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In this issue

"India's insurance penetration is well below the global average and insurers should expand beyond bigger cities to address this issue."

Subhash Chandra Khuntia
Chairman, IRDAI

"The Covid-19 pandemic has had an impact on the way consumers perceive life insurance, and protection products have, therefore, seen an increased demand."

NS Kannan
MD & CEO
ICICI Prudential Life Insurance


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With huge population of 130 billion, India is fighting tooth and nail with Corona 19 pandemic but the same is spreading like wildfire beyond control of the human being in spite of all the precaution being taken at all the stages.

Indian economy is taking backfoot due to spread of Corona-19, heavy rainfall all over the country, GDP going down minus 23% apart from China being aggressive on the Northern boarders of the country. This situation definitely hampers the overall growth, affecting agriculture Sector, loss of employment, high cost of food items and so on and so forth.

Almost all sectors have been badly affected except few which has infact got a new life line due to covid. Insurance Industry is also feeling the heat of the pandemic with new business going down significantly with closure of business, less disposable income in the hands of people, reduction in savings, deferring of less important expenditure and number of other factors.

This is directly affecting insurance industry in terms of new business as well as insurance business. Traditionally insurance expenditure is almost last on agenda of people as people do not regard it as priority. This situation is going to continue till the vaccine for Covid comes out. Now Risk Management has turned into crisis management where most of the people don't know what future has in store for them.

With the current situation new recruitments would be down, companies would like to explore online channels to reduce cost and spread of business. The business and economy will bounce back once this pandemic is over but its cost would be high. It will leave scars which will not be erased easily.

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General Insurance News

Express Group acquires insurance web aggregator My Insurance Club

The Indian Express Group announced its entry into insurance web aggregation space by acquiring 100 per cent stake in My Insurance Club. While the deal was signed earlier this year, it got concluded recently after receiving the approval of the regulator.

As an insurance web aggregator, selling both life and non-life insurance products, My Insurance Club (MIC) is expected to benefit from the reach of The Indian Express Group, which is one of the world's largest digital news groups reaching over 140 million users/ month.

An IRDAI-licensed insurance web aggregator, MIC has been an early entrant into the insurance comparison business in India. Despite the change in the ownership, MIC founders Deepak Yohannan (CEO) and Manoj Aswani (COO) will continue to run and operate the business under the new shareholders and will report to Sanjay Sindhwani - Digital CEO, Indian Express Group.

Anant Goenka, executive director of The Indian Express Group, said, "We liked the space and the people who are running the company, plus we saw synergies with our media business which now reaches more than 140M unique users/month. With low insurance penetration in India, this space offers huge opportunity for growth. As a media and marketing organisation our skills in building a strong and trusted brand will work to the advantage of MyInsuranceClub to enable it to become a significant player in this business, and be a first step for us to diversify our revenue streams beyond advertising."

Yohannan said, "This acquisition offers two benefits... Firstly, for any insurance business to succeed, trust plays a crucial role. With brand "Indian Express" on board, we hope to solve that problem to a large extent. Secondly, the group has very large digital footprint in multiple regional languages. This can be a great catalyst for an online-only business like ours. We are very excited in this new phase of our entrepreneurial journey."

Reinsurers to pay out over 90% of crashed Air India claim

Global reinsurers will have to shell out over 90 per cent of the insured value of the Air India plane that was destroyed in the accident at the Kozhikode airport, with the public sector Indian insurance consortium led by New India Assurance - which reinsured the risk abroad - not getting affected much.

Air India, which has 170 aircraft, has taken an insurance policy that includes aircraft or hull and liability for third party and passengers. Air India Express's aircraft is reinsured for around Rs 375 crore and Air India will recover this amount from reinsurers as the plane has been totally damaged.

This will be one of Air India's largest insurance claims. Air India had paid around $30 million for the renewal on April 1. The airline has taken policies covering the aircraft or hull and liability for third party and passengers. It has to also pay the passengers who have died and have been injured from insurance claims.

New India-led consortium retained just 5 per cent and the balance value of the risk has been reinsured with Indian reinsurer GIC Re - 5 per cent obligatory cession - and 90 per cent with global reinsurers with the lead underwriter being AIG.

Industry participants say, in this case, total loss claim settlement will take place as the plane can't be repaired.

Sources said the survey exercise for

the insurance claim settlement has already started. While the cost of the Boeing 737 ranges from $90 million to $134 million, the insured value of the ill-fated 737 Air India Express plane would be around half of the original cost or even less than that - or $ 45-55 million - after considering the depreciation, insurance sources said. "Reinsurers will consider the claim after taking into account all the details relating to the accident," they said.

Air India is purely a reinsurance-driven account and almost over 95 per cent of the cover is reinsured in the London market. GIC gets the mandatory 5 per cent of the reinsurance as per the government regulations. GIC has not yet divulged its share in the Air India insurance deal.

Air India's insurance renewal cost had almost doubled to around $28 million for the year 2018-19 as a host of adverse factors including the crash of an Ethiopian Airlines aircraft put an end to the days of discounts in the segment. Air India has reportedly paid over $30 million premium in 2020.

"Aviation insurance is a global product and the trend on product and premium is mostly controlled by global reinsurance majors. Since, the trend over the last five years after the Malaysian airlines crash in 2014 has been largely stable, the Kozhikode incident is unlikely to lead to a spike in premiums," said a senior official with a general insurance company.

Gujarat, exits PM crop insurance scheme

Gujarat has exited the PM Crop Scheme due to heavy premiums charged by companies for the crop insurance plan.

Announcing the exit, Gujarat Chief Minister Vijay Rupani said the State government was forced to scrap the tenders after insurance companies asked for exorbitantly high premiums.

"The cost of premium worked out to about Rs. 4,500 crore, which is exorbitant. Though PMFBY is a good scheme for farmers and Gujarat had been part of it, and would want to be so in future too, for the current year at least, we are not going with PMFBY, considering the excess burden on the State exchequer," Rupani said.

Last year, Reliance General Insurance Company, Universal Sompo, Bharti Axa and Agriculture Insurance Company of India ran the scheme in the State.

With one State after another quitting the PMFBY, questions are being raised about the effectiveness and the success of the scheme. Besides Gujarat and Bihar, West Bengal has exited the scheme; while Punjab did not implement it at all.

Chief Minister Rupani, instead, launched an alternative State-funded scheme - Mukhya Mantri Kisan Sahay Yojana - covering all farmers under crop insurance with zero premium. "This is a much simplified scheme requiring no registration by farmers. Climatic extremities such as drought, floods or even unseasonal rains will be considered for claims.

Under the PMFBY, 15-17 lakh farmers were covered, whereas now all 56 lakh farmers - big and small - will automatically be covered," Rupani said. The scheme will be rolled out with an outlay of Rs. 1,700-1,800 crore for the kharif 2020 season.

Under the new scheme, any farmer with up to four hectares of land will be eligible to claims according to the guidelines, which will soon be notified. A relief of Rs. 20,000 per hectare will be provided in the event of crop damage in the 33-60 per cent range, while Rs. 25,000 per hectare for damage in excess of 60 per cent. The relief amount will be directly credited to farmers' accounts through direct benefit transfer (DBT).

India's insurance penetration well below global average, says IRDAI Chairman

India’s insurance penetration is well below the global average and insurers should expand beyond bigger cities to address this issue, said Subhash Chandra Khuntia, chairman of the Insurance Regulatory and Development Authority of India (IRDAI).

“The total premium that we collect is only 3.76% of GDP (gross domestic product). The world average insurance penetration is a little higher than 7%,” Khuntia said , while addressing a conference hosted by the Federation of Indian Chambers of Commerce and Industry.

To improve this figure, Khuntia urged insurers to design micro insurance products to cater to rural and tier two, three and four cities, anticipating demand as Covid-19 spreads through the hinterland.

The IRDAI also suggested that insurers consider job and income loss policies and focus on group insurance policies for small and medium enterprises keeping in mind the migrant workers who would be returning to work.

“These opportunities we are losing because we are too conservative,” said Khuntia.

About 1.5 million lives had been insured within a month under the two Covid-19 specific insurance policies, Corona Kavach and Corona Rakshak, according to Khuntia.

“More than 15 lakh lives have already been covered under these two products within a month. That shows what is the demand and it is important that we cater to this demand,” he said.

The regulator was compelled to come out with the standardised Covid-19 policies after seeing no such initiative from the industry, Khuntia said, adding that some insurers felt these products were competing with their own policies.

Motor insurance set to pick pace: ICICI Lombard

With slew of new car models being launched and the festival season round the corner, the automobile sector is expected to pick up pace in the coming months and with that the motor insurance numbers would also go up.

Sanjay Datta, Chief-Underwriting, Claims and Reinsurance, told, "Sale of New vehicles has picked up since late June'20 and the July'20 numbers were encouraging. During the national lockdown, the motor claim intimations were significantly down. Currently, the intimation numbers are almost close to the pre-lockdown levels."

According to data released by the General Insurance Council, health insurance overtook the motor insurance business for the first time to emerge as the largest portfolio in the general insurance industry in the first two months of this fiscal.

Share of motor insurance shrank to 26% during April-May as against 37% in the year-ago period. The lockdown-induced slide in car sales during this period has impacted fresh premium inflows in the motor segment.

As for ICICI Lombard, the contribution of the motor line of business was 44.34% and 50.99%, respectively for FY19 and FY20 in terms of gross direct premium income (GDPI).

"Motor renewals suffered to some extent during the lockdown phase. However, with digital and telesales platforms the company could garner good renewal numbers which were better than the industry averages," Datta said.

IRDAI in June asked all general insurers to withdraw from August long-term packages offering both third-party liability (TP) and own-damage (OD) motor insurance policies.

Sharing his views on this IRDAI mandate, Datta said, "Scrapping of long-term package products (for private cars and two-wheelers) were basically done to reduce the insurance premium ticket size for the customer."

With the scrapping of a package policy, an awareness drive is also necessary to keep the customers informed about the OD part of the cover which would end from the second year of the policy and the customer has to be mindful to purchase the yearly OD cover separately, he added.

General insurance premium grows 5.5% in August

The general insurance sector has managed to show a positive premium growth in August, but the numbers are unlikely to bring any cheer to the industry.

For August, the general insurance sector collected a total premium of Rs 13,140 crore, a growth of just 5.5 percent when compared to same month last year. The growth in the general insurance sector between April to August 2020 also hasn't moved anywhere as it remains almost flat.

On the contrary, the awareness around having a health insurance policy during the times of COVID-19 has done really well for the standalone health insurance sector. Standalone health insurers, in August, saw their premiums growing by 36.5 percent which compares to an average growth of 23 percent seen in the first four months of FY21.

ICICI Lombard General Insurance was one company which out performed the industry growth. Premiums for the insurer grew by almost 12 percent in August which compares to a drop of 2.8 percent seen in the first four months of FY21. The insurer also gained market share by 27 bps in the period between April to August 2020.

New India Assurance remained an under-performer in August. The total premium collection by the insurer in August dropped by almost 5 percent on a year-on-year basis. This compares to an average premium growth of 7.1 percent which it saw in first four months of FY21. On the positive, New India Assurance also gained market share by slightly over 100 bps in the period between April to August 2020.

It was a disappointing month for Bajaj Allianz General Insurance as the insurer saw its premiums in August dropping by slightly over 9 percent which compares to an average growth of about 13 percent in the first four months of FY21. Bajaj Allianz General Insurance gained a total market share of 64 bps between April to August 2020.

Out of the three PSU general insurance companies, United India was the only company which showed a premium growth of 28 percent in August. Premiums for both National Insurance Company and Oriental Insurance dropped by 5 percent and 15 percent respectively in August.

GI Council says vehicle insurance policies to be renewed

The General Insurance Council has clarified that ministry of road transport notification extending the validity of all vehicle documents such as driving license, fitness certificates, and related documents -- from February 2020 to December 31, 2020 -- does not include insurance papers.

GI Council, said motor insurance policies have to be renewed at the earliest. The Council said the, "The MoRTH letter on August 24, 2020 advising state governments over the validity of vehicle papers only extends to fitness certificates, permits, driving licences, and registration certificates."

"It is hereby clarified to all policyholders that the letter issued by MoRTH does not include motor insurance policies, which needs to be renewed as per the renewal date. All vehicle owners are advised to get their insurance policies renewed on or before the due date of renewal for continued validity of the insurance policies," said the Council.

Bajaj Allianz General Insurance's new campaign highlights mental health

Bajaj Allianz General Insurance marks 'World First Aid Day' with a campaign that spotlights a digital mental well-being kit. Titled #MentalHealthCareKit, the campaign takes ahead the brand's philosophy of #CaringlyYours.

The campaign, made in association with WATConsult, stems from the idea that first aid is always our first line of defense when fighting any health problems that are physical or mental.

Tapan Singhel, managing director and chief executive officer, Bajaj Allianz General Insurance, said, "What about Mental Health, where an intervention at the right time can change someone's life? With this thought at the core, we decided to help create something that will help people take that first step towards reaching out to someone in mental duress. We hope that this will help us care for each other in a better way."

Universal Sompo General Insurance partners with Tata Motors Insurance Broking & Advisory Service

Universal Sompo General Insurance announced its partnership with Tata Motors Insurance Broking & Advisory service ltd to offer customers with the additional choice of insurers.

Universal Sompo is equipped with the latest technology like AI-powered motor claims intimation, a deputation of survey within 10 minutes through AI, and paper-less claims settlement process which shall not only reduce TAT for claims settlement but shall also lead to customer delight.

Universal Sompo uses a mobile app for Spot Survey and Live Video Streaming for the assessment of loss. These tech-enabled facilities further enhance efficiency in the whole service proposition. The company is committed to service and making coverage available even in remotest locations, ensuring increased insurance penetration in the country.

Besides this, Universal Sompo shall also provide Road Side Assistance services to the customers keeping their vehicle on the road. The services include - Minor roadside repair, Rundown of battery, Flat tire services, Key services, Fuel assistance, Express shipment of spares, Towing of disabled vehicle - in case of Accident or Break down, Pick up of vehicle in case of disability of driver, Medical or Legal coordination and Relay of messages in an emergency.

Religare Health Insurance rebrands itself as Care Health Insurance

Religare Health Insurance said it has re-branded itself as Care Health Insurance. The rebranding is aimed at further building on opportunities to deliver the best possible 'Care' to its consumers, the company said in a release.

Rebranding itself as Care Health Insurance, the company said that despite the name change, all service and product offerings remain the same, backed by the founding management team. Besides, the company has changed its logo with a tagline 'Health ki Guarantee'.

Rashmi Saluja, Executive Chairperson of Religare Enterprises Limited said, "we have always believed 'Care' lies at the centre of everything we do as a health insurance specialist".

"This comprises ensuring customers' easy access to quality healthcare, broadening the spectrum of overall 'Care' beyond hospitalisation to include preventive health check-ups, wellness, doctor consultations, diagnostics and home care," Saluja said.

To date, Care Health Insurance has settled more than 23 lakh claims while providing customers with a network of 11,000-plus cashless healthcare providers across urban and rural India, as per the release.

All aspects vis-a-vis customer policies such as the policy number, health card, cashless network, customer care details as well as claims and renewal processes, are unchanged, Anuj Gulati, Founding Managing Director & CEO of Care Health Insurance said. ❑

IRDAI News

IRDAI allows insurers to get customers' nod by electronic means

IRDAI has allowed life insurers to obtain customers consent by electronic means, in place of physical signatures in pure risk products till December 31,2020. This has been done taking into account the difficulty in obtaining physical signatures of customers due to the pandemic.

IRDAI directs Max Life to rejig Axis Bank deal

IRDAI has sent communication to Axis Bank and Max Financial Services, which entered into an agreement in April whereby the lender would have increased its stake in life insurance company Max Life promoted by Max Financial Services, to make some changes to the value creation options that the two firms were exploring. IRDAI has asked them to factor in some alternate mechanisms subject to regulatory approvals.

In an exchange filing, Max Financial said, "Earlier, Axis Bank and Max Financial had agreed to certain value creation options and related rights. Based on correspondence from IRDAI received by the firm, Axis Bank and the company have agreed to make some changes to the value creation options and factor in some alternate mechanisms subject to regulatory approvals and as maybe permitted under applicable law." Axis Bank also made a similar statement to the exchanges.

According to sources, there's a clause in the deal that says that after a little over five years, the entity will go for a listing on the bourses. However, if the listing does not happen, Axis Bank would swap the unlisted Max Life's 30 per cent holding with the listed entity Max Financial Services, depending on the swap ratio. Further, if even that is not possible, then Axis Bank would have a put option to sell its shares in Max Life at a pre-determined price to Max Financial. IRDAI has raised objections to these options included in the deal, said a source, adding there would tweaks to this part.

IRDAI lays out norms for share transfer of insurance companies

According to IRDAI sale, purchase and pledge of equity in excess of 5 per cent of an insurance company's paid-up capital will need the regulator's prior approval, and any violation of the guidelines will attract action.

Issuing a clarification on the 'transfer of share of the insurance companies', the IRDAI said the provisions related to sale and purchase of equity will also apply on creation of pledge or any other kind of encumbrance over shares of an insurance company by its promoters.

It further said 'fit and proper' norms should be followed for sale and purchase of equity above 1 percent and upto 5 percent of the paid-up capital. The application for transfer of shares, it added, should be filed through the insurance company concerned.

IRDAI: Insurers should decide to take action against hospitals denying cashless service

An insurance company can take action against a hospital for demanding advance from a policy holder who is supposed to get cashless service, an official of insurance regulator IRDA said. In a recent circular, Insurance Regulatory and Development Authority (IRDA) has put the onus of taking steps against medical establishments for deficiency in service on the insurer, the official said.

There has been a sharp spike in complaints post COVID-19 outbreak that private hospitals are demanding huge advance before admission even from patients having cashless medical insurance. In the wake of such complaints, IRDA issued the circular on cashless service to policy holders by hospitals, the official told. "Where any network provider (hospital) denies cashless facility and deviates from agreed terms of the SLA (service level agreement), insurance company shall take an appropriate action against such network providers," the circular said. One of such "appropriate" actions is blacklisting the erring hospital, a senior official of an insurance firm said.

Insurance companies cannot reject claims for not holding valid PUC certificate

IRDAI, has clarified that a motor insurance company cannot deny any claim for not holding a valid PUC or Pollution Under Control certificate. PUC certificate is provided to vehicles that undergo the PUC test successfully.

The certification indicates that the vehicle's emissions are in alignment with standard pollution norms and are not harmful to the environment. It is mandatory for all vehicles on Indian roads to carry a valid PUC certification.

"It is hereby clarified that not holding a valid PUC certificate is not a valid reason for denying any claim under a motor insurance policy," said IRDAI in its release dated August 6 regarding valid PUC certificate at the time of renewal of motor vehicle insurance.

IRDAI released the clarification amid some misleading media reports stating that there is if there is no valid PUC certificate at the time of accident, claim under the motor insurance policy is not payable by the insurance company. However, a valid PUC certificate is required as a mandatory document at the time of renewal of the motor vehicle insurance.

"General Insurance companies must ensure that the vehicle must have a valid PUC certificate at the time of renewal of motor vehicle insurance," said IRDAI in a circular dated July 6, 2018. This has been reiterated by the insurance regulator through another circular on August 20.

In August 2017, the apex court in M.C. Mehta vs. Union of India and Others case had directed insurers not to insure a vehicle unless it has a valid PUC certificate on the date of renewal of the insurance policy. It is mandatory for every vehicle owner to have a valid PUC certificate to comply with the prescribed emission norms. A vehicle without such certificate is liable to be prosecuted under the Motor Vehicles Act.

Physical signatures not required to buy a new life insurance policy

IRDAI , has allowed life insurers to obtain the customer's consent without requiring wet signature on the hard copy of the proposal form. They can send the completed proposal form to the customer's registered e-mail ID or mobile number in the form of an e-mail or a message with a link. Once the electronic form is received, the customer can give his or her consent by clicking the confirmation link or by validating the OTP shared.

Earlier IRDA allowed life insurance companies to issue electronic or e-policies to the customers on their e-mail IDs during FY2020-21 . This was done to address difficulties faced by life insurers in printing and dispatch of policy documents.

IRDAI announced these new measures in response to feedback from several life insurance companies facing troubles due to the outbreak of Covid19.

"The Authority is in receipt of feedback from various life insurers that the situation arising in the wake of COVID-19 outbreak has impacted the traditional manner of canvassing life insurance policies by agents and intermediaries. In particular, the filling-in of the physical proposal forms, obtaining wet signatures on them and subsequent movement of such physical papers, are severely affected. In this backdrop, the life insurers have represented to the Authority to allow the option of authenticating the proposals for life insurance through electronic means, in place of physical signature, for the sales made by insurance agents and intermediaries, in addition to the methods presently allowed," said IRDAI.

IRDAI has asked the insurer to maintain verifiable, legally valid evidence for the proposer's consent received for the fully completed proposal form. Further, the insurer cannot accept any payment towards proposal deposit till the receipt of consent of the proposer.

According to IRDAI, it will be the duty of life insurer to provide approved digital sales material to the insurance agents / intermediaries. The life insurer should also make sure that the agents use only that material while soliciting the business.

Also, the insurer should authenticate the e-mail IDs and mobile numbers of the customers by conducting de-duplication of such data.

The insurer will be responsible for ensuring the suitability of the plan purchased for the customer. Insurer will also be responsible to carry out pre-issuance verification calls in respect of all such proposals.

IRDAI has put out this e-verification and e-purchase of life insurance policy on an experimental basis with immediate effect till the end of this calendar year. The electronic facility is limited to pure risk products, i.e., products that do not involve any savings element. ❑

LIC of India News

LIC settles 561 corona claims worth Rs. 27 cr

Life Insurance Corporation of India said that it has settled 561 Covid-19 death claims amounting to nearly Rs 27 crore. The insurer has also relaxed its norms amid the lockdown to process maturity claims based on email submissions of survival-benefit requirements and is settling such claims without the policy document if certain conditions are met.

"Death claims arising due to Covid-19 are treated on a par with other causes of death and payments are being made on an urgent basis. LIC has also relaxed the procedure and is accepting requirements of death claim through email from their club agents and development officers," the corporation said.

Government sets the ball rolling for LIC IPO

The government has kicked off the process to launch the initial public offer (IPO) of LIC. The Department of Investment and Public Asset Management (Dipam), the nodal agency for conducting divestments, screened 11 companies to play the pre-IPO transaction advisor's (TA'S) role for the proposed IPO.

Citibank, CLSA, and Credit Suisse were among the foreign investment banks that applied for the role. Over half a dozen domestic firms, including Axis Capital, SBI Cards, and Edelweiss, are also in the fray. Deloitte India Touche Tohmatsu was the only non investment bank to apply.

LIC'S IPO will be by far the biggest in the domestic capital markets. Industry players say many firms want to play the TA'S role. "LIC'S IPO will be a 'trophy deal' in the truest of sense. Any firm that is associated with the IPO will get bragging rights," said an investment banker.

Experts said the selection of the TA meant that the Centre was serious about launching the IPO before the end of this financial year. Given the complexities involved, many had expressed doubts whether the Centre would be able to launch the IPO before March 31.

LIC's total premium grew 12% in FY 20

LIC has clocked 12.42 per cent growth in 2019-20 (FY20) in total premium income at Rs 3.79 trillion, compared to Rs.3.37 trillion in 2018-19 (FY19). The insurer's new business premium (NBP) was up 25.17 per cent in FY20 to Rs 1.77 trillion.

However, in the first quarter (Q1) of 2020-21 (FY21), LIC's NBP contracted 18.45 per cent to Rs 36,530 crore, against Rs 44,794 crore in the corresponding quarter a year ago.

In the pension and superannuation business, it earned NBP to the tune of Rs 1.29 trillion in FY20, compared to Rs.90,848.86 crore a year ago. Total income of the insurer grew 9.83 per cent to Rs 6.15 trillion in FY20, from Rs 5.60 trillion. Total assets grew to Rs 31.96 trillion, from Rs 31.11 trillion - up 2.71 per cent.

Policy payouts by the Corporation grew 1.31 per cent to Rs 2.54 trillion in FY20, compared to Rs 2.50 trillion in FY19. It said digital transactions for its policies grew 36 per cent. To attract millennials, the Corporation last year improved its customer service experience and upgraded its online services. Of the 21.8-million new policies it sold in FY20, nearly 50 per cent were to millennial customers.

As far as death claims due to Covid-19 are concerned, the Corporation settled 561 claims amounting to Rs 26.74 crore. "Death claims arising due to Covid-19 are treated on a par with other causes of death, and payments are being made on urgent basis," it said.

While Q1FY21 was rough for life insurers because NBP contracted 18.64 per cent to Rs 49,335 crore, against Rs 60,637 crore in Q1FY20 due to the lockdown, it is expected that the sector will post steady growth in NBP by the end of the third quarter, assuming the economy bounces back. In fact, in the fortnight ended July 15, LIC saw 46 per cent growth in NBP over last year.

At the end of Q1, the insurer issued 2 million new policies and captured a market share of 74 per cent in terms of premium in the life insurance market. At the end of FY20, it had a market share of 75.9 per cent in policies and 68.74 per cent in first-year premium.

LIC HFC's profit before tax up 21% to Rs. 1,017 cr in Q1

LIC Housing Finance's PBT rose 21 per cent to Rs. 1,017.67 crore in the June quarter, against ~840.89 crore in the same period last year. Its net profit for the quarter rose 34 per cent to Rs. 817.48 crore, compared to Rs. 610.68 crore in the previous year.

LIC focuses on improving online, digital presence

Life Insurance Corporation (LIC) of India, which enters its 65th year on September 1, is focussing on improving its online and digital presence to remain customer-centric, improve pricing and create operational efficiencies.

"LIC has a strong online presence and has provided a digital platform for new business and servicing operations to both internal and external customers, including channel platforms like banks and other agencies," it said in a statement.

It's Customer Mobile App has more than 34 lakh users, and it is using various digital platforms for electronic premium payments to provide a seamless experience to customers.

PayTM (directly), PhonePe and GooglePay (through BillDesk) are some of the more recent modes that are available to customers for premium payment digitally, it further said.

"Renewal premium collection transactions through the digital infrastructure have reached an all-time high of 40.23 per cent," it added.

In 2019-20, LIC registered a growth of 25.17 per cent in new business in terms of the first year premium. Its total first-year premium amounted to Rs. 1.78-lakh-crore at the end of March 31, 2020 capturing 68.74 per cent market share.

Nominees have first over life insurance claims, not legal heirs

As you deal with the trauma of losing a loved one, making a life insurance claim may become daunting if you don't know how to go about it. One of the most important aspects to consider is the difference between the nominee and heir when it comes to insurance claims. Insurance policy is treated as an estate of the deceased policyholder. Legal heirs have a right over the policy as long as the assets of the deceased policyholder devolve upon her.

However, in life insurance, there is a concept known as beneficial nominee. This provision was introduced in the Insurance Laws (Amendment) Act, 2015. If an immediate family member (parents, or spouse, or children) is made the nominee, then the proceeds will go to the intended person. Legal heirs will not have any claim on the money. "If the nominee is not survived by the insured, the proceeds will go to the legal heirs," said Mukesh Jain, corporate lawyer and founder of Mukesh Jain and Associates, a Mumbai-based law firm.

In the absence of a nominee, the legal heir can claim the insurance proceeds. "Apart from the claim intimation letter and other requisite documentation like death certificate, ID proof of the beneficiary, policy papers, discharge form (if any), post mortem report and hospital records (in case of unnatural death), the legal heir needs to submit the succession certificate issued by a competent court which establishes the right of the legal heir over the assets of the deceased policyholder, including the insurance proceeds," said Vatsala Sameer, company secretary, Canara HSBC Oriental Bank of Commerce Life Insurance.

If there are multiple legal heirs and only one is claiming the proceeds, then all other legal heirs need to agree and express their consent to the insurer for that. "The affidavit-cum-indemnity signed by all the legal heirs protects the insurer from similar and separate claims under the policy," said a spokesperson from PNB Metlife Insurance Co. Ltd.

The legal heir can make a claim when there is no nomination any time before the maturity of the policy, or if the insured has not requested a fresh nomination in case of the death of the nominee or in case of death of the nominee after the claim is filed but before its settlement. In case the deceased has more than one child and has not nominated all of them, a claim can be lodged only by the nominated child and the insurer shall pay the proceeds to the nominee only. Other children can stake claim to their shares by moving a competent court of law, said the PNB Metlife spokesperson. So get clarity on your situation and act accordingly.

Health Insurance News

Insurers see over 90,000 Corona claims worth Rs. 1,463 cr

Insurers have seen more than 90,600 Covid-related claims worth Rs 1,463 crore, of which almost 60,000 claims amounting to Rs 563.81 crore have been settled.

State-wise data shows, Maharashtra, which has recorded the maximum number of cases in the country, has the maximum claims coming in, followed by Tamil Nadu, Delhi, Gujarat, and Karnataka. While initially, the claim amount was high, now it has moderated as many states have prescribed a standard treatment rate for Covid-19. Even the General Insurance Council has prescribed a standard Covid-19 treatment rate.

Supreme Court directs Centre to address complaints of Non-payment of Covid Claims

The Supreme Court took judicial notice of general complaints about insurance companies playing truant in reimbursing the full cost of Covid treatment and told the Union government to proactively look into the problem faced by citizens during the pandemic.

A bench of Chief Justice S A Bobde and Justices A S Bopanna and V Ramasubramanian told solicitor general Tushar Mehta to "take care of the insurance companies" who are allegedly slashing the reimbursement amount due to Covid patients.

It has been the general complaint that the cost of Covid-19 treatment has risen because of an increase in the number of consumable items - from PPEs to face shields - by doctors, nurses and health workers but the insurance companies were not reimbursing the billed amounts for consumables by hospitals.

Mehta said that the IRDAI has already issued strict instructions to all insurance companies that the entire cost of consumables has to be included in the Covid treatment. "The IRDA can be asked to ensure that no person seeking reimbursement of Covid treatment cost in hospitals is left high and dry," he said.

The CJI-led bench said, "At the time of pandemic, the insurance companies cannot adopt a hands-off approach, especially when people are facing hardship." These remarks came during the hearing of PILs filed by advocate Sachin Jain and others who sought capping of the cost of Covid treatment at hospitals across India.

Corona Kavach a big draw for millennials

The fear of Covid 19 is pushing more and more people to buy the indemnity policy for covid-19, despite regular health insurance policies covering the cost of hospitalization for the infection. Corporates too are looking to cover their employees, specifically for covid-19 under a group Kavach plan.

Between 10 July and 30 July, state-run general insurer New India Assurance Co. Ltd sold about 60,000 policies, including individual and family floater plans. According to the company, the western zone dominated in terms of demand. ManipalCigna Health Insurance Co Ltd sold about 150 policies and the company found the most preferred tenure to be in the range of Rs. 4-5 lakh. According to the company, they are seeing a greater uptake from tier-II and-III cities.

During the same time, Max Bupa Health Insurance sold close to 8,000 policies and about 80% of the policies sold were for the tenure of 9.5 months and 90% of the buyers went for the Rs. 5 lakh sum insured, which is the maximum allowed under the policy construct. The insurer experienced the highest demand from Bengaluru and Hyderabad.

"So far, the highest purchase for Max

Bupa Corona Kavach plan is by millennials as 43% buyers are in the age group of 18-30 years. The trend shows that there is a demand for short-term covid-19-specific covers, especially among the first-time buyers of health insurance. The uncertainty around covid-19 is leading people to buy health cover for themselves and their families," said Krishnan Ramachandran, MD and CEO, Max Bupa Health Insurance.

Bajaj Allianz General Insurance Co Ltd has also seen a spurt in demand for the Kavach policy from the younger generation.

"Corona Kavach has seen a positive uptake from customers, especially among individuals up to 45 years. We have witnessed higher inquiries for sum insured falling between Rs. 2-5 lakh, considering treatment expenses for covid-19. Policy period of six and a half months and nine and a half months have witnessed a higher demand in the market. We have seen major uptake from the western part of the country with contribution from Maharashtra and Gujarat, followed by the south and east," said Gurdeep Singh Batra, head-retail underwriting, Bajaj Allianz General Insurance.

Online insurance aggregator Policybazaar said the company is selling around 1,000 policies a day and 85% of the buyers picked Corona Kavach policy whereas the remaining 15% opted for the Corona Rakshak policy (benefit-based) policy.

Standardized packages will bring down treatment cost-Experts

Insurance companies and hospitals are working on standardizing packages for covid-19 treatment. The packages will be applicable to patients with mild to moderate symptoms. Standard packages will help bring down the treatment cost for patients who have an insurance policy.

A majority of hospitals have already agreed to the standard packages. "Around 80-85% of the cases are mild to moderate. These are being standardized depending on the number of days a person stays in a hospital, facilities provided to the patient and so on. Many hospitals are on board and 60-65% of the claims are being processed based on the standardized rates," said Bhargav Dasgupta, Managing Director and chief executive, ICICI Lombard General Insurance.

For complicated cases, especially those with co-morbidities, it's difficult to predict the treatment cost, and such cases will be based on the actual cost of treatment.

Since the covid-19 pandemic hit India, many hospitals charged exorbitant sums to treat patients.

Nearly 70k Covid-related claims worth Rs. 700 crore settled: IRDAI

Nearly 70,000 coronavirus-related claims worth Rs 700 crore were settled by insurance companies since the pandemic hit India in March, the Insurance Regulatory and Development Authority of India (IRDAI) said.

The regulator also asked companies to look at more standard products to increase the coverage and allowed customers to pay premium in installments to reduce the burden during the pandemic.

During his inaugural address at the Confederation of Indian Industry's (CII's) Southern Region Health Insurance Conclave, Subhash C Khuntia, chairman, IRDAI, said the pandemic will lead to a change in health insurance. In 20 days, 450,000 individuals were covered under the Corona Kavach policy, which was launched on July 10, noted Khuntia, stating that there are tremendous opportunities for the industry.

"Standardisation of products is key and India has taken a huge leap by bringing standard products," Khuntia said.

Out-of-pocket expense for health in India is around 60 per cent, which is much less in developing countries. Nearly four per cent of the households spend 25 per cent of their annual income on health care, while 17 per cent spend about 10 per cent of their annual income on health care. "We really need to address this to make medical insurance more affordable and accessible," said Khuntia.

Ayushman Bharat moves to cover 'missing middle'

Building on the Ayushman Bharat platform, the Centre is looking to further expand health insurance to cover the "missing middle". To this end, it is set to launch a pilot to understand the efficacy and costs of such a scheme. The Centre has invited expressions of interest from insurance companies that want to participate in this project.

"The government is coming out with another scheme for the 'missing middle', or basically those who are not eligible for Ayushman Bharat and do not have their own or a company-sponsored health insurance cover. These are persons such as self-employed and small businesses," said PC Kandpal, Managing Director and CEO, SBI General Insurance.

Under the pilot, the insurer would provide Rs. 5 lakh floater health cover per family per annum with no cap on the number or age of family members. All insured persons will receive complete cashless treatment for procedures offered in the pilot project in hospitals empaneled under the Pradhan Mantri

Jan Arogya Yojana (or, Ayushman Bharat). It would cover all pre-existing diseases, and the exclusions would be the same as those for Ayushman Bharat.

"The scheme will help India be fully insured. Often, people are pushed into poverty due to health costs, which can be minimised. We have sent our expression of interest to participate in the initiative, which can promote health insurance awareness and make more people get health cover," said S Prakash, Managing Director, Star Health and Allied Insurance.

The government document inviting EoIs said: "The uncovered population comprises varied sections of non-poor population — informal sector workers, self-employed, professionals, employees in MSMEs, spread across occupations, geography and income strata." Lack of awareness, affordability and distribution make it a challenge for them to buy health cover, it added.

Qualifying insurers will need to sign a three-year MoU with the National Health Authority, and submit individual pilot plans with the proposed group to be covered including size, family composition, demographics, geographical location, product features, inclusions, exclusions, additional packages, premium per family and hospital network (in addition to the PMJAY set).

The issue has also been raised by Ayushman Bharat CEO Indu Bhushan, who stressed the need to cover the 'Missing Middle'. Ayushman Bharat scheme now offers insurance of Rs. 5 lakh per family and covers about 10.74 crore families or 50 crore beneficiaries.

Insurers say that another 10-11 crore have some health insurance cover, either purchased on their own or as part of their employment compensation package. But a large chunk does not have any cover.

Comprehensive policies with higher sum insured boost health cover sales

While the Covid-19 pandemic has made health insurance the largest premium segment in general insurance, consumers are preferring to buy comprehensive policies with higher sum insured rather than just targeted covers.

"Increase in sales of health insurance policies started towards the end of April and start of May with the surge in Covid cases in India. Health indemnity policies have seen a sharp rise in sales," said Amit Chhabra, Health Business Head, Policybazaar.com.

The sum insured has increased significantly to between Rs. 25 lakh and Rs. 1 crore as people realised that the cost for Covid-19 treatment can be very high.

"Earlier, people were happy with a cover of Rs. 5 lakh, but now nobody wants to compromise on their health. Such high sum insured policies have also become more affordable and a 30-year-old person can get a Rs. 1-crore sum insured health cover for as less as Rs. 9,000 per year," he said, adding that the Corona Rakshak and Corona Kavach policies have also seen good traction but are taken by people who can't afford a full health cover.

Data with General Insurance Council show that health insurance premium in July amounted to 32.7 per cent of the general insurance market, taking over the motor segment which stood at 30.3 per cent.

Similarly, gross direct premium income underwritten by general and standalone health insurers grew by 10.44 per cent between April and July this year to Rs. 18,415.5 crore, even as the overall general insurance industry expanded by 1.62 per cent in the period.

"Health insurance will continue to pick up going forward, with the pandemic creating a renewed interest in health insurance," CARE Ratings noted in a recent report.

According to Rakesh Goyal, Director, Probus Insurance, most customers prefer to buy comprehensive health covers of at least Rs. 10 lakh, along with a top-up. The number of transactions for health insurance on his platform has increased by about three times up to July compared to February this year.

"Corona-specific covers are seeing demand, but a lot of it if from people who cannot afford a full cover or have co morbidities or are too old," he added. Insurers also said the standard Arogya Sanjeevani policy is seen to be a plain vanilla product with limitations on room rent and a co-pay element that are often not preferred by many customers.

Max Bupa policyholders lose Max cashless facility

Max Healthcare is in a stalemate with Max Bupa Health Insurance Co. Ltd and has discontinued cashless treatment in its chain of hospitals, leaving policyholders in a fix as they will not be able to avail the cashless claim facility.

Max Bupa is a joint venture between Indian private equity firm True North and UK's healthcare services firm Bupa. Max Healthcare is the amalgamation of the erstwhile Max India into Max Healthcare and the demerger of the healthcare business of Radiant Life into Max Healthcare.

"The contract between Max Healthcare and Max Bupa had expired in May 2019. Max Healthcare has been in discussion with Max Bupa for a fresh contract for the last 15 months and has been extending cashless services to its beneficiaries over all these months even though there hasn't been a valid contract. ❑

Private Life Insurance News

PNB MetLife launches Guaranteed Future Plan

PNB MetLife recently launched Guaranteed Future Plan, a guaranteed savings life insurance plan that offers dual advantages of long-term guaranteed benefits and financial protection to the family in case of adversities. The plan offers four different options to create a corpus to meet one's financial goals. The plan comes with a guaranteed income ranging from 103 to 245 per cent of the annualised premium.

One can opt for income plus booster option that gives an additional income pay-out at specified intervals, ranging from 30 to 406 per cent. The plan allows customers to time the receipt of maturity amounts on special occasions such as birthdays or anniversaries. The policyholder will also be eligible to avail income tax benefit on premiums paid and benefits received under 80 (c) and 10 (10d).

ICICI Prudential Life Insurance records flat growth in profit

ICICI Prudential Life Insurance reported almost flat growth in net profit at Rs. 287.59 crore in the first quarter of FY21 when compared to Rs. 284.94 crore a year ago.

However, on a sequential basis, net profit surged by 60 per cent from Rs. 179.49 crore for the quarter ended March 31, 2020.

The private sector insurer reported a 10.6 per cent decline in net premium income at Rs. 5,551.07 crore for the quarter ended June 30 from Rs. 6,208.13 crore a year ago.

"The challenges brought about by the pandemic had an impact on new business premium during the quarter, which decreased from Rs. 2,226 crore in the first quarter of FY20 to Rs. 1,499 crore during the first quarter of FY21," said ICICI Prudential Life Insurance in a statement, adding that the annuity new business premium grew 13.1 per cent to Rs. 216 crore in the first quarter this fiscal.

The value of new business declined by 35 per cent to Rs. 201 crore in the April to June 2002 quarter against Rs. 309 crore a year ago.

The 13th and 49th month persistency ratios stood at 84.1 per cent and 66.2 per cent, respectively, at June 30. Assets under management grew by 3.6 per cent to Rs. 1,70,006 crore at the end of the first quarter in FY21 from Rs. 1,64,024 crore a year ago.

The insurer's solvency ratio for the quarter stood at 205 per cent.

NS Kannan, Managing Director and CEO, ICICI Prudential Life Insurance, said: "The Covid-19 pandemic has had an impact on the way consumers perceive life insurance, and protection products have, therefore, seen an increased demand. Even with the movement restrictions in the last quarter, the share of protection in our portfolio increased to 26 per cent of Annualised Premium Equivalent. This resulted in an expansion in the value of new business margin from 21 per cent for first quarter last fiscal to 24.4 per cent in the first quarter this fiscal."

HDFC Life net rises 6%

HDFC Life Insurance reported a six per cent increase in net profit at Rs. 451.09 crore in the first quarter of FY21 when compared to Rs. 424.62 crore a year ago. For the quarter ended June 30, net premium income declined 11.3 per cent to Rs. 5,721.84 crore against Rs. 6,451.16 crore a year ago. Total premium fell by 10 per cent to Rs. 5,863 crore in the April to June 2020 quarter when compared to Rs. 6,536 crore a year ago.

The value of new business declined by 43 per cent to Rs. 291 crore in the quarter under review. It reported a 13th month persistency of 87 per cent and 61st month persistency of 53 per cent as on June 31, from 88 per cent and 54 per cent, respectively, a year ago. The insurer's solvency ratio stood at 190 per cent at the end of the first quarter this fiscal. Vibha Padalkar, Managing Director and CEO, HDFC Life Insurance, said: "We continue to exhibit resilient performance even in the current scenario. Our market share in terms of individual weighted received premium has increased by 100 basis points from 17.5 per cent to 18.5 per cent."

SBI Life Insurance net profit up 5%

SBI Life Insurance reported a 5.1 per cent jump in net profit at Rs. 390.89 crore in the first quarter of FY21 against Rs. 371.90 crore a year ago. Its net premium income increased by 14 per cent in the quarter ended June 30 to Rs. 7,588.09 crore when compared to Rs. 6,655.02 crore in the same period a year ago. "Increase in gross written premium by 14 per cent to Rs. 7,640 crore in the first quarter of the fiscal was mainly due to strong growth in renewal premium by 30 per cent to Rs. 4,580 crore in the first quarter of the fiscal," it said in a statement.

It also noted that it has achieved market leadership in total new business premium at Rs. 3,060 crore, with 23.9 per cent private market share in the first quarter of the fiscal. The value of new business decreased by 29 per cent to Rs. 240 crore in the April to June quarter 2020. Its 13th month persistency stood at 81.55 per cent in the first quarter this fiscal when compared to 84.46 per cent a year ago. The solvency ratio as on June 30 was at 2.39 against the regulatory requirement of 1.50.

Insurers turn net buyers of equity after 8 years

Insurance companies have turned net buyers of Indian equities after eight years. So far this year, domestic institutional investors (DIIS) have purchased stocks worth Rs. 80,000 crore, of which mutual funds (MFS) account for Rs. 33,700 crore, implying net buying by insurers.

Market watchers say this buying has provided boost to the market at a time when foreign portfolio investor (FPI) flows have been choppy and MF investments have moderated owing to a slowdown in investor flows into equity schemes.

Domestic insurers, mainly LIC, stepped up their equity purchases during March and April, taking advantage of the attractive valuations amid the Covid-19-induced market plunge.

The DII pie also includes other local institutions such as pension funds, but MFS and insurance companies make the bulk of the purchases.

As in the past, LIC, the country's largest life insurer, may have been instrumental in cushioning the market fall this year as well. The insurer says it has pumped in about Rs. 20,000 crore this financial year, mostly in blue-chip stocks.

"LIC, being a long-term investor, is usually sector-agnostic and focuses on diversified investment. However, due to the current pandemic, the focus was on large caps, and the sectors badly affected were avoided," LIC Managing Director T C Suseel Kumar had told earlier.

Insurers are known to be contra-players - they buy when sentiment is bearish and sell when there is euphoria.

"Insurers this year have got consistent inflows in both ULIPS (unit-linked insurance plans) and traditional plans, some of which has found its way into the equity market. The lower share prices, after the correction in March, may also have dictated flows," said Mihir Vora, director and chief investment officer at Max Life Insurance.

Life insurers' new business premium rises 7% in July

New business premium (NBP) of life insurers grew 6.86 per cent in July to Rs. 22,986 crore, compared to Rs. 21,509 crore in the corresponding period a year ago. It was, largely driven by private insurers' performance.

Private insurers, 23 in total, amassed NBP to the tune of Rs. 7,815 crore in July, up 26 per cent from Rs. 6,197 crore in the same period last year. LIC was still in the red, with 0.92 per cent drop in NBP to Rs. 15,170.95 crore in July 2020, compared to Rs. 15,311.87 crore.

NBP is the premium acquired from new policies for a particular year. Life insurers had seen their NBP decline 32.6 per cent and 25.4 per cent in April and May, respectively. And in June, NBP of life insurers was down 10.5 per cent.

While July saw life insurance sector's NBP post positive growth, however, the April-July period saw premiums decline 12 per cent to Rs. 72,321 crore compared to Rs. 82,146.5 crore in the same period last year.

Similarly, private insurers NBP in the April-July period was down 6.44 per cent to Rs. 20,620.56 crore compared to Rs. 22,039.81 crore in the same period last year. LIC also followed a similar trend and witnessed a drop of 14 per cent to Rs. 72,321.53 crore compared to Rs. 82,146.46 crore. Experts believe that growth in the sector could potentially return in Q2 or Q3 and distribution channels could see significant realignment, with digital sales rising at the cost of individual agents and bancassurance.

Motilal Oswal Institutional Equities said, "We expect business growth to remain under pressure over the near term, especially for the savings business, given the reduced economic activity and consumption slowdown.

High volatility in the capital markets, in an uncertain environment and lower earnings visibility, should lead to tepid demand for unit-linked products. On the other hand, protection and annuity businesses are likely to do well, it added. ❑

International News

Australia's motor insurance market to contract in 2020 due to COVID-19

The Australian motor insurance market is forecast to contract by 4.4% in 2020 due to COVID-19, a sharp decline from 3.6% growth in 2019, according to GlobalData, a leading data and analytics company.

GlobalData has revised its forecast for Australia motor insurance market in the aftermath of the COVID-19 outbreak. As per the latest data, the motor insurance business is expected to register a compound annual growth rate (CAGR) of 1.6% over FY 2019–2024, primarily due to the ongoing economic uncertainty and long-term downturn in the auto sector.

Deblina Mitra, Insurance Analyst at GlobalData, comments: "Automobile sales in Australia declined by 7.8% during 2018–2019 due to tighter lending conditions and lower consumer spending. New vehicle sales in July 2020 declined by 19.2% year-on-year due to the economic impact of COVID-19. These resulted in lower premium collections for motor Insurers."

This impact will be more severe in the commercial segment. As per the Federal Chamber of Automotive Industries, the commercial vehicle sales declined by 46.5% in July 2020 as compared to June 2020. The decline was relatively lower at 28.9% for passenger and sports utility vehicles.

Ms Mitra explains: "Motor insurers are thereby expected to face further pressure. To drive premium growth, insurers such as Allianz and Budget Direct are offering up to 15% discount on comprehensive motor insurance for new online policies."

Companies are also looking at product innovations to increase sales. Short-term car insurance and pay-as-you-go models are being adopted by companies to increase sales.

UbiCar, Real and Kogan are offering pay-as-you-go insurance policy, where premiums are charged based on actual distance traveled, which is recorded via telematics device installed in the car. Huddle is offering fixed-kilometer pay-as-you-go plans for comprehensive motor insurance. Further Poncho is offering up to 30% in premium reduction due to lockdown restrictions which resulted in lower usage of car.

Ms Mitra concludes: "The recent second wave of COVID-19 infections could further derail recovery process for motor insurance industry. Although, recovery in motor insurance industry is expected to begin from 2021, the growth is expected to be a subdued one."

UK insurers need to be transparent with income protection policies as key cover is withdrawn

Insurers in the UK have temporarily withdrawn unemployment cover despite COVID-19 sparking high demand for income protection products as fears of job losses have mounted. This will lead to a sharp fall in premiums. The recent spike in the non-advisor columns means there is a risk of consumers not knowing exactly what they are covered for, according to GlobalData, a leading data and analytics company.

GlobalData anticipates that the individual income protection market will plunge by 26.5% in 2020, with new business premiums set to fall to £48.2m, down from £65.5m in 2019. While demand for unemployment income protection policies soared at the outset of the pandemic, insurers quickly stopped selling these products over an uncertain economy and the prospect of high unemployment.

Beatriz Benito, Senior Insurance Analyst at GlobalData, comments: "It is still possible to purchase income protection that provides long-term accident and sickness cover. Some individuals may buy these policies being unaware that they do not provide cover against job losses – given the strong growth of the unadvised channel in recent years."

It is estimated that more than half of all income protection products sold provide unemployment cover. According to GlobalData's 2019 UK Insurance Consumer Survey, 56.1% of consumers purchasing income protection bought policies providing cover against redundancy – either unemployment insurance or comprehensive income protection. The latter, in addition to providing unemployment cover, also provides protection if the policyholder becomes incapacitated to work because of sickness or an accident.

Benito adds: "On a more positive note, GlobalData anticipates that the income protection market will bounce back in 2021 and sustain growth to 2024 as the impact of the pandemic is left behind. COVID-19 will trigger appetite for income protection products in the medium to longer term and raise awareness of the benefits they provide. In addition, individuals will become warier about unprecedented events and will rethink how best to protect themselves against them. These factors are expected to contribute to future growth of the income protection market."

Allianz's exposure to business interruption and event cancelation lines could be costly

Allianz's dependency on Europe and risky products, as well as life insurance, impacts the company's short-term growth prospects. Europe accounted for 75% of Allianz's total business in 2018. It is skewed towards Germany and Italy, which accounted for over half of its total insurance business that year, according to GlobalData, a leading data and analytics company.

Deblina Mitra, Insurance Analyst at GlobalData, comments: "Allianz does have a diverse business portfolio. However, life insurance accounted for around 50% in 2018, which leaves it open to capital market vulnerabilities in 2020. Low investment margin and increased deferred acquisition costs adversely impacted the insurer's operating profits, which fell by 25.2% in Q1 2020.

Mitra, continues: "Event cancellation and business interruption are expected to record the largest portion of claims demand due to the pandemic. A rise in the number of lawsuits against the insurer by business seeking claims under business in the US and UK, as well as the judgement of these cases, could set a precedent.

"However, Allianz is well set digitally to deal with the current environment. It is deploying its existing online platform to support clients and drive sales, particularly in regions with lockdown restrictions. It has also focused its investments in Insurtech, and has developed other digital platforms such as mobile apps - MyHealth and Allianz Notify - for online claims settlement."

COVID-19 will see insurers adapt polices as risks change

COVID-19 has forced many people to work from home. In many ways, this has reduced some risks - for example fewer people will be a victim of theft or burglary, and household damage such as burst pipes and leaking appliances will be reduced, which can hold the highest cost to home insurers. However, the transition to working from home has led to concerns in other areas such as physical and mental health, which were not originally covered in household policies. As everyday risks change, insurers will have to adapt their policies accordingly, says GlobalData, a leading data and analytics company.

According to a poll by GlobalData, 27% of respondents want to work from home permanently post-COVID-19, while 46% would prefer a mix of home and office working and 27% of respondents wanted to return to the office full time. With such a large proportion of individuals wanting to work remotely either full time or partially, it looks that the changes in risks will remain in the long-term.

Yasha Kuruvilla, Insurance Analyst at GlobalData, comments: "With people spending more time in the house, the risk of accidental damage has increased. According to Zurich, claims for flat-screen TVs have increased by 22% since lockdown began, and accidental damage to glass increased by 57%."

Moreover, many homes will not have suitable workstations, increasing the risk of ergonomic and postural injuries. Working from home will limit social interactions, putting increased strain on employees' mental health. The industry is already reacting to this - for example, Chubb has launched Work from Home insurance for the Asia Pacific region that includes cover for postural strains and injuries, as well as mental health support.

Kuruvilla continues: "Once the risks associated with remote working become clearer, more insurers will release products to cater to this growing group of individuals so that businesses can keep their employees healthy and well protected. Home insurance premiums will also be affected. However, insurers will need more data to ascertain whether the decreased cost of theft and escape of water outweighs the increased costs of home accidents." ❑

LIBERALISATION OF MYANMAR INSURANCE MARKET: OPPORTUNITIES FOR REINSURERS

Abstract

Recently, Insurance Business Regulatory Board (IBRB), body under Ministry of Planning, Finance & Industry, the Republic of Union of Myanmar has issued 'Reinsurance Directive' which will be effective from 01 Oct 2020. Thus Myanmar has formally opened its gates to foreign insurance players which shall not only contribute in the economy of the country but also bring treasure of experience & talent in insurance industry of the country. An attempt has been made to study the provisions of the directive and its aftermath on the insurance industry of Myanmar. Before moving to the discussion on the Reinsurance Directive, it is important to understand the dynamics of the country.

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Introduction

Myanmar also known as Burma is situated in western part of South Asia and strategically located between India & China with major ocean shipping lanes. It has been renamed as Union of Myanmar in 1989 from Union of Burma. Its capital earlier known as English name Rangoon has been renamed as Yangon. Now Nay Pyi Taw (Naypyidaw) is proclaimed as capital of Myanmar since 2006. Burmese is the official language spoken by around 80% of the population. Myanmar is a country in transition with huge potential for growth. Since its opening in 2011 and first democratic elections in 2015, trying to come out from shadows of authoritarian rule, economic mismanagement.

It shares its border with China in North & Northeast, Laos to the East, Thailand to the Southeast, Bangladesh to the West & India to the Northwest. Andaman & Bay of Bengal to its south having coastline of approximately 1930 Kilometers. ArakanYoma mountain range lies between India & Myanmar.

It is disaster prone country exposed to floods, cyclones, earthquakes and droughts. It is located in seismically active region of the Eurasian tectonic plate and one of three most affected countries (others are Puerto Rico & Honduras) by climate change during 1999-2018 (Global Climate Risk Index 2020)

Figure 1: Myanmar

Source: Encyclopedia Britannica

In terms of area, it is the 40th largest country in the world and has population of approximately 54.34 million (2019). Country can be classified into lower & upper Myanmar. Lower Myanmar is mostly covered with tropical forests and coastal areas. This region is rich in minerals and valuable forests such as teak forests. Upper Myanmar is the considered heartland of the country. The central region has highly fertile region formed by Irrawaddy river (Ayeyarwady) delta. Irrawaddy river runs for about 2100Kms from Northern Myanmar to Bay of Bengal. Not far from Equator & on the Tropic of Cancer make Myanmar a tropical country with influence of monsoon. Myanmar has three seasons, the cool, relatively dry from late October to mid-February, the hot, dry season (from mid-February to mid-May), and the rainy southwest monsoon (mid-May to late October).

Myanmar has rich ethnic diversity. Although it has no official region but around 88% population follows Theravada Buddhism. Most of the population live in villages. It is estimated that around 70% people live in villages and 30% in urban areas.

It has been divided in to seven provinces largely based on ethnicity and seven administrative divisions. These states and divisions are further divided in townships, urban wards and villages. As most of the population lives in rural areas, infrastructure, transportation and health care remains challenging task before government.

Economy

The currency of Myanmar is Kyat and economy is dominantly agrarian. Agriculture is the largest contributor to GDP (more than 35% in 2014) and employs more than 65% of the population which indicates that economy is in primitive stage and need to shift from agrarian to industrialisation further to service sector for rapid growth. Around 24.80 % of population live below the national poverty line (Asian Development Bank, 2020) but considerable decline in poverty from 48% in 2005. Being rich source of natural gas, petroleum sector is likely to play a leading role in generating economic growth.

Limited infrastructure still remains a major obstacle in economic growth - for instance, only 37% of the population have access to electricity (World Bank 2017).

Myanmar presently has many challenges before it takes off on the path of rapid growth. It has been ranked 165/190 in ease of doing business 2020 indicative of failing business environment. Such issues need immediate appraisal and quick fixes. Although it is home to abundant minerals, huge potential for tourism and youthful population, availability of low cost labor are strengths of the Myanmar and shall boost the economy of the country.

According to Global Infrastructure Outlook's report (2018), Myanmar's positive economic trajectory will be challenged for immediate need of massive infrastructure. The country needs an estimated $112 billion worth of infrastructure.

Myanmar has an urgent need for foreign direct investment (FDI) and require investment in power-sector. Now FDI has started flowing in and actual FDI inflows rose from an average of US$394 million per quarter in 2017/18 to a quarterly average of US$671 million in 2018/19. Singapore followed by China and Hong Kong remains Myanmar's largest foreign investor. India has been a long term partner and strong pillar in the development of the region. Trilateral expressway India-Myanmar-Thailand is already in progress and shall be operational by 2021.

Insurance Industry in Myanmar

Insurance business in Myanmar is operated in controlled environment regulated by government. Till few years ago, private insurance companies and other foreign insurance companies were not allowed to transact direct insurance business.

When Myanmar got independence in 1948, many foreign insurance companies were into insurance business. In 1950, the Burma National Insurance Company which later became Myanma Insurance was founded. The market for foreign and private firms slowly withered. Under the 1959 Life Prohibition Act, life insurance companies were forbidden to operate a new business. Also, the Compulsory Reinsurance Act in 1961 made the compulsory cession of 30% of non-life insurance business to Union Insurance Board.

In 1963 foreign insurance companies were nationalised. By late 1980s, the insurance system entirely monopolised under the State-Owned Economic Enterprises Law. The Insurance Business law and the Insurance Business Rules were codified in 1996 and in 1997. The Insurance Business Regulatory Board (IBRB), a body under the Ministry of Finance and Revenue was established in accordance with the provisions of Insurance Business Law, 1996 in 2011 which later on reorganised on 14 Jun 2016. The chairman of the IBRB is Deputy Minister.

Insurance was opened up to local private operators in 2012. Twelve private insurers were granted in-principle licenses by Myanmar Insurance Business Regulatory Board (IBRB) in September 2012. Five insurers officially launched and begun their operations in June 2013. Although private companies were allowed to transact insurance business for limited lines of business and around 12 insurance segments were allowed to Myanma Insurance. After insurance sector liberalisation, the insurance sector has witnessed consistent growth and by the end of 1st financial year, 31 March 2014, four companies emerged as the market leaders in terms of written premiums and performance graded by IBRB. These were Aung ThitsarOo Insurance, First National Insurance, Grand Guardian Insurance and IKBZ Insurance.

Just 0.01% people amounting to premium of US$13 million have life insurance. While third-party insurance is mandatory for vehicles, only 10 percent of the country's roughly 600,000 cars had any additional cover in 2016. A country having population of around 54.34 million it is estimated that only 2 million people have any kind of insurance cover.

The total number of insured rose from 4.2 million in June 2018 to 4.9 million in June 2019. The value of insurance premiums from private sector insurers stands at 0.1 percent of GDP, or kyat 32 billion, which grew by 40 percent (YoY) in Q3 2018/19. Contribution of Life insurance premium accounts for 31% and property insurance have participation of approx. 55% of the insurance market. The utilisation of insurance services remains relatively modest, and has considerable scope for further growth. Distribution channels always play pivotal role in development of insurance business. Individual agents the only channel presently available in Myanmar, the growth of other distribution channels like brokers, corporate agents and banc-assurance need to be developed on priority basis which will help to grow insurance market. Myanmar has signed a Memorandum of Understanding (MoU) with Indian Insurance Institute of India (III) to extend support & insurance knowledge in the country.

Opening of insurance sector will lead to fierce competition but simultaneously add experience, professional knowledge in domain to insurance industry. Insurance industry of the country is poised to grow mainly due to youth population, increasing middle class, rapid urbanisation and improving economic conditions of the country.

Insurance industry needs time to grow and imminent challenges like requirement of robust regulatory framework, public awareness, insurance industry association need early resolution and support from the government. The insurance market will take time to grow with opening up to foreign players. But The local players also need time to build their infrastructures, capabilities and human capital before they face foreign competition or jump onto the joint-venture bandwagon. Insurance in any country is supplemental to growth of the country.

Regulatory framework

The two main laws regulate the insurance business in Myanmar are the:

- ❖ Myanmar Insurance Law of 1993, including the Third Party Liability Insurance Rules for Myanmar Insurance.
- ❖ Insurance Business Law of 1996, as amended in 2015, for the private insurance sector, which mandates following basic regulatory principles:
  - o formation of the IBRB;
  - o establishment and licensing: public or private limited companies must obtain a license from the IBRB before operation;
  - o capital, deposit, reserve, and funds requirement;
  - o restriction on license transfer;
  - o approval requirement for policy and premium;
  - o liabilities of insurers, underwriters, and brokers;
  - o auditing;
  - o liquidation;
  - o administrative actions; and
  - o penalties for non-compliance.

The other regulatory bodies that oversee the licensing of insurance businesses and activities both for domestic and overseas insurance companies in Myanmar are the:

- ❖ Financial Regulatory Department (FRD) (www.frd.gov.mm) under the Ministry of Planning and Finance (MoPF).
- ❖ Insurance Business Regulatory Board (IBRB).
- ❖ the Directorate of Investment and Company Administration (DICA) under the Ministry of Investment and Foreign Economic Relations (MIFER) regulates company registration for all companies operating in Myanmar.

Reinsurance Directive No. 4/2020

Presently, Myanma Insurance company is authorised to transact reinsurance business in Myanmar. Private insurance companies cannot provide reinsurance. New reinsurance directives will bridge the protection gap and increase the insurance penetration in the country.

In pursuant to the power conferred to Insurance Business Regulatory Board (IBRB), issued reinsurance directive which will come in to effect from 01 Oct 2020. The highlights of the directive are:-

- ❖ Reinsurance capacity to be developed within country by maximising retention along with proper and adequate diversification of risks.
- ❖ Best possible reinsurance coverage to protect interests of policyholders, cedants at reasonable cost.
- ❖ Adequate technical capability & financial capacity to be developed.
- ❖ Simplify the reinsurance business.
- ❖ Every insurer & reinsurer shall maintain & maximise its retention calibrating its financial capacity, quality of risks & volume of business.
- ❖ Every insurer & reinsurer shall formulate suitable retention programme for each insurance segment.
- ❖ 20% of sum at risk for each life insurance business portfolio shall be maintained by every insurer & reinsurer.
- ❖ Every insurer shall commence annual reinsurance program for every financial year and shall submit its duly approved reinsurance programme by Board of directors to IBRB.
- ❖ After beginning of financial year, within 30 days, approved final reinsurance with declaration by the CEO that entity has not made any change in earlier filed program.
- ❖ In case of any revision, such revised programme duly approved by board along with justification, reasons shall be submitted to IBRB within 15 days.
- ❖ While finalising reinsurance programme, each insurer and reinsurer shall consider the following matter.
  - o Parameter considered for fixation of retention

limits for every product of each insurance segment along with corresponding retention limits in the previous year.

- o The levels of retention ration on each insurance segment for the previous 3 financial years.
- o Premium income for last financial year and projected premium income for forthcoming financial year for each product of each insurance segment.
- o Details of proportional & non-proportional arrangements for each insurance segment including treaty capacity, retention limits, premium income, event limits etc.
- o Statement of reinsurance cost for projected year along with actual costs of reinsurance, ceded premium on proportional & non-proportional arrangements and estimated cost of current financial year.
- o 30 days after the end of financial year, insurer shall submit the following reports

- ❖ Operations of reinsurance business in previous financial year
- ❖ Provisioning methods & amounts for each kind of reserves duly signed by certifying actuary.
- ❖ For catastrophic risk protection, every Myanmar insurers
  - o Ensure adequate reinsurance arrangements pertaining to catastrophic accumulations.
  - o Insurance arrangements shall be based on modelling report for forthcoming financial year duly approved by its Board of Directors or (CA, CFO and/ or CEO) and shall file with summary of catastrophe modeling report along with the reinsurance programme.
- ❖ Cross Border Reinsurers (CBR) shall satisfy the following criteria.
  - o It should be insurance or reinsurance entity in its home country duly authorised by its home country regulator to transact reinsurance business during the immediate past three continuous years.
  - o Shall have credit rating of at least BBB form Standard & Poor or equivalent rating from an international rating agency for immediate past three continuous years.
  - o Should have adequate solvency margins as stipulated by home country regulator.
  - o Past claim settlement experience shall be satisfactory and shall comply with any other requirement as IBRB mandates.
- ❖ The order of preference to seek best terms shall be in the following order.
  - o Myanma Insurance
  - o Any other reinsurer and foreign reinsurer's branches (FRB) registered and licensed in Myanmar.
  - o Cross Border Reinsurer (CBR)
- ❖ Overall cession limits during financial year to CBR by the cedants transacting other than life insurance unless exempted by IBRB shall be in following manner. Such limits shall not exceed unless prior approval from IBRB.

Rating of CBR by S&P and equivalent rating agency	Maximum overall cession allowed
Greater than A+	50%
Greater than BBB+ & upto, including A+	40%
BBB & BBB+	20%

- ❖ Every insurer & reinsurers shall cede compulsory maximum cession upto 10% on any insurance segment business to Myanma Insurance. However, any refusal by Myanma Insurance for such cession, the residual part of the risk may be insured with CBRs.
- ❖ Insurance Pool can be proposed by any insurers by submitting a proposal to IBRB. After examining various aspects like objective, capacity, limits of liability IBRB may permit formation of domestic insurance pools. Formation of pools and selection of administrations shall be as per the instructions of IBRB.
- ❖ Non-compliance may attract penal provisions in accordance with Insurance Business Law and rules.

Analysis

Burma was province of British run Indian state and has been separated from India in 1937. India and Myanmar share border of approx. 1600 Kilometers and maritime boundary in Bay of Bengal. Relations of both countries stood the test of time.

The guidelines reflect the guiding philosophies based on Indian Reinsurance regulations 2018 issued by Insurance Regulatory Development Authority of India (IRDAI). IRDAI in accordance with the provisions of Insurance Act 1938 &

IRDAI Act 1999 notified the Reinsurance Regulations on 30 Nov 2018. In recent years, India has been developed as reinsurance hub in Asia. International Financial Service Center (IFSC) first of its kind in India has already been operational &big insurance players like GIC Re, The New India Assurance Co. Ltd & Export Credit Guarantee Corporation of India (ECGC) have already been operational in IFSC at GIFT City, Gujarat. More than 10 foreign reinsurers including Lloyds have already opened their offices in India.

Thus taking cue from Indian reinsurance industry, Myanmar insurance shall garner huge benefit in reinsurance which will help in building confidence in financial system of the country, better risk management in coming years. These guidelines shall develop adequate capacity within Myanmar simultaneously open the market to CBRs. With opening up of market, each and every insurer licensed in Myanmar can design its own reinsurance programme and shall seek best terms with FRBs and CBRs which was earlier restricted to Myanma Insurance.

This will help insurers to broaden their reinsurance base to build up capacity and to use reinsurance as an effective tool to stabilise Profit & Loss, balance sheet volatility. Myanmar reinsurance directive mandates minimum retention of life insurance business shall be 20% and this minimum retention is justified as insurance industry is in tender stage and need time to grow. 10% obligatory cession to Myanma Insurance shall leverage the Myanma Insurance to develop its capacity and broaden its base for future expansions. In long term, Myanma Insurance shall gain experience and confidence for handling diversified insurance portfolio by the provisions of this directive.

In order to develop reinsurance capacity in Myanmar, different types of pool and alternate risk transfer method shall also need to be developed. Various types of insurance pools required immediate set up as geographically Myanmar is disaster prone and adequate reinsurance arrangements will help to manage peak & troughs of large claims of insurance companies. Foreign Reinsurer's Branches (FRBs) as well as Cross Border Reinsurers (CBRs) shall exploit the opportunity to tap the uninsured assets of the country with its experience and capacity to exploit opportunities available in the region.

Issuance of reinsurance guidelines by IBRB is advanced step and liberalisation of Myanmar Insurance market is win-win situation for the insurance industry of Myanmar which has ample opportunities for growth as well as need of the hour to develop adequate capacity in Myanmar along with business opportunities for reinsurers.

Conclusion

Opening of Myanmar Insurance market shall help the reinsurers to unleash huge potential of Myanmar. Economy of Myanmar is picking up and has potential to achieve growth of 8% of GDP and may quadruple its economy over 200 Billion $ by 2030 opines McKinney Global report. Banking services are severely limited but now number of foreign banks have also been allowed to transact business in Myanmar. This shall be game changer for banking and insurance services coupled together which will augment& boost financial inclusion and stability in the region.

In addition to framing reinsurance guidelines, time has come where IBRB need to set guidelines and promote 'interests of policy holders, setting up mechanism for improvement in turnaround time (TAT) for various insurance services to boost insureds confidence in financial system, steps to build up capacity and education in insurance sector to cater the need of fast growing industry.

With the opening of insurance market, it is envisaged that Myanmar's economy has good medium- and long-term prospects. The economy will keep growing due to accelerated reform implementation, huge infrastructure spending and investment and liberalisation of banking and insurance. Japanese insurance company Dai-Ichi forecasted that insurance sector in Myanmar is expected to grow 100-fold, to $1.3 billion, over the next decade.

There is no perfect reinsurance programme nor permanent one. Reinsurance programs are customised options which need continuous monitoring and assessment for effective outcomes. Opening the gates to reinsurers is the right move as economy of country is shifting from agrarian to industrialisation and service sectors. Reinsurers will not only bring additional capacity in the region and narrow the protection gap of the country by increasing insurance penetration but also provide better risk management services.

Reference:

Different contemporary regulations, discussions & information as collected and collated from various text materials available on-line & in hard copies. ❑

AIRLINES NEED MERCY OF INSURERS

Cockpit of the aviation industry is out of control. Certainly the year 2020 has become a miserable year for airlines and epidemic dilemmas, travel constraints, border blockages, quarantines or isolations brought an unforeseen termination to a decade of happiness. The International Air Transport Association has already sketched the grim picture and according to its report worldwide air companies expected to lose approximately 85 billion dollars in this year for a net loss margin of around 20 percent. In addition, the report of the association predicts revenues to fall from 838 billion dollars to 419 billion dollars, passenger revenues will be about a third of 2019 level, passengers numbers will be nearly halve to 2.25 billion which would equate to an average net loss of 38 dollar per passenger. Thus financially 2020 will go down as the nastiest year in the history of aviation industry.

To rub salt in the wound, sequence of plane crashes brought bad times and jerking moments for both the airline entities and its insurers. In January 2020, Iranian Islamic Revolutionary Guards shot down Ukraine's Boeing 737-800 after its take off from Tehran Imam Khomeini International Airport. In February 2020, Pegasus Airlines' Boeing 737-800 skidded of the airstrip while landing at Turkey's Istanbul-SabihaGökçen International Airport. In May 2020, Pakistan's Airbus A320 crashed in a thickly inhabited residential area of Karachi. Many people were killed and aircrafts were destroyed in all these ill-fated incidents.

Regrettably, in August 2020 the Air India Express Boeing 737-800 became the victim of unlucky event. The aircraft skidded off the table-top airstrip and went down thirty five meters slop. Many people were killed and aircraft was gravely wrecked. Consequently, along with the public sector insurance conglomerate headed by New India Insurance which reinsured the risk overseas, global reinsurers will have to reimburse more than 90 per cent of the insured value of the star-crossed plane that was destroyed in the catastrophe. Many insurance partakers sense that premiums may get elevated in the next fiscal year due to increase in the calamities. This is a grave concern for half-dead airline industry.

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Overview of Aviation insurance

Sophisticated technical operations of an airplane and resulting risks have exposed the aviation industry to a chain of shakedowns. This has cemented the way to aviation insurance. Aviation insurance is a dedicated insurance which has been framed to offer coverage to the precise operations of an aircraft and other conceivable jeopardies in aviation. Although aviation insurance was first introduced in the early years of the 20th century, the concept of aviation insurance has gained thrush only of late.

Numerous aircraft tragedies have not only encouraged more and more people to buy aviation insurance, but it has also amplified the number of claims by a gigantic margin. The clauses, terms, limits in aviation insurance are exceptionally inimitable. The nature of coverage and the amount of premium hinge on the type of aircraft that is being covered by the policy. Aircraft insurance provides protection against wide range of perils and shelters repairs to spoiled airplanes or other flying machines. Across-the-board coverage may also include impairment caused to airports, hangars, and other relevant land-based property.

New India Assurance Company Limited, Allianz Global Corporate & Specialty, AON Global India, Farsight India Wealth Management and Emedlife are the few companies offer aviation insurance to customers. Though the claim process for aviation insurance is quick and hassle free, number of documents such as aircraft details document, flight details document, details of the crew members, documented proof of the accident, information on aircraft's maintenance and engineering and documents of operational manual passenger have to be submitted for the settlement. In the present scene, there are many aviation policies that are making their presence felt with attractive features, viable cover plans, and a lot more.

Airline industry not on cloud nine

According to a survey in London, as a result of the deadly corona virus pandemic the aviation segment holds the hugest risk of corporate default. Moreover, due to major portion of the operating costs namely aircraft leasing, maintenance and fuel overheads are paid in American dollar, Indian airlines are twisting and turning at a time when rupee has devalued by approximately 6 per cent since January 2020.

To make the scene more horror, the burden of insurance premium is mounted. Insurance industry badly affected by the winds of change blow at the end of 2017. They suffered huge insured loss of 130 billion dollars because of severe hurricanes, wildfires and other natural adversities. They thought that aviation books are not burnt by these unlucky events and decided to tighten the rules for them. Insurance premiums were increased when contracts came up for renewal and renegotiation. It is very difficult for the aviation insurance consumer to admit these sky-high rates with more strict underwriting guidelines. It is significant, however, for aircraft owners and operators to keep in mind that the long-term health of the aviation-insurance industry is at stake.

According to the report of insurance industry officials as a result of weak cash flows many airlines have necessitated policy renewals and new policy purchases postponed by three months to twelve months. They have also demanded waiver on renewal of insurance policies and 30 to 40 percent lower premiums. They are also looking to better our terms and conditions with their insurers as well. On the other hand during financial year 2019-20, the premium from sales of new pure aviation policies stood at approximately Rs.687 crore, which was roughly 24 per cent higher than about Rs.556 crore collected by the insurers in the previous financial year.

These higher insurance costs unfortunately came at a time when loss ratios were increasing, leading to a lack of profits. Many insurers have stiffened underwriting strategies and are now refusing risks they would have quoted in the past. Large number of aircraft owners will find that there is less elasticity on recurrent-training necessities, more unwillingness to over-insure hull values and offer high liability edges, and less attention from underwriters when there is any loss history on an account.

Five years ago, in 2015, the Directorate General of Civil Aviation made it compulsory for pilots to undertake psychiatric test before takeoff as any failure to pass the test could lead to cancellation of flights and claims. This has

increased the burden for the airline industry already confronting greater cost of insurance after a Malaysian Airlines flight disappeared over South China Sea.

Look at another sad story of Air India's largest insurance claim which has already begun. Having approximately 170 aircrafts in its kitty, Air India has adequately been covered by insurance policy that includes aircraft or hull and liability for third party and passengers. Consortium headed by New India Insurance retained only 5 per cent of the risk and 5 per cent of the risk has been reinsured with General Insurance Corporation of India.

Balance risk of 90 per cent lies with the global reinsurers and American International Group is the prime underwriter. Due to complete damage of Flight IX-1344 and keeping the obligation to pay lifeless passengers in mind, Air India hopes to recover the entire insured amount. Even industry experts are of the same anticipation as the plane cannot be revamped. The flight has been reinsured for Rs.375 crore and about 30 million dollars have been paid by the company while renewing the policy in April 2020.

Happy beginning of insurance claim settlement may not bring happy ending. Because of depreciation and related notional expenditures the ill-omened plane would be around or less than the original cost. Reinsurers will definitely consider this along with other details relating to the disaster before resolving the claim. Furthermore, Air India may have to spit out more insurance premium when it renews the cover in future.

While a small number of insurance participants believe that since the global accident tendency has been mostly steady and the crash may not increase the insurance premium burden throughout the industry, many antagonistic aspects have already doubled the Air India's insurance renewal cost for the previous fiscal years.

To conclude, insurers should comprehend the rigorousness of the scenario and must be sympathetic towards the aviation industry. They should also understand that airlines are streamlining their fuel, staff overhead, leasing overhead and depreciation, maintenance and airport and other service provider charges by ending unprofitable operation routes, curtailing their fuel consumption, decreasing staff costs, requesting lessors to alleviate payment terms, reducing maintenance costs etc.

Taking note of their financial well-being and cash reserves insurance companies should support the airline companies. Nevertheless airline insurers have a commitment to their shareholders to undergo stern scrutiny in order to abate a situation where they might face increased credit risk and debts, they should slacken few footings for the troubled and distressed industry. They may have to accept a lower expectation of fiscal year 2019-2020 premium. This will definitely bring good times and both can relish their flying times by sitting securely in the cockpit. ❑

Health & Maternity cover for unorganised sector in works

The Modi government is reportedly working on a proposal to provide health insurance and maternity benefits to unorganised sector workers, a move that will bring over 40 crore workers in the unorganised sector under a universal social security cover. According to a report in the Economic Times, the labour ministry is working on this proposal and is planning to implement it through the Employees State Insurance Corporation (ESIC). At a later stage other benefits such as life and disability cover as well as old age protection will be added to the package.

The scheme will be voluntary with an equal contribution by the subscriber and the Centre or state as may be notified. The scheme would be administered by a special purpose vehicle, the business daily mentioned. At present, ESIC benefits are available only to registered employees of covered establishments, those having 10 or more workers, and drawing a wage of up to Rs 21,000 a month. Employees with establishments having less than 10 workers can also subscribe to the scheme on a voluntary basis.

The publication quoted as saying labour and employment minister Santosh Gangwar: “While efforts are being made to enhance the ambit of Social Security Code, we are particularly deliberating on expanding the reach of ESIC benefits to unorganised sector workers to a large extent." “To bring the 40 crore workers of the unorganised sector under the social security net is the priority of our government,” he added.

Individuals who subscribe to the proposed scheme would be allowed to avail medical facilities at any of the Employees State Insurance Corporation hospitals on payment of user charges specified by the government. The provision to this effect has been made in the Social Security Code, which is pending approval from Parliament, the publication mentioned.

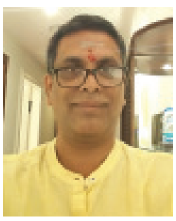
AN INTRODUCTION TO SUPERANNUATION

Superannuation is an option available with an individual to save so that he/she can generate income post retirement from work. SA scheme is linked with one's employment. Employers have to contribute a percentage of an employee's salary into the Superannuation fund. It is also called as "Super".

Prevalence of Superannuation in India

In India, SA is not compulsory. But it is encouraged for its tax benefits. SA scheme is provided to employees who have completed specified period of service in the company and belong to a particular category.

Employer contributes a percent of basic salary to the SA scheme. Contributions from employer are tax deductible. No contributions from employee. Amounts in SA fund are invested in securities. Employee gets interest on investments.



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When an employee retires, 25% of balance can be withdrawn from the fund. This is tax free. Rest of the amount is given to the employee in the form of annuity. The SA benefits are taxed as income in the hands of employees once they retire.

If an employee resigns, SA fund can be transferred to a new employer. If the latter doesn't have a SA fund, then the employee may withdraw the amount or leave the amount until he attains the age of SA.

Importance of Superannuation

a. Increase in number of elderly people

b. Increase in life expectancy ratio

c. Pressure on Government to take care of elderly is reduced

d. Enables an individual to live a life of dignity after retirement

Insurance with Superannuation

- SA provides life and disability coverage to members (Group Insurance)
- Automatic insurance cover (premium gets deducted from SA fund)

- Default cover - automatic acceptance level - no health evidence needs to be provided for underwriting
- Tax benefit for premium paid.
- Premium amount is subsidized.
- Insurance cover ceases if contributions to SA fund stop.

Coverage options in Superannuation.

- Death, Total and Permanent Disability, Income Protection.
- Death - Benefits paid as lump sum to nominees
- Total and Permanent Disability - Lump sum paid to individual when he is disabled. Scope of cover depends on insurer.
- Income protection - income provided for certain period if insured cannot pursue any occupation due to temporary disability or illness. This is called as "Salary Continuance". Minimum duration for which individual must be disabled for claiming the cover is 30 or 60 or 90 days. Benefit paid up to a maximum of 2 years or up to 65 years. The claim is limited to 75% of a person's gross income.

Beneficiary nomination

An individual or legal entity who benefits from a person who provides help is a beneficiary. In a Life insurance policy, on death of the insured, the beneficiary receives the claim amount from insurance company. In binding nomination, member instructs the trustee of the fund about the proportion in which the SA benefits are to be distributed in the event of his/ her death.

Nonbinding beneficiary nomination

Trustee will decide to pay claim to a non-dependent (if employee dies) only if a dependent cannot be found. It is important that SA member should inform the trustee about the nominations.

Encouraging investments in superannuation funds

Start early; contribute regularly; compound earnings. Government co-contributions, allocate pre-tax salary to super. Convert assets to super. Contribution to super is at a concessional rate for those above 50 years of age. Reduced tax liability for investments in SA funds is an advantage.

Two types of superannuation fund.

a. Accumulation Fund - This is like a savings bank account. Contributions can be made by employer, member or spouse, Government. Member can select his investment type. But there is investment risk associated with this fund because fund's earnings depend on market performance.

   Retirement Fund = (Accumulated contributions) + Investment earnings - Taxes - Fees paid for fund.

b. Defined benefit Fund - Retirement benefit is fixed. A defined benefit is more suitable for employees who have been with the employer for a longer period and the employer is strong enough to guarantee the benefits- this is common for government employees.

   Benefits = (Salary) x (Accrual rate) x (Years of service)

   Salary = Average salary for the last three years

   Accrual rate expressed as a % of salary - it is the amount the benefit increases each year.

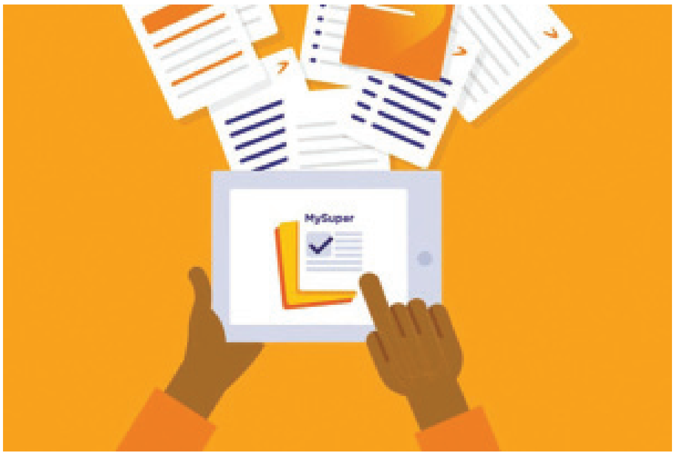
Superannuation contributions

SA contributions are deposits made into the SA fund.

Types of contributions

There are two types of contributions: Concessional and Non concessional contributions. Concessional contributions are those where tax deduction can be claimed. Non concessional contributions are contributions to superannuation fund with after-tax money - money one puts in the Super fund on which one has already paid tax and contribution on which there is no income tax deduction. Profits from business or from sale of an asset or inheritance or contribution made by spouse - all these are considered non concessional contributions.

Concessional contributions are those made as per statute or as per legislation or voluntary contributions by employees or contributions made by people who are self-employed.



Government co-contribution

The Government encourages eligible individuals to save for their retirement and makes matching contribution to members' contribution till a maximum limit. This contribution depends on income of individual.

Choosing a Super Fund

a) Employers choose a 'default' fund for employees who do not exercise their choice.

b) Identify those employees who have a right to choose their superannuation fund.

c) When a new employee joins work, he should be given the SA form within 28 days of a new employee joining work. If employee doesn't choose within 28 days, the employer will pay superannuation funds into the default fund.

d) Employees can make a new choice of fund once a year.

While choosing a fund, ensure that the fund gives good returns and the fund has a good reputation. The charges must be reasonable and death, disability and income protection benefits are provided.

How is SA different from Retirement?

SA means getting released from one's service after reaching a pre-defined age - example 58 years. Retirement can happen when one attains SA age of 58 years or it can happen through voluntary or compulsory means.

How is SA different from Gratuity?

SA scheme is only for certain categories of employees. As per payment of gratuity act, payment of gratuity is compulsory to any employee who completes 5 years of service in a particular company. DA = Dearness Allowance.

$$\text{Gratuity} = \frac{\text{(Basic Pay + DA) x 15 days x No. of years of service}}{26}$$

Insurance sector likely to see move mergers, consolidations

The proposed merger of Bharti AXA's non-life insurance business with that of ICICI Lombard General Insurance is just one of the latest in the insurance sector, which has seen quite a few such developments in recent months. The general insurance segment has seen two big-ticket announcements in as many months, while the life insurance segment, too, has been witnessing hectic activity. According to analysts, with a large number of players in both sectors, more mergers and consolidations could take place in the coming months.

Noting that the country's general insurance industry has 34 players in 2020 against 26 in 2010 and 29 in 2015, a note by ICICI Securities said: "Only 14 out of 34 players have both healthy combined ratio (less than 110) and comfortable solvency (greater than 180). As such, the industry is rife for consolidation." Earlier in July, Paytm had announced plans to acquire Raheja QBE General Insurance. "Going forward, we expect more mergers and consolidations in the Indian insurance sector, especially in the non-life space. "This is primarily because there are very few players with large market share in the non-life space.

"Further, issues such as low non-life insurance penetration, increased operating costs, difficulty to maintain the prescribed solvency ratio, fierce competition, and inadequate distribution channels pose a challenge for smaller insurance players in the market," said Amrit Mehta, Partner, Majumdar & Partners, adding that consolidation can help leverage better on well established distribution network and reduce operating costs. In the life insurance sector, too, there has been a move towards acquisitions and stake sales.

Earlier this month, IDBI Bank said it had executed an agreement to sell up to 27 per cent of its stake in the life insurer to its joint venture partners – Ageas Insurance International and Federal Bank. While 23 per cent stake would be sold to Ageas, Federal Bank would acquire up to 4 per cent stake, leaving IDBI Bank with 21 per cent stake. Similarly, Axis Bank and Max Financial Services had, in April, announced the signing of definitive agreements to become joint venture partners in Max Life Insurance.

There are two dozen life insurance companies, including Life Insurance Corporation of India. With mergers of public sector banks, many of which own stakes in insurance companies, stake sales and consolidations in the insurance sector could see more activity. Union Bank, which has a stake in Star Union Dai-Ichi Life Insurance, plans to sell the 30 per cent stake it got in IndiaFirst Life Insurance company post-merger of Andhra Bank with it by December.

HOW THE GENERAL INSURANCE INDUSTRY COULD ROAR TO LIFE AFTER LOCKDOWN IS LIFTED

There will be very muted growth, if at all, for the insurance industry in the first quarter of financial year 2020-21, but the Covid-19 pandemic may serve as an inflation point when Indians realize the importance of insurance. The non-life insurance sector posted an 11.7% increase in premium income to INR 1.89tn ($24.7bn) in the year ended 31 March 2020 (FY2020), compared to the previous financial year. In comparison, total premiums increased by 14% in the non-life sector in the 11 months to February 2020.

Among non-life insurers, standalone health insurers saw a 27% jump in gross direct premium to INR 144.1bn in FY2020, reflecting in part the increase in purchases of health insurance products amidst the COVID-19 pandemic. Other non-life insurers (excluding two government owned specialist insurers) saw a 9.5% growth in gross premiums in FY2020 compared to the previous financial year. Listed New India Assurance was the largest company in the sector with a premium volume of INR 267bn, growing by 11.7% over FY2019. For the month of 2020 alone, when the pandemic worsened, the combined GWP of non-life insurers (including specialized state owned insurers) declined by 10.7% to INR 157.85bn, compared to March 2019.

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General insurers reported a fall of 15.3% in premium collection to INR 133.86bn in March 2020, whereas standalone private health insurers increased business by 4.3% to INR 18.07bn. Specialized state owned insurers, namely, Agriculture Insurance Company of India, recorded a surge premium collection of INR 5.91bn in March 2020. Among the general insurers, state owned companies posted a 13.9% decline in GWP to INR 67.08bn while private sector general insurers saw business fall by 16.6% to INR 66.78bn in March 2020.

The weak March 2020 performance is attributed to the lockdown announced by the government aimed at curbing the spread of COVID-19. Bank branches which are a major channel of insurance sales operated with skeletal staff while agents were unable to travel to meet prospective clients due to transport restrictions. A summary of the GWP of non-life insurers in FY2020 is as follows:

Figures in INR m	FY2020	FY2019	Change	Mar 2020	Mar 2019	Change
General insurers	1,641,928	1,599,450	+9.5	133,863	157,871	-15.3
Standalone health insurers	14,410.0	113,540	+26.9	18,072	17,322	+4.3
Specialized insurers	106,128	81,484	+30.2	5,911	1,437	+311.3
Agriculture Insurance Co	95,376	69,009	+38.2	5,172	(46)	---
ECGC	10,752	124,75	-13.8	739	1,483	-50.0
Total	1,892,155	1,694,484	+11.7	157,847	176,729	-11.7

Fear of lapses in insurance coverage:

In a development, the IRDAI announced several measures aimed at ensuring continued proper service to policyholders and customers. All insurers have been asked to maintain continuity of business operations through alternative modes including telephonic and digital contacts. Large corporations risk lapsing insurance policies for their plant and machinery as well as employees, as both insurers and businesses are forced to shut shop because of corona virus-related lockdowns in several parts of the country.

All insurers have also been asked to display on their websites, information on the functioning of their offices and alternative arrangements made for premium payments, renewal, and settlement of claims and lodging of other service requests. In addition, the IRDAI has permitted the following relaxations:

1. In case of life insurance policies, there is a grace period for payment of renewal premiums. Insurers have been asked to enhance the grace period by an additional 30 days if desired by the policyholders.
2, In case of health insurance policies, the insurers may condone delay in renewal up to 30 days without deeming such condonation as a break in policy. However, insurers are requested to contact the policyholders well in advance so as not to have discontinuance in coverage.

3. In case of board meetings of insurers, the meetings due till 30 June 2020 may be held through video conferencing or other audio visual means.
4. In case of submission of monthly returns for the month of March 2020 by insurers and insurance intermediaries, an additional time of 15 days will be allowed. Similarly, for quarterly returns, an additional period of up to one month will be permitted.

The IRDAI appeals to all the insurers, insurance intermediaries and distribution channels to be sensitive to the needs of the policyholders in these trying times, while policyholders are urged to cooperate. The government has made it mandatory for all employers which resume functioning as the lockdown gets over, to provide medical insurance to their employees. In cases where offices are not functioning fully or partially, the policyholders are mandatorily be notified by SMSes, e-mails, and press release in addition to display boards and pamphlets in the brand offices.

Suspending dividend payments for FY 2020:

The IRDAI directed insurers, in view of the emerging market conditions, and to conserve capital in the interests of policyholders and the economy at large, to take a conscious call to refrain from paying out dividends from profits pertaining to the financial year ended 31 March 2020 (FY2020), till further instructions. This position shall be reassessed by the Authority based on financial results of insurers for the quarter ending 30 September 2020. The move follows a similar order given by the Reserve Bank of India's (RBI) to banks. Insurance industry experts though

voiced mixed views on Indian insurance regulator asking listed and unlisted insurers to refrain from paying dividends to shareholders from profits pertaining to FY2020.

This is an advisory at best and an extraordinary one at that. But we are in extraordinary circumstances and the regulator wants to pre-empt any possible criticism at a later date that it did not even forewarn insurers. On this decision insurers have different views. Some industry players say that the IRDAI should allow insurers to pay dividends on a case-to-case basis than issuing an omnibus directive. Others say that the IRDAI should focus instead on helping general insurers generate underwriting profit.

Formula for determining auto third party obligations:

A report published by the Insurance Information Bureau of India said that out of around 220m vehicles in India as at 31 March 2019, the percentage of uninsured vehicles was 58%, even though auto TP cover is mandatory in the country. The percentage of vehicles which do not renew their insurance after the first year is high at 52% on average. Nearly 70% of the total number of vehicles in India consists of two wheelers, the working group report notes. Currently, two-wheelers form the bulk of vehicles plying the roads without insurance coverage.

A working group of the insurance regulator, IRDAI, has recommended that motor third party (TP) obligation of non-life insurers be determined, based on the number of vehicles insured. Each non-life insurer is mandated to write a certain amount of motor TP business every year. Currently, the motor TP obligation is based on the premium income an insurer collects in any given year in this class of business. Motor third party insurance being an integral part of every individual vehicle, the monitoring of insurance of such vehicles (by every insurer) most appropriately should be on the basis of the count of such insured vehicles rather than (indirect/derivative) evaluation of premium derived from the insurance of such vehicles.

The working group has recommended three broad vehicle classifications - two wheelers, private cars, and others, and that the motor TP obligation for each insurer should be arrived at for each vehicle category. So now, no longer can insurers underwrite a larger ticket size of private cars or commercial vehicles and cover up for two-wheelers. This is because the current basis of relying on premium collected does not reveal the vehicle types covered by an insurer. Thus, insurers are inclined to underwrite risks of certain kind of vehicles which may be more profitable than others In the new formula, each insurer's obligation will depend on their market share as well as the number of uninsured vehicles of as determined by Insurance Information Bureau of India for each category of vehicles.

So, large insurers have to underwrite more TP business. The change in formula will mean that insurers will be mandated to write additional business to get uninsured vehicles covered by motor TP insurance. A new insurer licensed to underwrite motor insurance for the first time may be exempted from the application of the obligatory requirement during the first two financial years of its operations including the financial year in which its operations are started.

Relief from insurance regulator:

The General Insurance Council (GIC), the representative body of non-life insurers, is lobbying the IRDAI to relax certain regulatory requirements, particularly those related to the solvency ratio, particularly because of the current COVID-19 crisis. In a letter to the insurance regulator, GIC said that given the huge mark-to-market loss in equity investments in March, the IRDAI should waive the requirement for insurers to account for diminution in value in equity investments when they finalize their financial statements for the year ended 31 March 2020.

Many insurance companies may see their solvency ratio fall below the required minimum level of 1.5 due to COVID-19 which has battered the stock market. While insurers ignore mark to-market-gains, they are required to recognize mark-to-market losses in their profit and loss accounts. Though the virus made a relatively delayed entry into India, the scare, the preventive shutdowns and the economic decline are unprecedented and the adverse impact on financial markets is quite telling. Without exception, the non-life insurance sector is severely burdened and we are afraid we will have difficulty in meeting certain regulatory requirements.

GIC also said that companies could be allowed to consider mark-to market position as on 29 February 2020 as the basis of computing solvency. Alternatively, the IRDAI may relax the minimum solvency requirement of 1.5 times for the time being, on the same lines as the regulator had relaxed it at the time of dismantling the motor third party pool. Also, the insurance industry needs to provide for stressed debt investments as the same is not allowed for income tax assessment till the investment is written off.

In view of the huge provisions made by the industry and the same disallowed for the purpose of income tax purpose, DTA (Deferred Tax Assets) created for such differences need to be allowed for solvency computation. Further more, GIC sought IRDAI's forbearance in the compliance requirement of limits on rural and social sector obligations.

Policyholder's interest:

Insurance Regulator has issued detailed instructions for Indian insurers to meet the challenges emerging from the developing COVID-19 pandemic. Insurance, being a critical requirement of the population, has been exempted from the lockdown. However, insurance companies and other regulated entities are advised to operate their offices with absolutely necessary staff so as to maintain essential insurance services including claims settlement, authorization for hospitalization, renewal of insurance policies and such other activities.

In all the operating offices, extreme care needs to be taken by all concerned to maintain prescribed hygiene, social distancing etc. The IRDAI press release also contains an exhaustive list of safety measures that include several steps to streamline communications with major stakeholders of the companies.

1. **Communication strategy:** Insurers have to prominently display on their website a dedicated helpline number for policyholders and another help line number for other stakeholders including agents and intermediaries. Adequate arrangements may be made to service all the policyholders and other stakeholders satisfactorily through these help lines. The regulator has also instructed insurance companies to display frequently asked questions for COVID-19 claims prominently on their websites.

2. **Business continuity plans:** Insurers have also been asked to put in place a business continuity plan (BCP) which inter-alia deals with processes, transactions, reporting and customer services to be handled in a seamless manner to take care of the present situation. A copy of the same will have to be submitted to IRDAI. Insurers will have to set up a crisis management committee to monitor the current situation on real time basis and to take appropriate timely decisions on the following issues:
   a. Issues pertaining to safety of staff, policyholders, intermediaries and agents
   b. Assessing new challenges that may emerge on a day-to-day basis and measures to mitigate them and
   c. Adopting necessary measures to minimize business disruption.

   The crisis management committee will also be required to provide regular inputs to the risk management committee of the insurer.

   The risk management committee will evaluate all major risks and shall devise necessary mitigation measures. Any severe impact on the operations or capital requirements or solvency margin shall be promptly communicated to the authority.

3. **Cyber risks and data security:** IRDAI has also focused on cyber risk and data security. Due to enhanced remote working, it is possible that there could be an increase in the number of cyber attacks on personal computer networks. IRDAI has asked the insurers to take precautionary measures to address such cyber risks

and to mitigate such risks as soon as they are identified. It has asked the insurers to educate their staff of possible cyber risks and the associated safeguards to be taken by the staff while working from home.

4. **Products:** IRDAI has asked insurers to devise appropriate insurance products that would provide protection from risks arising out of COVID-19. The press release said, "The authority is committed to process such product approval applications on a fast track mode.

5. **Policy servicing and claims:** Insurers have been asked to make special efforts to enable the policyholders to pay premium using digital methods by educating them through SMS, emails etc.

   IRDAI has said, claims arising on account of COVID-19 should be processed expeditiously. Insurers are encouraged to adopt simplified/expedited claim procedures for such cases. In addition, other claims should also be processed within the prescribed period by making special efforts.

6. **Grievance redressal:** The normal response time for policyholder complaint redressal is 15 days, due to the prevailing lockdown situation, an additional 21 days is allowed in respect of all complaints which are received on or after 15 March 2020 and up to 30 April 2020. However, this additional response time is not applicable to complaints pertaining COVID-19 for which the extant timelines continue to apply.

7. **Travel insurance:** In cases where insurers have issued travel insurance policies which were/are valid between 22 March 2020 and 30 April 2020, an option may be provided to the policyholders to defer the date of travel without any additional charge.

IRDAI has again asked the insurers to take note of the circulars already issued by the authority with respect to insurance covers for COVID-19. The insurers should keep their respective boards informed of the actions taken by them in dealing with situations arising out of COVID-19. The authority is constantly evaluating emerging impact of COVID-19 on the insurance sector and will issue suitable instructions from time to time as considered necessary. Also, digital payments and other online facilities are to be ensured for smooth delivery of services and entertainment of claims.

Extension of renewal dates:

With the entire country under lockdown for COVID-19, the

government has extended the renewal date for health and motor insurance policies. The extension is for people whose renewal dates for health and motor vehicle insurance policies fall in the lockdown period. The notification also says that the order came into effect on 1 April.

The policyholders whose motor vehicle third party insurance policies fall due for renewal during the period on and from 25 March, 2020 up to the 14 April, 2020 and who are unable to make payment of their renewal premium on time in view of the prevailing situation in the country as a result of corona virus disease, are allowed to make such payment for renewal of policies to their insurers to ensure continuity of the statutory motor vehicle third party insurance cover from the date on which the policy falls due for renewal. The IRDAI considering the prevailing situation in the country asked life insurers to extend the grace period for payment of renewal premiums by an additional window of up to 30 days if policyholders want it, which was accepted by the industry.

Solvency margins:

Insurers are required to adhere to the applicable accounting standards framed by ICAI (Institute of Chartered Accountants of India) and the authority's regulations/ circulars on preparation of financial statements and valuation of investments. While insurers ignore MTM gains, they are required to regard MTM losses as expenses. The IRDAI rejected a request from general insurance companies for a blanket relaxation of solvency margins in the face of the COVID-19 pandemic.

However, it said specific cases would be considered on merit. The Council, which represents general insurers, asked for relaxation in calculating available solvency margins (ASM) on account of delays in tenders related to government schemes and delays in receiving subsidies.

The authority doesn't see the need for general relaxation. However, any specific issues would be considered on merit. The GI Council had also said that given the huge mark-to-market (MTM) losses in equity investments during March, IRDAI should allow firms not to account for diminution in the value of equity investments while finalizing accounts for the financial year ended 31 March 2020. The GI Council had also requested that firms be allowed to consider MTM position as on 29 February 2020 as the basis of computing solvency. "Alternatively, IRDAI may relax the minimum solvency requirement of 1.5x for the time being," the letter had suggested. Many firms may see their solvency ratio fall below 1.5 due to the crisis.

No fresh capital gearing treaties:

The IRDAI has warned insurers against entering into fresh capital gearing treaties, and to phase out existing treaties. The regulator says that it has observed that some insurers have entered into such arrangements in various forms including Quota Share Reinsurance Treaty. In a circular dated 28 March, addressed to general insurers, health insurers and specialized insurers.

The terms of these treaties have been examined, and the Authority is of the considered view that such capital gearing treaties are of the nature of financial arrangements and not primarily a risk transfer mechanism. It appears that insurers have adopted these arrangements in order to improve the solvency margin ratio. The IRDAI thus directs the insurers to adhere to the following:

a. no insurer shall enter into any fresh capital gearing treaties effective from the date of issuance of the circular (28 March); and

b. Insurers which have such treaties on their books as on the date of issuance of the circular shall take the following steps:

1. Submit Board approved action plan to the Authority by 30 June 2020 for phasing out the treaties along with timelines such that there is compliance with solvency stipulations. The plan of action shall also include an assessment of any requirement for capital infusion and sources of funds for the capital infusion where required due to prospective closure of these capital gearing treaties.

2. the direct insurers (cedents) shall create appropriate reserves towards Unearned Premium Reserves, Premium Deficiency Reserves, Outstanding Claims Reserves (including IBNR/IBNER) in accordance with IRDAI regulations. Further, such treaties have to be accounted for in their financial statements, based on the principle of "Substance over Form".

Establishing the international financial service centres:

The Finance Ministry has issued a notification establishing the International Financial Services Centres Authority (IFSCA) to unify supervision over all financial services in international financial services centres (IFSCs) in the country. IFSCA will be headquartered in Gandhinagar in Gujarat, as per the notification. Currently, the banking, capital markets and insurance sectors in an IFSC are regulated by multiple regulators such as Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and IRDAI. The notification brings into effect certain provisions of the IFSCA Act, 2019.

The central government has refrained from fully enabling the new authority with all its powers as envisaged in the Act. While allowing for the appointment of IFSCA members and other employees, setting up of funds and exemption from taxes, the government has not affected fully provisions for IFSCA pertaining to the regulation of financial products, financial services and financial institutions and its abilities to transact in foreign currencies and make rules. This means that the main function of the IFSCA will be to regulate financial products such as securities, deposits or contracts of insurance, financial services, and financial institutions that have been approved by the relevant regulator for the particular financial services sector.

The IFSCA board will comprise a chairperson, and one member each nominated by the regulators, SEBI, RBI, IRDAI and the Pension Fund Regulatory and Development Authority. There will also be two members from the central government and full-time or part-time members. A working group of the insurance regulator, IRDAI, has recommended that motor third party (TP) obligation of non-life insurers be determined, based on the number of vehicles insured. Each non-life insurer is mandated to write a certain amount of motor TP business every year. Currently, the motor TP obligation is based on the premium income an insurer collects in any given year in this class of business. Motor third party insurance being an integral part of every individual vehicle, the monitoring of insurance of such vehicles (by every insurer) most appropriately should be on the basis of the count of such insured vehicles rather than (indirect/derivative) evaluation of premium derived from the insurance of such vehicles", the working group said in its report.

The Insurance Regulator has cautioned the general public about cyber fraudsters in insurance. There are occasional reports of fraudsters offering insurance with unusually low premium from fake entities through online and digital mode. The customer should take due care and verify the genuineness of the website, insurer, intermediary and agents before making any online payment. Insurance should be bought only from insurers and intermediaries registered with the IRDAI and the agents duly appointed by the insurance companies. The approved list of insurers and intermediaries can be checked from IRDAI's portal, while agents' authenticity can be verified from the portals of respective insurers.

Marketers have a unique opportunity of being the customer's confidante by assuring them that their interests are safeguarded. During such crises, financial concerns can seem daunting and add to the burden. India is still reeling under the impact of Corona virus and lockdown. It has a wide-ranging impact across the sectors of the economy. In some cases, the impact is minimal and short-lived. However, in case of some sectors like insurance, the impact is going to be negative in the near term as it will be hit from multiple directions. In the long run, it is expected to change the way Indians look at protection cover and bring some long-lasting positive changes in the very long run.

However, both general and life insurers will see a setback in terms of lower income on their investments and erosion of value. Also, the portfolio risk will be huge and might have to face sharp markdowns and higher market-to-market losses while arriving at the fair values of their investments due to sharp market correction. Post lockdown, growth for the motor insurance segment would also get restricted as the IRDAI has deferred price hikes for now. Also, it is still not clear as to how the liquidity crunch (cash flow pressures) at medium and small businesses impacts demand for other general insurance segments such as fire. With the rise in the number of corona virus (COVID-19) cases in India, general insurance companies are set to come out with new package rates for treatment.

Merger of PSU general insurers is at an advanced stage. The government had raised nearly 17,500 crore through initial public offerings in New India Assurance Co Ltd and General Insurance Corp of India Ltd, the only listed state-owned non-life insurance companies. Though insurance offices are included under the list of exempted services under the lockdown however with general restriction on movement there is hardly any chance of new business. Insurance players with robust digital infrastructure should fare better than others, if there is a sharp rise in COVID-19 cases, as seen in China and Italy.

One of the biggest challenges for insurers could be enabling alternative work arrangements for their employees and sales force such that they are more resilient and able to deal with increasing claims and shorter response times. Even when the dust settles with weakness in economy is bound to persist in the near term with threat of pay cut and job losses. Many of the answers lies in the next few weeks as how India tackles the corona issue. There have also been some proactive steps taken by the industry on product innovation front.

IRDAI has asked insurers to come up with new need-based products for corona virus, and for which, a few insurers have come up with such need-based specific products to cater to the current requirement. These are defined benefit-based product where the benefit is paid on occurrence of the event and no bills are required. The industry has done well to find an opportunity even in such a situation however it still depends heavily on offline distribution which is bound to suffer. The prospect of industry getting back its momentum will depend both upon the time that India takes to recover from corona virus and market crash.

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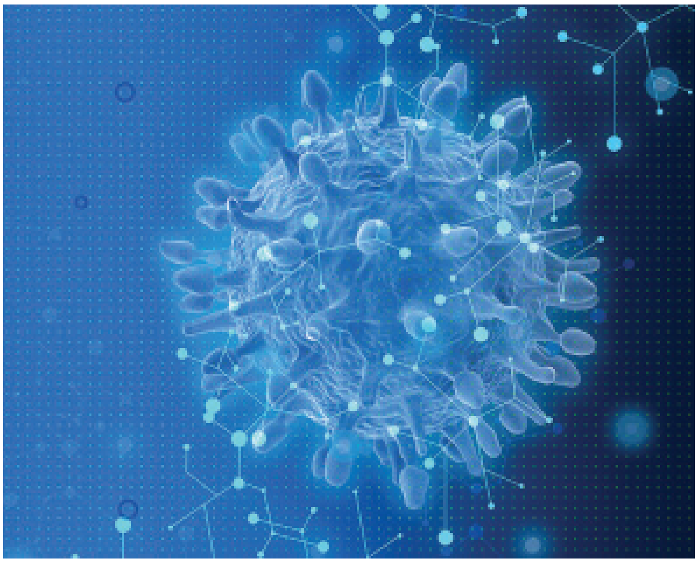
CYBER SECURITY IN THE TIME OF CORONA VIRUS



Changing working patterns

With the ongoing spread of corona virus, government guidance is changing rapidly. In many countries, healthy individuals are being asked for the first time to avoid unnecessary public exposure, for example at large gatherings, on public transport and in the workplace.

As a result, many businesses around the world are now either planning for or actively implementing a business model involving far more remote workers than they had ever anticipated. IT and management teams are hard at work on the infrastructure and organization to facilitate this. In the rush to keep businesses working, there is a significant risk that security will not be properly thought through.

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Good business cyber security practices, under any circumstances, should consider the following:

- ❖ Is the technology and infrastructure deployed secured against malicious actors, outside and inside the organization?
- ❖ Do all company employees, subcontractors and relevant third parties have clear instructions and guidance on how to conduct their work in a secure manner?
- ❖ Do any of the security measures in place block employees from conducting their work efficiently?

If the right level of security is in place, your business will be well-placed to fend off cyber security threats. Too little, and you are vulnerable. Too much security, applied in the wrong ways, and your employees will feel stifled and start finding workarounds, ultimately still leaving the business vulnerable.

Key security advice when building remote capacity

In this spirit, S-RM has listed below some key areas to consider when planning or deploying remote working capabilities.

Securing devices

One key consideration for remote workers is that they have laptops, mobile phones, tablets or other devices to work from. Many companies are now issuing additional equipment to their workers, to allow them to remain fully effective outside the office. But please be aware of the following:

Make sure you have effective asset management in place. Know what devices have access to your network and data, plan for any changes, and block or remove obsolete equipment from your network before it becomes a weak point in your security.

All company devices, especially any device taken outside the office, should be encrypted, protecting data if they are lost or stolen.

- Use BitLocker or a suitable third party solution for Windows devices
- Make sure encryption is active on Apple devices (it normally is!)
- Make sure appropriate encryption is in place on other mobile devices

If you allow employees to use their personal devices, consider whether your corporate data is appropriately secured. Mobile Device Management solutions may allow you to secure data on these devices, or you may need to restrict what employees are allowed to access in the first place.

Don't forget about the equipment that is still in the office! With employees working from home, is there sufficient physical security at your sites to protect servers, desktops, and other parts of your network from malicious actors?

As you move devices, employees and user accounts around, don't forget the other parts of day-to-day security preparation - strong passwords, secured and appropriate local administrator accounts, and control over the applications and services on your network are just as important as ever, to name a few.

Securing your networks

If your endpoints and your servers are both appropriately secured, it's important to make sure the two can connect! Access to your network should be easy for legitimate users, but blocked (or at least very difficult) for everyone else. Consider the following:

- **Method of connection.** Well-configured VPN clients on all employee devices allow secure access to the network through a private tunnel. Other secure access solutions will be available for particular use cases. If you need employees to achieve access from the open internet, are they connecting to a particular external firewall, or a well-managed cloud service like Office 365 When planning user access, try to limit as far as possible the exposure of additional areas of your network to the internet and its many threats.
- **Restricting access.** Many types of connections can be configured to further secure them against malicious actors. If you are using a cloud service like Office 365, consider restricting access where possible to particular devices, particular IP ranges, or to particular types of connections. Firewalls and other services will offer many similar options for carefully managing access rules. Consider restrictions inside your network too; preventing connections or user accounts from going beyond certain areas will reduce the risk from one unsecure employee or unforeseen vulnerability.
- **Strong authentication.** The next step in securing any access is to ensure that strong password policies and multi-factor authentication are enforced. Enforced strong password policies are a must for all services, not just those that are meant to be publicly accessible. Multi-factor authentication should be used as much as is practical for your business. Remember that there are many types of authentication; while text messages might seem like the path of least resistance, if you have time to set up an authentication app your business will be much more secure, while device-based authentication might be appropriate in places to reduce frustration for employees.
- **Think of everything.** To secure a network, you have to consider all the different ways it can be accessed. How are your employees accessing their mailboxes from their mobile devices? Do employees need to connect to operational technology such as factory equipment (and is it safe to let them)? How is remote desktop access into your network structured? If you fail to secure these, you create vulnerabilities; if you fail to facilitate them, you prevent employees from working.

Securing employee connections

The network may be thoroughly secured at your end, but that data has to come from somewhere. As employees are based outside your secure environment, it is often up to them to make sure they are acting appropriately. You can help by providing them with suitable guidance (as discussed further below) on topics like:

- **Setting up home wifi.** Ordinary home users often neglect basic security when setting up their home environments. You can help your employees with simple advice backed by senior leadership. Basics like changing network name and access and administrator credentials are key, and employees should also ensure appropriate network encryption is in place, remote access is disabled, and that the software is kept up-to-date.
- **Accessing other networks.** You may want to consider providing guidance to your employees about (not) using public wifi, about how network names can be spoofed, and how man-in-the-middle attacks can be launched on public wifi networks. A lot of the guidance on using public wifi for business purposes is now very similar, but by specifically setting out your own rules and guidelines you can make sure your employees have a clear understanding of best practice. Don't forget to mention the other risks of working in public places, relating for example to Bluetooth connections and to simple over-the-shoulder spying.
- **Communications channels.** Make sure your employees have a clear understanding of how they should communicate with you, with third parties and with each other. Make clear that work emails should be confined to work accounts, and which messaging services they should use (do you have a specific business solution, or are they on WhatsApp). If you don't make sure there are clear lines of communication available, before long your employees might well be texting each other passwords or customer names, with all the attendant risks. If you do provide clear solutions, you can effectively monitor them for any potential threats, for inappropriate data movement, and for other business purposes.
- **Watch out for Corona virus phishing.** As with other major world events, the COVID-19 outbreak represents an opportunity for malicious actors, from simple scammers to government-backed hacker groups. Individuals and businesses worldwide are now being targeted by phishing campaigns designed to play on fear of the virus and of the lack of reliable information on the outbreak. Extra vigilance should be exercised by all regarding any communication, hyperlink, attachment or request for information relating to corona virus. Warning your employees about this will reduce the threat to them and to you.

Informing your employees

The points above are all important areas where you can provide guidance to your employees, but in fact clear and effective communication is one of the most important steps you can take in any area. Even if you have a clear plan and a secure infrastructure in place, without clear information employees will make mistakes, or else assume you don't have a plan and start taking (potentially unsecure or counterproductive) measures of their own.

Make sure employees are clearly informed, at least a week in advance if practicable, about what devices they can use, what services they can access, and how they should do so. Keep them up to date if this changes. Some employees may not have the access they need; you need to find a solution before they come up with their own! If access isn't in place yet, employees should know when implementation is planned so they can act accordingly, and if at all possible, what alternative solutions are available in the interim.

Communications of this type are not just a matter for technical IT or Cyber Security teams. Communication with employees regarding remote access should be overseen by executive management-level staff. While the technical teams can provide the appropriate solutions and guidance that employees need, this information needs to be effectively prepared and packaged so it can be delivered in clear and simple language, using an appropriate method, and at an appropriate time. Importantly, the guidance or policy should be clearly backed by the senior leadership of the organization, to ensure that it has the authority and clarity needed to convince employees to follow the advice given.

As much as practicable, make sure you provide sufficient information to third parties as well, including any customers who need to access your network. They will also need to know how to contact you, how to access relevant services and infrastructure, and what you expect from them in terms of their own security. Make sure your planning and requirements are clearly in place, then let them know clearly and decisively what you want - and, if the situation changes, consider when it will be most effective to update them.

Planning for the worst

Any cyber security professional knows that no one is ever absolutely safe from a malicious attack. Combining the increased exposure from remote working with the confusion and short deadlines of responding to the changing corona virus situation only increases that risk.

If you have effective cyber incident response, crisis management and/or business recovery plans in place, it is important to review them in light of your new operating environment. Can you access all the equipment you will need to test or reset? Is your data still being backed up to a secure site? Can your users still effectively report phishing or other indicators of cyber incidents? How are you going to maintain communication between the key crisis managers if all your laptops and mobiles get encrypted with ransomware? If your plan isn't tested yet, now may be the wrong time to start - but at a minimum do all the relevant staff at least have a clear understanding of the plan, and how your current situation has altered it?

If you don't have these plans in place, you likely don't have time to build them right now, but it is important to at least consider the basics. Do you know where your key data is stored? Do you know what services are key to your business survival? Do you have backup communication channels, independent of your network? Do you have similarly separated, and regularly updated, data backups?

Most of all, in your current situation - who will be needed to respond to a crisis? Who else needs to be informed? How are they going to coordinate, and who will replace them when they need to get some sleep?

Evolving

As stated earlier, the global situation, and advice from governments, is changing rapidly. As time passes, businesses may have more time to implement additional measures and better adapt to the new situation; or new events may force them to continue to react. In either position, please bear in mind the following:

- Cyber security should be a part of your IT and business planning, not something added on at the end where it will be ineffective or will get in the way
- Always keep your eye on the prize of your key data, assets and services that need protection
- Always consider your whole network or organization - be careful not to miss gaps in your defenses, or legitimate business needs that you are inadvertently blocking
- Communicate with your employees - use clear and simple messaging, make sure the information provided is well-founded and authoritative, and explain how they should act in order to do their jobs effectively. ❑

Tata AIG General Insurance Co. Ltd. offers insurance service via WhatsApp

Tata AIG General Insurance Company Limited, one of the most preferred general insurance company has launched TATA AIG Tara, an insurance service through WhatsApp. With the help of artificial intelligence, this initiative will offer customers a bouquet of solutions to their policy related queries in a timely, gratifying and accurate manner.

The service has been launched with an objective to increase customized communication through direct interface with customers and allowing them to access their policies in a virtual form.

Apart from this, the service would also allow customers to avail policy documents, request and receive renewal details, make premium payment online, seek support on claims, locate network hospitals and garages, make changes in address or any other personal details and even buy a health or motor policy of their choice.

To avail the services of Tata AIG Tara, our motor and health policyholders need to send a “Hi” to 7400412177 on Whatsapp. The digitally enabled round-the-clock service will help deliver personalized customer service demands and empower customers to access Tata AIG’s services virtually from the comfort of their phone.

Commenting on the launch, Mr. Amit Ganorkar, Chief Operating Officer, Tata AIG General Insurance said, “This launch is a step forward towards bringing digital transformation and innovation to enhance the customer experience with speedy turn around time to their policy related queries. While all our customer touch-points will be available to serve endlessly to our policy holders, we expect TATA AIG Tara WhatsApp platform to be one of the most preferred and indispensable way our customers would like to connect with us.”

RMAI Certificate Course on Risk Management

Join Today

Introduction

RISK MANAGEMENT ASSOCIATION OF INDIA (RMAI) has been pioneering the efforts towards awareness on the subject of Risk, creating academic and research environment to empower the professionals in this highly competitive financial services and allied industry.

Keeping pace with the global challenges and emerging opportunities for Professionals post Covid, RMAI is proud to launch the first-ever ONLINE Certificate Course on Risk Management from India. There never has been a more crucial time to stand-out and be counted as a professional who is able to demonstrate the knowledge and ability to anticipate, respond and adapt to critical issues pertaining to risk.

As Risk Management becomes central to today's business environment across the globe, there is a surge in demand for competent and expert risk management professionals to identify, assess, prioritize and develop a proper risk management framework to minimize the impact on businesses.

Online Certificate Course on Risk Management is designed to expand your knowledge and understanding of managing risks in a technology-enabled modern day dynamic business environment.

Every Professional working in the area of risk management and financial services industry, students pursuing courses in insurance and business management, small business owners interested in insights on Risk Management can be immensely benefitted by this 8 Week 30 hour course.

Realizing the imminent need for industry/organizations to have more employees who possess RISK LITERACY along with few experts, RMAI is committed to providing the right foundation of risk-knowledge and market-insights with global best practices.

This certificate Course is a Joint Certification programme of Risk Management Association of India and Association of Internal Control Practioners (THE AICP), London, UK. (https://theaicp.org)

Course Modules

Module -1- Introduction to Risk Management

Module -2- Understanding Environment and Stakeholders

Module -3- Risk Strategies and Corporate Governance

Module -4- Risk Management Framework

Module -5- Risk Management Process

Module -6- Emerging Risk

Module -7- Types of risks

Module -8- Models for Estimation of Risk

Module -9- Project and Assessment

Course Details

Course Duration/ Time	30 Hours / 8 Week
Final Exam	After 2 Months
Mode of Delivery	Online. E learning Modules Two Live Query Sessions for Clearing the doubts. Participants can also raise their query through mail/E Learning software
EARN A CERTIFICATE	Post successful completion of the course, Project and Assessment, you shall EARN A CERTIFICATE in RISK MANAGEMENT jointly awarded by Risk Management Association of India and AICP, London. You can use this Certificate across your Professional network and share with current/ prospective employers

Course Fees	INR 15,000 or USD 350 for international participants
Special Offer for first 200 Registrations:	25% Discount on Course Fees — INR 11,250 Plus Exam Fees Rs.750 – Total Rs.12000 International USD 262.50 Plus Exam Fees US$20 Total US $ 282.50
Special Offer for RMAI Members:	40% Discount on Course Fees for Registration – INR Rs.9000 Plus Exam Fees Rs.750 (9750/-)
Final Exam Fees	INR Rs.750 Examination Fees – Indian Students US $ 20 – International Students Final Exam shall be conducted by Remote Invigilation.

Course Methodology

i) Online Course spread over eight week (E Learning Modules)

ii) 8 Modules of three hours each Plus Project

iii) Quiz during each module to check understanding

iv) Query Management Sessions by Experts

v) Individual Project and Guidelines

vi) Course Completion Assessment

vii) Final Exam by Remote Invigilation

More about AICP London

Association of Internal Control Professionals was established in London in 2014 the Institute is a not-for-profit organisation.

AICP is Europe's one of leading Institute for professional excellence in Internal Control, Risk Management, Corporate Governance and Compliance, and an innovator in internal control and risk management in Procurement & Supply Chain Management Operations.

The institute's professional membership currently extends to twenty-one countries and provides access to a wealth of skill building, reinforced through consulting, training, assessments, and certificated courses through eLearning. Website: https://theaicp.org/

Value-added Benefits

- Complimentary Student Membership of RMAI for One Year you can continuously update your knowledge on the subject of Risk Management and upgrade your skill-set with various initiatives of RMAI during the year
- Complimentary Subscription to Online Insurance or Banking Library from SASHI PUBLICATIONS
- Career Opportunity Section on the Website of RMAI (rmaindia.org) which will have list for all new openings and opportunities in risk management and related fields
- Opportunity for publication of research paper and articles in RMAI Bulletin and other platforms
- Participate in Webinars conducted during the period

Payment Options:

1. You can remit the payment by NEFT in our Bank Account details below
   Bank Details of Association :
   Risk Management Association of India
   Bank of India Account Number: 402110110007820
   Branch: Vivekananda Road Branch
   Type of Account: Savings
   IFSC Code : BKID0004021
   MICR Code: 700013048
2. Companies who want to enroll their employees in bulk can request for a invoice at info@rmaindia.org

In case of any Query about the Course you can contact us

EMail: info@rmaindia.org
Phone: 9073791022/8232083010
Post: Risk Management Association of India,
25/1, Baranashi Ghosh Street,
Kolkata – 700007. India

How the 'restoration benefit' policy works

Most health insurance policies in the market offer built-in backup plans for policyholders in the form of 'restoration' benefit. In this feature, the insurer fully reinstates the original sum insured (SI) once it is exhausted. This means, in a floater policy, if any other family member gets hospitalised even after the entire sum insured (SI) is used up in a policy year, there will still be a cover available to the extent of the full SI. This reinstatement of health cover is welcome, especially if your original cover is small. Restoration feature is also termed as refill, reset or reload depending on the insurer.

However, restoration benefits come with caveats and limitations. Here is what you should know.

The basics

While health insurers offer to reinstate your original SI, the restoration process varies with insurers. Some policies such as Manipal Cigna's ProHealth policy, Activ Assure Diamond policy from Aditya Birla Health, ICICI Lombard's iHealth Plus restore your original SI only after the existing cover is exhausted.

Let's understand this concept with an example. Joe has Rs. 5 lakh as health cover and, on his first claim, this amount gets utilised. A few months later, he gets hospitalised for another illness, and his second claim is for Rs. 2 lakh. Given that his original SI is exhausted, his restored SI will be Rs. 5 lakh and the insurer will settle his claim (of Rs. 2 lakh).

Now, let's take another case. Joe's first claim is for Rs. 4 lakh; the balance SI will be Rs. 1 lakh. He makes a second claim for Rs. 2 lakh. The insurer will cover only Rs. 1 lakh and Joe will have to settle the balance from his pocket. The 'restore' benefit will not be triggered as Joe has not exhausted his SI completely. However, if Joe makes a third claim in a year, he will have Rs. 5 lakh as his SI. There are health covers in the market such as Optima Restore from HDFC Ergo Health, Max Bupa's Go Active policy and Lifeline by Royal Sundaram General Insurance that offer to reinstate the original SI even when the SI is partially exhausted.

For instance, let's assume Joe has a health policy of Rs. 5 lakh and he makes a claim for Rs. 3 lakh (first claim). The insurer settles the claim and Joe's SI balance is Rs. 2 lakh. His 'restore' benefit is triggered (available only for subsequent claims) and his SI balance for the year will be Rs. 7 lakh (existing balance of Rs. 2 lakh and SI restored is Rs. 5 lakh). What must be kept in mind is that a single claim in a policy year cannot exceed base SI. Which means, if Joe makes a second claim for Rs. 6 lakh, the insurer will pay Rs. 5 lakh only and the balance Rs. 2 lakh SI will be available for subsequent claims.

Note that, while most policies come with 'restore' benefit, it may be not available across all Scan & Share variants of a particular policy. For instance, in ICICI Lombard's iHealth Plus, the 'reset' benefit is available from SI of Rs. 3 lakh and above only. Similarly, in Digit Insurance's health plan, the 'restore' benefit is available for comfort variant of the plan only.

What's the catch?

Since most insurers offer 'restore' or ' refill' benefit as an inbuilt feature in the policies, there are certain points that you as a policyholder should keep in mind.

One, 'restore' benefit is usually available only once during a policy year when insurers refill 100 per cent of the base SI.

But there are policies in the market such as Pro Health policy (Manipal Cigna), Max Bupa's ReAssure plan and Star Health's Family Health Optima plan (SI is restored three times a year), that offer 'restore' benefit multiple times. Insurers also offer unlimited 'restore' benefits as a rider, like in Religare Health insurance's Care plan and Activ Assure Diamond plan (Aditya Birla Health).

Two, as a norm, the 'restored' SI will be available only for subsequent claims made by the policyholder. That is, the 'restore' benefit will not be applicable on the first claim in the policy year. Also, most policies do not offer the 'reinstated' SI for the same illness for which you had made the claim in a policy year. However, some policies in the market such as ReAssure (Max Bupa) and Optima Restore (HDFC Ergo Health) do cover for the same illness subsequently.

Three, your 'restoration' SI will not be considered for no claim bonus (a reward that policyholders receive from the insurer for staying healthy and not making any claim on the policy in a year) calculation. Lastly, the SI reinstated during the policy year, if unutilised, will expire and cannot be carried forward to next year or at the time of renewal of policy.

Remember that your reinstated SI can be utilised only sequentially, that is, after exhausting the original SI, accumulated no-claim bonus (NCB) SI, additional or super NCB (if any opted), and additional SI through booster benefit (if any opted).

Our take

SI restoration benefit is offered by most health insurers as part of the basic cover. While this benefit can compensate if you are under-insured, relying on reinstated SI to make up for the gap is not advisable. Also, you need to understand the workings and applicability of this feature and choose a SI, accordingly, based on your need. *(Source : Business Line)*

Insurers see spurt in surrender of policies

Even as the coronavirus pandemic continues to rage, policyholders are giving up their life cover at a rapid pace amid pay cuts, job losses and general economic uncertainty, top executives at four life insurance firms said. In the June quarter, the 13-persistency ratio, which measures how long a policyholder retains insurance, declined by an average of close to 10 percentage points from a year ago, the executives said on condition of anonymity. The decline means many customers did not renew policies after paying the first year's premium. In the same period, the average ticket size (premium) of conventional life insurance products such as endowment, pension and money-back policies fell by 25-30%, three of the four officials said, adding unit-linked insurance products (Ulips), the mainstay of many insurers, are witnessing significant premature withdrawals.

"People who bought 20-30 year tenure life insurance policies are surrendering policies and withdrawing money, which is tax-free. This, they are doing to keep as much cash as possible, and later start new policies or investment plans once the pandemic is over and the situation improves," the first of the four people said. The increasing policy surrenders come as another blow to insurers who are already battling low new premium collections. "In Ulips, the trend is more worrisome. Ulips contribute 45-50% of premium income for private insurers. Policyholders are in a rush to redeem investments and stop policies every time the equity market goes up," said the second person. "We, as an industry, are expecting a rise in surrenders as customers now prefer to have immediate cash in hand. Many surrenders may be stuck because insurance company branches are closed, but surrenders may rise in coming days," said Tarun Chugh, managing director and CEO of Bajaj Allianz Life Insurance Co. Ltd. "Typically, in Ulips, surrenders are more rampant because the surrender value goes up when the market and the NAV go up. In Ulips, one can withdraw the policy any time after five years, even if the Ulip is booked for 10 years," said Chugh. He said in 2019-20, too, saw a decline in persistency, adding that for Bajaj Allianz Life, the ratio for the June quarter was only slightly down to 76.6% from 77% a year ago.

For the life insurance industry as a whole, the average annual premium fell to Rs. 47,236 in the June quarter from Rs. 54,651 a year ago, as risk-averse customers sought to keep disposable cash and preferred pure protection products rather than investment-oriented policies. For Bajaj Allianz, the average ticket size in the June quarter fell by 30% to Rs. 39,061 from Rs. 55,657 a year ago. "The industry's growth is now being driven by protection and guarantee products, which relatively have a lower ticket size as compared to Ulips. Equity Ulips remain a drag on growth on account of cyclical weakness in Ulip sales due to weak capital markets. Ulips used to be a higher ticket size segment," said a spokesperson at Bajaj Allianz Life. People have started borrowing against life policies as collateral more than before so that they are able to continue to have cash all the time, life insurers said. In the June quarter, Bajaj Allianz gave out 2,077 loans worth Rs. 25.8 crore against life policies.

LEGAL

Is murder or suicide covered in insurance policies? Here are the exceptions

The concept of life insurance is simple. The policyholder pays a premium each year and when he dies, the family receives the claim amount. But, what if the policyholder is murdered? Surely it adds to the complications in the claims settlement process.

Delhi-based Narendra Singh (name changed) was going home in a cab when he had a heated argument with the cab driver. One thing led to another and the cab driver strangled him. The driver claimed that Singh was drunk and used abusive language. Based on his statement in the police chargesheet, the insurance company rejected the insurance claim, saying the deceased was under the influence of alcohol.

The deceased's son approached the insurance grievance redressal firm Insurance Samadhan, and managed to get claims amount of Rs 21 lakh after the post mortem found strangulation to be the cause of the death and no traces of alcohol.

Had the deceased been drunk, the insurance company wouldn't have cleared the claims as deaths due to the influence of alcohol or drugs are not covered under the insurance policy. There are many more such death cases which are covered generally, but have some exceptions.

Take a look:

Death by murder

As the above case study shows, death by murder is indeed covered under the insurance. All you have to do is provide the death certificate along with the FIR and post mortem report. But, if the nominee is involved in murder, it will become a police case. Although the claim amount will still not lapse. "The claim amount will be paid to the legal heir as per succession law. In case, there is no legal heir then the claim amount will be kept with court till a successor is located," says Shailesh Kumar, Co-Founder at Insurance Samadhan.

Death by suicide

If the incident happens within a year of buying or reinstating the policy, the insurance company is not liable to clear the claim. Suicide will only be covered if the policy period has entered the second year. However, some insurers such as Future Generali do have a policy to pay the nominee 80 per cent of the premiums paid as death benefit, if the policyholder commits suicide within a year of the policy issue date. Note that an investigation may happen to ascertain if the nominee has instigated the policyholder to take such a drastic step. If she has, the claim will not be cleared.

Death due to participation in adventure sports

Next time you go bungee jumping, paragliding, car racing or other such adventure sports, you should know if something were to happen to you, your life insurance policy will not protect the finances of your family. Accidental deaths during adventure sports like skydiving, paragliding, bungee jumping, among others are not covered by insurance policy.

Death due to natural calamity

Death caused due to a natural disaster or act of God like an earthquake or floods, is typically not covered by insurance. But, if you have opted for any particular rider for the purpose or insurance regulator IRDA mandates that deaths due to this particular event will be covered, insurance companies will have to honor the claim. "If IRDA declares that claims are not payable during a pandemic or war-like situation only then companies can deny. Else companies are bound to pay all claims," says Kumar. For example, claims were settled for deaths due to floods in Kerala in 2018 and recently due to the cyclone in West Bengal. Deaths due to coronavirus are also covered.

Deaths due to pre-existing health conditions

Before you buy a life insurance policy, you need to disclose all material information such as pre-existing diseases and whether you smoke or drink or not. If the death occurs because of a pre-existing health condition, then the claim is not honoured by most companies. Besides, sexually transmitted diseases like HIV or AIDS are also not covered.

Deaths due to accidents

Although deaths due to all accidents are covered by insurance, there are some exceptions. Accidental death under the influence of intoxication or drugs or if the insured is involved in criminal activity is not entitled to any payouts. "All life insurance policies that offer death benefits do cover death due to an accident. You don't need to buy a rider for the purpose. But, if you do buy an accidental death rider, it enhances risk cover of base life insurance plans at a small additional cost," says Samit Upadhyay, Chief Financial Officer and Head Product, Tata AIA Life.

Deaths outside the country

Life insurance policies are universal. So, all policies will cover deaths outside the country if you submit valid proofs. The only exception, however, is if you are a frequent traveler to countries categorised as danger zones countries such as those in Africa and the Gulf and do not disclose this information while buying the policy, and unfortunately die there, then the insurance companies will not settle the death claim.

"If a death happens in these countries then the insured travel record is checked. In case, the client had a previous travel record then the claim will be repudiated on grounds of hiding the material fact. Please note that Proposal Form asks for travel record of last two years and if you do have a record of travel in danger zones then insurance is not allowed," Kumar of Insurance Samadhan points out.

Deaths due to pregnancy or childbirth

If the death occurs during childbirth or due to complications in pregnancy, then it is not covered by a life insurance policy.

Life insurance policy is meant to support your family financially if you are not around. So, just buying the policy doesn't suffice the purpose. You need to be well aware of all policy exclusions so that if an eventuality happens, your nominee doesn't face the death claim rejection. "It is important to note that exclusions may differ from product to product. Exclusion clauses are mentioned in the policy document, so do read the proposal form carefully," says Anil Kumar Singh, Chief Actuarial Officer, Aditya Birla Sun Life Insurance.

Nominees have first right over life insurance claims, not legal heirs

As you deal with the trauma of losing a loved one, making a life insurance claim may become daunting if you don't know how to go about it. One of the most important aspects to consider is the difference between the nominee and heir when it comes to insurance claims.

Insurance policy is treated as an estate of the deceased policyholder. Legal heirs have a right over the policy as long as the assets of the deceased policyholder devolve upon her.

However, in life insurance, there is a concept known as beneficial nominee. This provision was introduced in the Insurance Laws (Amendment) Act, 2015. If an immediate family member (parents, or spouse, or children) is made the nominee, then the proceeds will go to the intended person. Legal heirs will not have any claim on the money. "If the nominee is not survived by the insured, the proceeds will go to the legal heirs," said Mukesh Jain, corporate lawyer and founder of Mukesh Jain and Associates, a Mumbai-based law firm.

In the absence of a nominee, the legal heir can claim the insurance proceeds. "Apart from the claim intimation letter and other requisite documentation like death certificate, ID proof of the beneficiary, policy papers, discharge form (if any), post mortem report and hospital records (in case of unnatural death), the legal heir needs to submit the succession certificate issued by a competent court which establishes the right of the legal heir over the assets of the deceased policyholder, including the insurance proceeds," said Vatsala Sameer, company secretary, Canara HSBC Oriental Bank of Commerce Life Insurance.

If there are multiple legal heirs and only one is claiming the proceeds, then all other legal heirs need to agree and express their consent to the insurer for that. "The affidavit-cum-indemnity signed by all the legal heirs protects the insurer from similar and separate claims under the policy," said a spokesperson from PNB Metlife Insurance Co. Ltd.

The legal heir can make a claim when there is no nomination any time before the maturity of the policy, or if the insured has not requested a fresh nomination in case of the death of the nominee or in case of death of the nominee after the claim is filed but before its settlement.

In case the deceased has more than one child and has not nominated all of them, a claim can be lodged only by the nominated child and the insurer shall pay the proceeds to the nominee only. Other children can stake claim to their shares by moving a competent court of law, said the PNB Metlife spokesperson. So get clarity on your situation and act accordingly.

IRDAI Circular

Filing of “Arogya Sanjeevani Policy” as group health insurance product

IRDAI/HLT/REG/CIR/197/07/2020

Date:24-07-2020

1. Reference is drawn to Clause 8 of Section 3 of “Master Circular on Standardization of Health Insurance Products” (Ref: IRDAI/HLT/REG/CIR/193/07/2020 dated 22.07.2020) vide which all the general and health insurance companies (insurers) were mandated to offer standard individual health insurance product, “Arogya Sanjeevani Policy”.
2. In partial modification of the above referred guidelines, Insurers are hereby allowed to offer this product also as a group product by duly complying with the norms specified hereunder.
   a. Insurers are allowed to use the standard product name for the group policy after adding the word “group” provided all terms and conditions as applicable to the standard individual policy remain the same except premium rate and specification on operation of group policy.
   b. Insurers are allowed to set their own minimum and maximum sum limits under this group policy, subject to the board approved underwriting policy. The mandate of offering sum insured in multiples of Rs 50000 (Rupees fifty thousand only) is not insisted for the group product.
   c. The insurers shall determine the price keeping in view the cover proposed to be offered subject to complying with the norms specified in the IRDAI (Health Insurance) Regulations, 2016 and Guidelines notified thereunder.
   d. The product shall be filed on Use and File basis by duly complying with the norms specified in Chapter IV of “consolidated guidelines on product filing in health insurance business” (Ref: IRDA/HLT/REG/CIR/194/07/2020 dated 22nd July, 2020)
   e. This group product shall comply with all other applicable norms stipulated under “consolidated guidelines on Product filing in Health Insurance business” (IRDA/HLT/REG/CIR/194/07/2020 dated 22nd July, 2020).
3. This has the approval of the competent Authority.

D V S Ramesh
General Manager (Health)

Transfer of Shares of the Insurance Companies

IRDA/F&A/CIR/TRSH/195/07/2020

Date:23-07-2020

The provisions relating to transfer of shares of insurance companies are governed by section 6A of the Insurance Act, 1938 read with IRDAI (Transfer of Equity Shares of Insurance Companies) Regulations, 2015 and IRDAI (Listed Indian Insurance Companies) Guidelines, 2016.

With a view to bringing more clarity on certain issues relating to transfer of shares of insurance companies by promoters/shareholders, the Authority in exercise of the powers under sub-section (1) of Section 14 of IRDA Act, 1999 read with Regulation 10 of IRDAI (Transfer of Equity Shares of Insurance Companies) Regulations, 2015, hereby issues the following circular: -

A. Transfer of Shares – Listed Insurance Companies

1. **Transfer of Shares of more than 1% and up to 5% of the paid up share capital:**
   (i) For acquisition of more than 1% and up to 5% of the paid up share capital along with the existing

holding - fit and proper declaration as specified in the IRDAI (Listed Indian Insurance Companies) Guidelines, 2016 shall be provided to the insurance company;

(ii) Transfer of more than 1% but less than 5% of the paid up share capital - the transferor shall inform the Insurer immediately on execution of the transaction. The transferor is required to ensure compliance for any transaction(s) aggregating to more than 1 per cent of the paid-up capital.

2. Transfer of Shares above 5% of the paid up share capital:

It is reiterated that in line with the provisions of the Insurance Act, 1938 -

(i) Where the transfer of shares by the transferor, cumulative with his relatives, associate enterprises and persons acting in concert will/is likely to exceed 5% of the paid up share capital, such transferor shall seek the prior approval of the IRDAI as per section 6A(4)(b)(iii) of the Insurance Act, 1938 read with provisions of IRDAI (Listed Indian Insurance Companies) Guidelines, 2016.The application for this purpose shall be filed through the concerned insurance company.

(ii) Similarly, any proposal for acquisition whereby the transferee's holding is likely to exceed 5% of the paid up share capital of the insurance company, has to be submitted for prior approval to the IRDAI through the concerned insurance company.

B. Determination of extent of transfer – Listed and Unlisted Insurance companies

(i) For the purpose of reckoning the quantum of transfer/acquisition of shares, scenarios where transfer is executed in favour of one or more parties, whether in a single or multiple transactions aggregating to excess of 1 per cent or 5 per cent, the cumulative transfers made during a given financial year shall be considered. Accordingly, whenever the specified limits are likely to exceed in a financial year, the entity shall be under obligation to seek the prior approval of the Authority.

(ii) Listed companies: The provisions at (i) above shall be applicable only with respect to the promoters/ promoter group. Further, transfer includes Offer for Sale as per SEBI (ICDR) Regulations by the existing shareholders, whether such shareholder is part of the promoter/promoter group or not.

C. Pledge of Shares

It is clarified that the provisions relating to transfer of shares as contained in (i) Section 6A(4)(b) of the Insurance Act, 1938, and (ii) IRDAI (Transfer of Equity Shares of Insurance Companies) Regulations, 2015 shall apply mutatis-mutandis to the creation of pledge or any other kind of encumbrance over shares of an insurance company, by its promoters.

E. Suspension of the voting rights

Insurance companies shall immediately inform the Authority if any non-compliance is observed with regard to the provisions of the Insurance Act, the regulations and guidelines framed thereunder and the circulars issued regarding the transfer of shares by the Authority. Further, where transactions are executed beyond the stipulated threshold limits by the shareholders, without the prior approval of the Authority:

(i) the transferee shall not have any voting rights in any of the meetings of the insurance company;

(ii) the transferee shall promptly dispose of the excess shares acquired, beyond the specified threshold limits.

F. Action for Violation/ Non-Compliance

Any transfer of shares beyond the stipulated threshold limits without the prior approval of the Authority shall attract appropriate regulatory action. This Circular shall be scrupulously complied with and in case of violation/ non-compliance with the provisions of the Circular, the Authority may take necessary action as per the extant legal and regulatory framework.

Pravin Kutumbe
Member (F&I)

Filing of "Corona Kavach Policy" as group health insurance product

IRDAI/HLT/REG/CIR/192/07/2020

Date:21-07-2020

1. Reference is drawn to Clause 3 of Section A of Guidelines on Covid Standard Health Policy (Ref: IRDAI/ HLT/REG/CIR/163/06/2020 dated 26th June, 2020) vide which all the general and health insurance companies (insurers) were mandated to offer Individual Covid Standard Health product, "Corona Kavach Policy".
2. In partial modification of the above referred guidelines, Insurers are hereby allowed to offer Corona Kavach Policy as group product by duly complying with the norms specified hereunder.

a. Insurers are allowed to use the standard product name for the group policy after adding the word "group", provided all terms and conditions as applicable to the standard individual policy remain the same except premium rate and specification on operation of group policy.

b. The insurers shall determine the price keeping in view the cover proposed to be offered subject to complying with the norms specified in the IRDAI (Health Insurance) Regulations, 2016 and Guidelines notified there under.

c. The product shall be filed on Use and File basis by duly complying with the norms specified in Chapter IV of Guidelines on product filing in health insurance business"(Ref: IRDA/HLT/REG/CIR/150/07/2016 dated 29th July, 2016) as modified from time to time.

d. This group product shall comply with the all other applicable norms stipulated under "Guidelines on Product filing in Health Insurance business" (IRDA/HLT/REG/CIR/150/07/2016 dated 29th July 2016).

3. These guidelines shall come in to force with immediate effect.
4. This has approval of the competent Authority.

D V S Ramesh,
General Manager (Health)

Appointment of Election officer to conduct 12th Council Elections of Indian Institute of Insurance Surveyors and Loss Assessors (IIISLA)

IRDAI/SUR/ORDER/MISC/213/08/2020

Date:14-08-2020

Pursuant to the full Council election of IIISLA and declaration of results on 20th July,2019, a meeting of the Board of Directors of IIISLA was held on 29th July,2019 at Hyderabad, where elected Council appointed office bearers.

The Authority hereby appoints Shri.V.Devanathan, Head-Technical & Projects, General Insurance Council as Election Officer for conducting the 12th Council Elections for 1/3rd vacancy arising out of retirement of Members on 28th July,2020, in compliance with Article 49 of AOA Of IIISLA.

This is issued with the approval of competent Authority.

Suresh Mathur
Executive Director

Loss Prevention and Minimization in the General Insurance Industry

IRDA/NL/LPM/ExpDraft/137/2020-21

Date:18-08-2020

1. Keeping in view synergies involved and the need for collaboration between various stakeholders for effective loss prevention and minimization in the general insurance industry, the Authority had set up a Working Group to study the current scenario and make recommendations.
2. We now place the report of the Working Group and seek the valuable inputs of all stakeholders on the recommendations made in the report. Please give your feedback in the attached format on or before 4th September, 2020 to the following e-mail ids:

   nl-products@irdai.gov.in

   rupesh.dhinde@irdai.gov.in

Yegnapriya Bharath
Chief General Manager (Non-life)

PUC certificate at the time of renewal of Insurance of Vehicle – Directions given by Hon'ble Supreme Court of India in WP(C) No.13029 of 1985 in the matter of M.C. Mehta Vs. Union of India

IRDAI/NL/CIR/MISC/215/08/2020

Date:20-08-2020

1. This has reference to the Authority's Circular No. IRDA/NL/CIR/MISC/104/ 07/2018 dated 06th July, 2018 advising all general insurance companies to comply with the direction issued by Hon'ble Supreme Court of India in Writ Petition (Civil) No.13029 of 1985 in M.C. Mehta Vs. Union of India and Others.
2. Central pollution control board (CPCB) has raised concerns regarding status of compliance of above direction of Hon'ble Supreme Court of India in National Capital Region of Delhi (Delhi – NCR).
3. Please ensure that the above direction of Hon'ble Supreme Court of India is followed scrupulously with special focus on compliance in National Capital Region of Delhi (Delhi – NCR).

Please acknowledge and confirm having noted the contents.

(Yegnapriya Bharath)
Chief General Manager (Non – Life)

Performance Statistics - Non-Life Insurance

GROSS DIRECT PREMIUM UNDERWRITTEN FOR AND UPTO THE MONTH OF AUGUST 2020

(Rs. in crores)

INSURER	For the month of August		Upto the Month of August		Market Share upto the Month of Aug 2020 (%)	Growth over the corresponding period of previous year (%)
	2020-21	2019-20	2020-21	2019-20		
Acko General Insurance Limited	29.06	29.04	110.98	123.90	0.15	(10.43)
Bajaj Allianz General Ins. Co. Ltd.	1,200.68	1,320.77	5,471.04	5,083.14	7.40	7.63
Bharti AXA General Ins. Co. Ltd.	351.59	345.26	1,162.45	1,200.36	1.57	(3.16)
Cholamandalam MS General Ins.	357.00	354.16	1,574.00	1,823.89	2.13	(13.70)
DHFL General Ins. Ltd.	12.17	15.61	30.26	71.74	0.04	(57.82)
Edelweiss General Ins. Co. Ltd.	31.27	21.98	81.82	44.31	0.11	84.65
Future Generali India Ins. Co. Ltd.	347.69	280.47	1,248.81	1,103.44	1.69	13.17
Go Digit General Ins. Ltd.	205.21	145.73	1,046.16	761.28	1.41	37.42
HDFC Ergo General Ins. Co. Ltd.	941.17	758.98	3,123.75	3,113.76	4.22	0.32
ICICI Lombard General Ins. Co. Ltd.	1,011.65	904.73	5,402.94	5,425.13	7.30	(0.41)
IFFCO Tokio General Ins. Co. Ltd.	1,022.88	908.03	3,407.81	3,439.01	4.61	(0.91)
Kotak Mahindra General Ins. Co.	42.47	33.30	189.22	148.06	0.26	27.80
Liberty General Ins. Ltd.	107.72	106.51	544.76	596.32	0.74	(8.65)
Magma HDI General Ins. Co. Ltd.	98.05	92.26	419.45	458.75	0.57	(8.57)
National Ins. Co. Ltd.	912.63	964.79	4,821.53	5,587.83	6.52	(13.71)
Raheja QBE General Ins. Co. Ltd.	17.40	9.06	70.20	46.51	0.09	50.95
Reliance General Ins. Co. Ltd.	625.31	590.25	3,108.59	3,170.97	4.20	(1.97)
Royal Sundaram General Ins. Co.	211.21	245.12	1,001.44	1,207.85	1.35	(17.09)
SBI General Ins. Co. Ltd.	718.75	513.58	2,607.03	2,187.07	3.52	19.20
Shriram General Ins. Co. Ltd.	180.12	200.32	813.35	948.09	1.10	(14.21)
Tata AIG General Ins. Co. Ltd.	607.19	567.68	3,085.73	3,383.39	4.17	(8.80)
The New India Assurance Co. Ltd.	1,745.07	1,836.00	11,255.34	10,714.90	15.22	5.04
The Oriental Ins. Co. Ltd.	801.96	952.13	4,559.50	5,223.31	6.16	(12.71)
United India Ins. Co. Ltd.	1,231.26	961.50	6,633.15	6,005.67	8.97	10.45
Universal Sompo General Ins. Co.	330.12	288.57	899.90	789.26	1.22	14.02
General Insurers Total	**13,139.63**	**12,445.83**	**62,669.21**	**62,657.93**	**84.73**	**0.02**
Aditya Birla Health Ins. Co. Ltd.	94.17	54.40	440.18	250.97	0.60	75.39
HDFC Ergo Health Ins. Co. Ltd.	182.63	184.16	828.33	872.82	1.12	(5.10)
ManipalCigna Health Ins. Co. Ltd.	61.33	43.74	268.10	211.25	0.36	26.91
Max Bupa Health Ins. Co. Ltd.	130.54	93.75	577.99	436.89	0.78	32.30
Religare Health Ins. Co. Ltd.	214.26	185.43	927.38	971.83	1.25	(4.57)
Star Health & Allied Ins. Co. Ltd.	780.00	510.00	3,227.00	2,232.00	4.36	44.58
Reliance Health Ins. Ltd.*	---	0.83	(0.01)	5.49	(0.00)	(100.21)
Stand-alone Pvt Health Insurers	1,462.92	1,072.32	6,268.97	4,981.24	8.48	25.85
Agricultural Ins. Co. of India Ltd.	2,950.13	2,391.70	4,678.55	3,366.79	6.33	38.96
ECGC Limited	70.57	54.89	348.29	400.85	0.47	(13.11)
Specialized PSU Insurers	**3,020.70**	**2,446.59**	**5,026.84**	**3,767.64**	**6.80**	**33.42**
GRAND TOTAL	**17,623.25**	**15,964.74**	**73,965.02**	**71,406.82**	**100.00**	**3.58**

Note: Compiled on the basis of data submitted by the Insurance companies *NA: Not Applicable*

**Takeover of Reliance Health Insurance portfolio by Reliance General Insurance*

Performance STATISTICS - LIFE INSURANCE

SUMMARY OF NEW BUSINESS PERFORMANCE OF LIFE INSURERS FOR THE PERIOD ENDED JULY - 2020 (PROVISIONAL)

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crore					No. of Policies / Schemes				
		Month of Jul-2020	Upto Jul-2020	Month of Jul-2019	Upto Jul-2019	YTD Variation in %	Month of Jul-2020	Upto Jul-2020	Month of Jul-2019	Upto Jul-2019	YTD Variation in %
1	**Aditya Birla Sun Life Insurance Co. Ltd.**										
	Individual Single Premium	9.25	30.14	12.01	43.06	-30.01%	185	595	249	1237	-51.90%
	Individual Non Single Premium	136.56	443.59	135.55	426.87	3.92%	20865	72899	22229	71930	1.35%
	Group Single Premium	217.21	777.76	113.70	282.82	175.00%	6	17	6	21	-19.05%
	Group Non Single Premium	2.81	7.62	0.53	1.73	339.69%	1	1	0	0	---
	Total	**375.21**	**1291.68**	**267.22**	**777.31**	**66.17%**	**21137**	**73716**	**22526**	**73394**	**0.44%**
2	**Aegon Life Insurance Co. Ltd.**										
	Individual Single Premium	0.07	0.18	0.08	1.08	-83.71%	2	9	5	23	-60.87%
	Individual Non Single Premium	4.28	13.27	6.22	23.65	-43.89%	1876	5328	2290	8035	-33.69%
	Group Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**6.83**	**19.95**	**6.95**	**29.41**	**-32.19%**	**1885**	**5360**	**2299**	**8099**	**-33.82%**
3	**Aviva Life Insurance Co. Ltd.**										
	Individual Single Premium	1.49	4.46	0.37	3.25	37.49%	27	86	11	65	32.31%
	Individual Non Single Premium	9.85	37.14	9.75	29.59	25.51%	1708	6190	1582	5222	18.54%
	Group Single Premium	0.09	0.51	0.13	0.82	-37.08%	0	0	0	0	---
	Group Non Single Premium	0.14	0.38	0.18	0.46	-17.76%	0	0	0	0	---
	Total	**16.08**	**63.29**	**11.28**	**53.19**	**19.00%**	**1744**	**6332**	**1594**	**5297**	**19.54%**
4	**Bajaj Allianz Life Insurance Co. Ltd.**										
	Individual Single Premium	-0.12	15.32	5.73	21.26	-27.95%	72	260	35	183	42.08%
	Individual Non Single Premium	179.37	508.19	138.54	468.96	8.36%	34900	125073	23336	81906	52.70%
	Group Single Premium	406.32	770.91	172.20	792.38	-2.71%	7	17	7	20	-15.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	-10314.85%	0	0	0	0	---
	Total	**602.77**	**1344.39**	**339.78**	**1353.53**	**-0.68%**	**34989**	**125367**	**23388**	**82128**	**52.65%**
5	**Bharti AXA Life Insurance Co. Ltd.**										
	Individual Single Premium	2.74	6.90	1.81	12.82	-46.18%	35	83	41	5069	-98.36%
	Individual Non Single Premium	38.60	129.05	50.21	171.00	-24.53%	8634	30054	19942	77634	-61.29%
	Group Single Premium	10.26	25.34	22.05	82.07	-69.12%	2	8	0	2	300.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**51.60**	**161.30**	**74.08**	**265.89**	**-39.34%**	**8671**	**30145**	**19983**	**82705**	**-63.55%**
6	**Canara HSBC OBC Life Insurance Co. Ltd.**										
	Individual Single Premium	23.73	126.68	10.94	27.82	355.35%	292	1333	49	127	949.61%
	Individual Non Single Premium	59.18	145.13	71.09	229.42	-36.74%	13003	37189	11199	34955	6.39%
	Group Single Premium	15.75	207.43	8.48	188.32	10.15%	1	2	1	1	100.00%
	Group Non Single Premium	0.30	0.82	0.58	2.18	-62.38%	0	0	0	0	---
	Total	**111.00**	**592.29**	**91.96**	**517.95**	**14.35%**	**13303**	**38537**	**11249**	**35087**	**9.83%**
7	**Edelweiss Tokio Life Insurance Co. Ltd.**										
	Individual Single Premium	0.64	2.43	0.97	1.84	32.54%	20	52	30	951	-94.53%
	Individual Non Single Premium	27.12	84.44	23.59	71.17	18.64%	5902	23877	6451	19361	23.33%
	Group Single Premium	0.76	2.52	1.19	8.58	-70.65%	0	0	1	1	-100.00%
	Group Non Single Premium	0.52	0.85	0.50	1.28	-33.96%	0	0	0	0	---
	Total	**29.32**	**92.16**	**26.72**	**84.39**	**9.21%**	**5927**	**23942**	**6485**	**20330**	**17.77%**
8	**Exide Life Insurance Co. Ltd.**										
	Individual Single Premium	3.89	23.46	11.97	43.17	-45.65%	67	359	224	895	-59.89%
	Individual Non Single Premium	39.55	114.43	45.87	157.32	-27.26%	11563	36645	14981	52734	-30.51%
	Group Single Premium	0.04	0.09	0.03	0.10	-4.39%	0	0	0	0	---
	Group Non Single Premium	0.00	4.16	0.51	2.65	57.25%	0	10	1	7	42.86%
	Total	**46.17**	**148.00**	**68.03**	**223.02**	**-33.64%**	**11630**	**37014**	**15206**	**53636**	**-30.99%**
9	**Future General India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.21	0.40	0.36	1.80	-78.06%	8	15	25	114	-86.84%
	Individual Non Single Premium	19.00	74.11	27.49	82.53	-10.21%	3859	15094	6002	15557	-2.98%
	Group Single Premium	1.64	1.07	6.72	21.39	-95.00%	3	3	0	3	0.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**27.33**	**92.99**	**69.41**	**218.67**	**-57.47%**	**3873**	**15121**	**6032**	**15689**	**-3.62%**
10	**HDFC Life Insurance Co. Ltd.**										
	Individual Single Premium	387.55	946.20	232.93	980.14	-3.46%	4265	11060	3198	13901	-20.44%
	Individual Non Single Premium	547.27	1562.94	499.17	1745.04	-10.44%	83963	271706	72821	265436	2.36%
	Group Single Premium	1024.13	2083.29	629.07	2505.53	-16.85%	21	54	12	45	20.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**1975.75**	**4628.93**	**1402.81**	**5384.79**	**-14.04%**	**88262**	**282862**	**76041**	**279458**	**1.22%**
11	**ICICI Prudential Life Insurance Co. Ltd.**										
	Individual Single Premium	189.48	473.47	117.45	380.61	24.39%	2330	5873	1498	5398	8.80%
	Individual Non Single Premium	361.71	989.08	587.40	1856.62	-46.73%	49674	167085	66196	225627	-25.95%
	Group Single Premium	78.31	173.18	174.25	572.13	-69.73%	9	16	24	41	-60.98%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**848.74**	**2348.22**	**943.96**	**3170.10**	**-25.93%**	**52367**	**173801**	**67818**	**231527**	**-24.93%**
12	**IDBI Federal Life Insurance Co. Ltd.**										
	Individual Single Premium	21.85	59.79	10.91	33.99	75.91%	652	2163	398	1401	54.39%
	Individual Non Single Premium	17.57	36.45	27.27	77.07	-52.70%	2619	6117	4402	14795	-58.65%
	Group Single Premium	6.00	13.07	9.69	39.60	-67.00%	0	0	0	1	-100.00%
	Group Non Single Premium	0.00	0.00	0.04	0.18	-98.22%	0	1	0	0	---
	Total	**45.42**	**109.31**	**47.91**	**150.83**	**-27.53%**	**3271**	**8281**	**4800**	**16197**	**-48.87%**

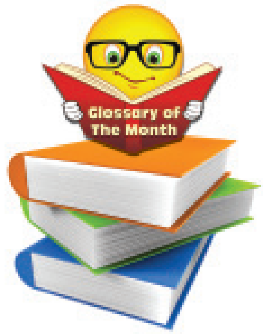
Performance STATISTICS - LIFE INSURANCE

SUMMARY OF NEW BUSINESS PERFORMANCE OF LIFE INSURERS FOR THE PERIOD ENDED JULY - 2020 (PROVISIONAL)

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crore					No. of Policies / Schemes				
		Month of Jul-2020	Upto Jul-2020	Month of Jul-2019	Upto Jul-2019	YTD Variation in %	Month of Jul-2020	Upto Jul-2020	Month of Jul-2019	Upto Jul-2019	YTD Variation in %
13	**IndiaFirst Life Insurance Co. Ltd.**										
	Individual Single Premium	1.67	3.93	1.96	6.33	-37.88%	117	201	4668	11486	-98.25%
	Individual Non Single Premium	60.33	132.10	59.31	177.96	-25.77%	14263	38418	14625	42808	-10.26%
	Group Single Premium	323.82	435.86	48.60	352.89	23.51%	24	57	13	40	42.50%
	Group Non Single Premium	0.05	0.17	0.02	0.10	72.99%	0	2	0	1	100.00%
	Total	**385.87**	**572.07**	**109.88**	**537.28**	**6.47%**	**14404**	**38678**	**19306**	**54335**	**-28.82%**
14	**Kotak Mahindra Old Mutual Life Ins. Co. Ltd.**										
	Individual Single Premium	81.03	214.20	45.73	136.37	57.07%	3073	9586	498	14141	-32.21%
	Individual Non Single Premium	107.60	329.81	110.16	319.67	3.17%	22076	73800	22009	62479	18.12%
	Group Single Premium	46.72	131.13	87.99	391.05	-66.47%	24	56	11	66	-15.15%
	Group Non Single Premium	0.01	0.15	0.71	3.10	-95.03%	3	8	3	12	-33.33%
	Total	**310.25**	**876.14**	**354.95**	**1292.99**	**-32.24%**	**25237**	**83724**	**22571**	**76926**	**8.84%**
15	**Max Life Insurance Co. Ltd.**										
	Individual Single Premium	114.87	380.25	76.66	277.02	37.26%	519	1297	125	443	192.78%
	Individual Non Single Premium	328.47	922.79	339.22	963.23	-4.20%	54742	176117	50331	163226	7.90%
	Group Single Premium	21.82	34.42	20.65	85.02	-59.52%	1	1	4	77	-98.70%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**469.73**	**1369.15**	**444.76**	**1354.15**	**1.11%**	**55326**	**177683**	**50533**	**164068**	**8.30%**
16	**PNB Metlife Life Insurance Co. Ltd.**										
	Individual Single Premium	10.74	27.73	1.52	5.24	429.47%	144	358	45	168	113.10%
	Individual Non Single Premium	98.68	283.04	98.53	337.26	-16.08%	18298	60785	16640	56021	8.50%
	Group Single Premium	18.92	46.89	31.23	96.22	-51.26%	0	0	0	3	-100.00%
	Group Non Single Premium	0.04	0.17	0.03	0.15	15.53%	14	40	15	76	-47.37%
	Total	**131.47**	**370.40**	**134.37**	**459.51**	**-19.39%**	**18456**	**61183**	**16700**	**56268**	**8.73%**
17	**PRAMERICA Life Insurance Limited**										
	Individual Single Premium	0.15	0.43	0.18	5.72	-92.45%	9	27	46	197	-86.29%
	Individual Non Single Premium	9.49	38.03	14.18	54.04	-29.62%	2153	6512	3736	13620	-52.19%
	Group Single Premium	1.00	3.55	25.61	101.91	-96.52%	2	5	5	10	-50.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**12.71**	**51.09**	**52.70**	**200.73**	**-74.55%**	**2206**	**6644**	**3842**	**14060**	**-52.75%**
18	**Reliance Nippon Life Insurance Co. Ltd.**										
	Individual Single Premium	3.57	10.76	2.75	12.97	-17.01%	127	396	109	486	-18.52%
	Individual Non Single Premium	62.56	209.48	64.52	267.56	-21.71%	13792	51412	16388	68791	-25.26%
	Group Single Premium	0.00	0.00	0.09	0.71	-100.00%	0	0	0	0	---
	Group Non Single Premium	2.48	6.74	4.20	14.61	-53.87%	1	4	1	6	-33.33%
	Total	**68.53**	**229.01**	**71.90**	**299.03**	**-23.41%**	**13923**	**51820**	**16502**	**69294**	**-25.22%**
19	**Sahara India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Individual Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**---**	**0**	**0**	**0**	**0**	**---**
20	**SBI Life Insurance Co. Ltd.**										
	Individual Single Premium	231.13	554.41	168.05	446.28	24.23%	4471	10583	3088	9074	16.63%
	Individual Non Single Premium	696.80	1709.90	824.02	2415.99	-29.23%	129267	312855	131926	421036	-25.69%
	Group Single Premium	933.34	2582.87	338.88	1570.77	64.43%	8	24	2	14	71.43%
	Group Non Single Premium	0.28	9.25	0.27	0.99	836.30%	0	1	0	0	8
	Total	**1909.03**	**4967.38**	**1343.92**	**4496.36**	**10.48%**	**133793**	**323584**	**135089**	**430395**	**-24.82%**
21	**Shriram Life Insurance Co. Ltd.**										
	Individual Single Premium	4.31	11.32	2.74	11.23	0.80%	147	412	169	619	-33.44%
	Individual Non Single Premium	32.70	99.32	31.54	113.17	-12.24%	18624	50895	19522	68732	-25.95%
	Group Single Premium	3.95	10.18	17.24	66.19	-84.62%	0	0	0	4	-100.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	8	0	0	0	0	8
	Total	**41.09**	**122.04**	**52.66**	**194.64**	**-37.30%**	**18771**	**51309**	**19692**	**69360**	**-26.03%**
22	**Star Union Dai-Ichi Life Insurance Co. Ltd.**										
	Individual Single Premium	10.91	28.51	4.13	18.29	55.84%	239	607	118	460	31.96%
	Individual Non Single Premium	38.41	90.80	31.10	112.33	-19.17%	5645	13857	5068	17686	-21.65%
	Group Single Premium	7.57	16.78	3.44	13.38	25.48%	0	0	0	0	---
	Group Non Single Premium	0.16	0.43	0.11	0.38	13.40%	0	0	0	0	---
	Total	**85.40**	**190.76**	**40.79**	**157.29**	**21.28%**	**5884**	**14466**	**5187**	**18153**	**-20.31%**
23	**Tata AIA Life Insurance Co. Ltd.**										
	Individual Single Premium	37.01	210.56	48.12	154.72	36.09%	284	1194	283	1044	14.37%
	Individual Non Single Premium	219.05	739.78	183.58	632.07	17.04%	33939	128400	33132	112428	14.21%
	Group Single Premium	1.78	2.12	4.74	14.33	-85.20%	0	1	0	0	---
	Group Non Single Premium	2.57	10.07	2.62	7.03	43.20%	4	25	4	33	-24.24%
	Total	**264.85**	**980.00**	**241.34**	**818.76**	**19.69%**	**34246**	**129706**	**33433**	**113544**	**14.23%**
	PRIVATE										
	Individual Single Premium	1136.19	3131.52	757.34	2625.02	19.30%	17085	46549	14912	67482	-31.02%
	Individual Non Single Premium	3094.15	8692.87	3378.31	10732.53	-19.00%	551365	1710308	564808	1900019	-9.98%
	Group Single Premium	3119.41	7318.98	1715.97	7186.20	1.85%	108	261	86	349	-25.21%
	Group Non Single Premium	9.36	40.83	10.29	34.84	17.18%	23	92	24	135	-31.85%
	PRIVATE TOTAL	**7815.14**	**20620.56**	**6197.37**	**22039.81**	**-6.44%**	**569305**	**1759275**	**580276**	**1969950**	**-10.69%**
24	**Life Insurance Corporation of India**										
	Individual Single Premium	3305.95	6961.19	1960.99	6134.96	13.47%	89349	206376	78460	254920	-19.04%
	Individual Non Single Premium	2274.34	6695.91	2179.68	7153.98	-6.40%	1146898	2942482	1531445	4768189	-38.29%
	Group Single Premium	8985.01	34872.46	6251.03	27867.14	25.14%	14	47	103	397	-88.16%
	Group Non Single Premium	593.65	3102.54	4877.18	18856.10	-83.55%	580	1322	250	725	82.34%
	Total	**15170.95**	**51700.97**	**15311.87**	**60106.66**	**-13.98%**	**1238676**	**3154317**	**1612283**	**5030327**	**-37.29%**
	GRAND TOTAL	**22986.10**	**72321.53**	**21509.24**	**82146.46**	**-11.96%**	**1807981**	**4913592**	**2192559**	**7000277**	**-29.81%**

Glossary



Incontestability Provision

A life insurance and annuity provision limiting the time within which the insurer has the legal right to void the contract on grounds of material misrepresentation in the policy application.

Incurred But Not Reported (IBNR)

(Pure IBNR) claims that have occurred but the insurer has not been notified of them at the reporting date. Estimates are established to book these claims. May include losses that have been reported to the reporting entity but have not yet been entered into the claims system or bulk provisions. Bulk provisions are reserves included with other IBNR reserves to reflect deficiencies in known case reserves. IBNR can sometimes include estimates of incurred but Not Enough Reported (IBNER).

Poll

Do you think Insurance Surveyors profession needs a revamp.

Yes

No

Can't say

Results of Poll in our July 2020 Issue

Do you think Online Insurance Education will get a big boost.

Yes	90
No	10
Can't say	00

You may send your views to :

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