for the 17th India Rendezvous. India continues to cement its global reputation, as delegates from 42 countries flocked down to Mumbai. The start of the event was marked by sunny smiles and a brilliant atmosphere.



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