

Nirantar Bharat: The business case for sustainable India

By **Hadi Riachi**, Chief Executive Officer India Branch
20 Nov 2020

Share 

Nearly one year since the outbreak of COVID-19, the reality is clear – this is going to be a long-drawn fight which will drain more resources, financial reserves and more regrettably, result in the loss of more lives than we could have imagined. While it first began as a healthcare issue, it soon emerged as a multifaceted economic and social crisis that exposed vulnerabilities in supply chains, infrastructure, financial markets and other lifeline sectors. Despite the encouraging news of an effective vaccine, it remains a question if the normal life we were once leading before the outbreak will return post pandemic.

The cost to global economic resilience is dear. Whilst governments around the world released relief packages to stimulate the economy, these are short-term measures that are neither sufficient today nor sustainable for tomorrow. More sustainable strategies are needed to enable economies and societies to build back better.

As one of Asia's largest economies and the world's second most populous country, India is well-positioned to steer Asia's development. With a 'whole of society' approach, the country is poised to bring about radical reforms across key lifeline sectors for the country and play a pivotal role in [driving change towards Nirantar Bharat \(or sustainable India\)](#).

Three Pillars to Post-COVID Economic Recovery

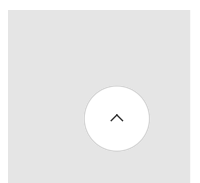
The world economy is experiencing the deepest recession of our lifetimes as COVID-19 continues to take its toll on our society. Given its wide-ranging impact, recovery no longer resides solely in the availability of a vaccine or healthcare support. A sustainable recovery that will transit smoothly into future growth is only possible when supported by three key pillars: proper social protection, resilient infrastructure and digitalisation for a future-ready economy.

- **Social protection** – Well-designed policies and programmes that help reduce poverty, promote efficient labour markets and protect against risks will enable people to prevent, manage, and recover from adverse situations more effectively, strengthening societal resilience against shocks.
- **Infrastructure** – Enabling infrastructure development can increase productivity, connect cities, and kindle capital investment, which will be a key foundation to stimulating a slowing economy due to pandemic disruptions.
- **Digitalization** - The accelerant effect of the pandemic on digital transformation is undeniable. In an increasingly digital economy, embracing technology is essential to boost society's access to public services, while provide fertile ground for the growth of entrepreneurship, competitiveness and innovation in the global marketplace.

Whilst seemingly independent, these three pillars are inextricably linked. Building a robust infrastructure will provide the foundation on which individuals with appropriate social protection can continue to contribute to economic value creation. Digitalisation enables flow of information and a greater awareness of risk, while facilitating easier access to social protection and infrastructure that connects India and the world.

Role of Insurance in Enabling Sustainable Recovery

As leading experts in risk management, the re/insurance industry can play a vital role in supporting the private and public sector achieve sustainable development through these three pillars, specifically by i) closing the health and mortality protection gap, ii) investing in infrastructure resilience and iii) ensuring the integration of insurance in a holistic digital ecosystem.



Closing the Health and Mortality Protection Gaps

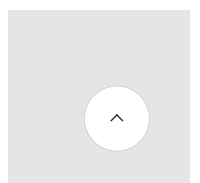
The pandemic has caused [one in three Indians](#) to feel overwhelmed and anxious about their financial future, unsurprisingly further widening the health and mortality protection gaps. In 2019, health and mortality risks accounted for over 80% of the USD 1.24 trillion global protection gap. Under the impact of COVID-19, we expect the gap to widen further in 2020.

[Swiss Re's Asia Mortality Protection Gap research](#) estimates that India's mortality protection gap stands at USD 16.5 trillion in 2019. Indians are facing the most severe protection gap with 83% of their protection needs unmet, surmounting to 14.5 times of the average annual household income. Adding to this alarming concern, 72% of households in India underestimate their protection gaps, potentially exposing surviving family members to livelihood disruptions should the main breadwinner(s) pass away.

There are 3 important elements that urgently need to be addressed to effectively close the protection gap in India: Awareness, Access and Affordability.

- **Awareness:** Perhaps a silver lining from Covid-19 is that the pandemic raised the awareness of risk and the need for insurance significantly. With 71% of surveyed respondents open to discuss estate planning even in the pre-COVID time, death (and end-of-life planning) is no longer a taboo topic.
- **Access:** In the past year, we have witnessed a rapid adoption of technology and have seen insurance partnerships forged with digital ecosystems more than any time before. As consumers interact with these platforms more regularly, the key is to remind them of their protection needs at the right time, context and channel that are aligned with their life events.
- **Affordability:** There have been some encouraging initiatives such as the Ayushman Bharat scheme, IRDAI's sandbox product experiments, as well as discussions on public-private collaborations, all aimed at making sure that every consumer has a product suitable for their needs and demands.

Targeting lower income segments, bundling life covers with small premium riders, and leveraging an omni-channel distribution approach are some [recommended ways India can work to close the mortality protection gap](#). At Swiss Re, we want to make the world more resilient – building meaningful partnerships, applying our risk knowledge and technical expertise to develop and distribute products to address unmet customer needs are at the core of what we do. Joining forces with our clients and partners, we can tailor products and solutions along these recommended approaches to better serve the Indian society.



Investing in infrastructure resilience

Sustainable infrastructure development is key to long-term economic growth and resilient societies. Many governments will turn to infrastructure spending as an economic stimulus to create jobs and stimulate productive investment. Our [sigma research](#) estimates that emerging markets will account for two thirds of global investment in infrastructure over the next 20 years, of which India is projected to contribute USD 170 billion each year to 2040. One-third of energy investment will be in renewable sources, driven by emerging Asia especially China and India^[1]. This signals an excellent opportunity to build for a better future by enabling investments in the transition to renewable energy and reducing carbon emissions.

India has embraced the climate change agenda and is already committed to an Intended Nationally Determined Contributions target of achieving 40% of its total electricity generation from non-fossil fuel sources by 2030.

The time to take action is now. We can manage the impact of climate change and fight global warming by:

1. **Financing disaster risk mitigation** and climate adaptation, to **strengthen the resilience** of citizens, businesses, local and national economies and societies. Our most recent excess rain-fall cover for the [state of Nagaland](#) is a case in point.
2. **Advancing sustainable energy solutions** which is essential to combat global warming. We continuously invest in our renewable energy research and solutions to help our clients and the global community to develop and establish secure energy supplies for the future.
3. **Incorporating Environmental, Social and Governance (ESG) criteria across investment portfolios and move to ESG benchmarks** in business operations will be key to ensure sustainable recovery and growth.

Harnessing digitalisation as an enabler

Technology has become a game-changer, a trend that has accelerated under the current pandemic with growing demand for digitalisation and automation as a result of rising expectations for the seamless delivery of services via digital channels. Over half of those polled in our [Asia Pacific COVID-19 survey](#) want to see faster claims processes and payments, an important first step in this digital journey with the customer. But there is more that technology can do to enable better social protection and risk mitigation, if we can harness digitalisation effectively to anticipate risks, match the best solution to protect against these risks, and help people live in a safer and more resilient world.

Since the beginning of the pandemic, Swiss Re, in collaboration with leading big data analytics company Palantir Technologies, has been integrating relevant data sources related to COVID-19's health, economic and social dimensions (such as aggregate mobility and behavioural patterns) on one platform: the Risk Resilience Centre^[2]. Harnessing technology and the data that it provides access to, will enable us to plan ahead and develop better strategies to address our society's needs. At the same time, we need to keep our ultimate goal in sight - to help people get back on their feet quickly and better serve society as a whole. Every digital step must be designed for human impact and measured in terms of social outcomes. For instance, the claims process tends to be turning point for client satisfaction. Executed well, making the claims process smoother and more efficient has the potential to pay significant dividends.

