

Raheja QBE General Insurance turns to retail, eyes 10X premium growth in 5 years

Raheja QBE is looking at a 65-35 business mix with majority of the premium coming in from personal lines of business

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Private sector general insurer Raheja QBE, primarily a liabilities-led corporate non-life player, is eyeing a larger play in the retail segment.

In an interaction with Moneycontrol, Pankaj Arora, MD & CEO, Raheja QBE General Insurance said the company is looking at a 10X growth in premium over the next four to five years.



The insurer collected gross premiums of Rs 95.27 crore in the April to December period, showing a year-on-year growth of 27 percent.

"For the past 10 years from the time we started in 2008-09, Raheja QBE has been focussed on insurance covers like liabilities, Directors & Officers policies and project liability covers. It is a niche market and we don't find too many players. But now Raheja (Rajan Raheja Group) and QBE decided that this is the time to build the personal lines space like auto and health," he said.

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Raheja QBE is a joint venture general insurance company promoted by Prism Cement India (part of Rajan Raheja Group) and QBE Holdings (AAP) Pty, a wholly owned subsidiary of QBE Insurance Group Australia.

Arora said that the company is now fast expanding into personal lines of business. The company has set up a fresh distribution team and now selling private car insurance and retail health insurance.

When it comes to Raheja QBE, Arora said that they would look at a 65-35 mix with 65 percent of the business coming from retail and 35 percent from corporate.

The insurer's combined ratio which is a measure of a company's losses versus the earned premium is above 100 percent. This means that the insurer is not posting underwriting profits or simply put the claims exceed premiums.

Arora said that expense ratios would stay high for the next 18-24 months given the investments in people and technology. Post this, he said that the ratios would come down gradually.

Raheja QBE has not yet achieved break-even. Arora said that this is 'sometime away' since they are currently in the investment phase.

Industry watchers said that the insurer could take about four to five years to start reporting profits.

Going forward, Raheja QBE is looking to enter all product lines, except crop insurance.

Arora explained that the company will enter crop only after achieving some scale. It is to be noted that crop insurance has been a tough segment for all private insurers with high claims and low premiums under the government scheme.