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THE INSURANCE TIMES

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In this issue

"The challenge of orchestrating the management team around the mitigation of the operating risks and strategic & emerging risk become critical for the measure of success."

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- Tarun Chugh,
MD & CEO,
Bajaj Allianz Life Insurance

"With our integrated online platform for distributors, we are better off now to adapt to the new normal."

- Subhasish Acharya,
Executive Vice President and Head - Proprietary Channels,
Future Generali India Life Insurance

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Editor-in-Chief's Desk

Ram Gopal Agarwala
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India as a whole is practically under lock down since 25th March, 2020 as well as the same will continue till situation improves and thereafter depending on the situation prevailing thereafter.

IRDAI is also making all its efforts to fight Covid -19 by advising Insurers to cover claims by Covid in existing Health insurance policies. IRDAI also relaxed time for payment of general insurance premium in case of health and other policies. There was lot of confusion among the public about the status of coverage if the property remains unoccupied for more than 30 days. General Insurance Council has also issued clarifications on this.

Many health insurance policies lapsed during the lockdown period making the policyholders vulnerable. Policyholders should try to reinstate cover as soon as possible as it is not advisable to remain without cover.

LIC's IPO will be deferred till March, 2021 as per Central Govt. decision looking to the Covid-19 episode.

The fire insurance business is again witnessing some tariff due to heavy undercutting in this segment. This move will help to balance this portfolio.

The Cyclone Amphan in West Bengal witnessed lot of claims due to flooding from rain water. It was a double whammy for the public/policyholder as they were already reeling under the after effects of covid and this cyclone compounded their problem multiple number of times. There has been wide spread claims due to seepage of water. Hopefully Insurance companies will settle their claims at fast pace.

The treatment of Covid patients in private hospital is very very costly. The hospitals are charging huge sum for treatment of covid patients inspite of the fact that there is no medicine for this disease. For each patient hospitals are charging cost for 10-15 PPE kits per day which is absolutely unethical. Govt should bring some guidelines for this.

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General Insurance News

General insurance industry will witness slow growth in Q1: Care Ratings

General insurance industry in India is set to witness slow growth during the first quarter of the current fiscal due to Covid-19 lockdown, credit rating agency Care Ratings said.

In a report, Care Ratings said: "The insurance business is expected to witness muted growth in the first quarter of FY21 due to the extended lock down, however the pandemic could cause an increased interest in the health segment."

"Further, due to the lockdown the claims may be lower, thereby having lower impact on the combined ratio of the non-life companies," it added.

Simply put, combined ratio is claims + expenses divided by premium income.

The credit rating agency said that the gross direct premium for April 2020 fell by 10.6% to Rs 14,209 crore for the industry from Rs 15,892 crore earned in April 2019. "This can be juxtaposed to an increase of 14.5% yoy (year-on-year) in April 2019," the report said.

Barring fire, health and liability insurance portfolios, all other segments showed a decline in premium income.

The fire segment grew by about 41%, mainly due to increase in reinsurance rates by GIC Re in March 2019 and January 2020.

"This was however lower than the 51.5% growth demonstrated in April 2019. These policies are subscribed by businesses and generally run on a financial year basis and are renewed in every April," Care Ratings said.

The industry had booked a premium of Rs 4,028 crore under fire insurance portfolio last month.

Logging a premium of Rs 5,380 crore last month, the general insurers grew their health segment by 6.2%, however, since it is the largest segment in April 2020, its growth along with the fire segment prevented the entire non-life insurance premium from being a washout.

"However, its growth in April 2020 may also have been affected by IRDAI (Insurance Regulatory and Development Authority of India) permitting the payment of renewal premium due in the March 25, 2020 to May 03, 2020 period by May 15, 2020 and allowing the payment of health insurance premium in instalments."

According to Care Ratings, the motor insurance segment has witnessed a significant decline as not many vehicles were sold in April 2020, and the amount is generally from the renewal of premium from existing cars.

With mandatory three-year (cars) and five year (two wheelers) period insurance for new vehicles, the contribution from sale of new vehicles is high.

Further, not increasing the premium rates for motor third party liability insurance cover may also have been a contributing factor in the fall of such insurance premiums.

In April this year, non-life insurers had booked a total premium of Rs 2,622 crore under motor insurance down from Rs 5,141 crore earned in April 2019.

SN Rajeswari appointed as new CMD of Oriental Insurance

SN Rajeswari, General Manager, New India Assurance (NIA), has been selected by the Banks Board Bureau (BBB) as the Chairman and MD of Oriental Insurance Company after an online video interview process in the wake of the lockdown.

The BBB had conducted virtual interviews of five senior general managers of the public sector general insurance industry - with two years of residual services till May 2022 - to select a CMD for OIC. AV Girija Kumar, CMD, OIC, is retiring this month end on reaching 60.

For the first time, the interviews for selecting a CMD were done through video conferencing, with the nation under lockdown to check the spread of Covid-19.

Currently, B P Sharma heads a seven-member panel to select CMDs of PSU insurance companies and banks. In a unique practice, BBB has preferred, for the second time, to announce the result of the interview on the same day. Earlier, results of interviews for selecting CMDs of GIC Re and Agriculture Insurance Company were announced the same day.

Other general managers who appeared for the interview were Dinesh Waghela (OIC), Sobha Reddy (NIC), Deepak Godbole (GIC Re) and Madhulika Bhaskar (GIC Re). Rajeswari, a chartered accountant, is currently the second senior most GM of the public sector general insurance industry and will retire in May 2022.

Merger of PSU general insurers on back burner due to Covid-19

The Centre's plan to merge the three PSU general insurers has been put on hold.According to sources, preparations for the merger have taken a back seat in the past two months, with the government's attention shifting towards the Covid-19 pandemic.

"There has been no movement on the merger. There has been no communication from the government, and we have also not heard from consultants.

However, the board has already approved the merger. Given the current situation, we have a feeling it will get delayed," said an executive of a one of the insurers.

In January, the boards of all three firms had approved the merger. Last year, the three firms had appointed EY to prepare the roadmap for the merger. It had recommended completion of the same by December 2020 or within 18 months starting July. "Merger is not on the priority list," said another executive of one of the firms.

"For insurers and the government, there are other issues on the agenda. Hence, it is of secondary priority," said a third senior executive of one of these firms.

"Till a proper plan evolves - not just for the merger but also the IPO - it is necessary that chiefs of the insurance firms prepare the blue print for the merger, and handle integration of the three entities. Therefore, the government is making appointments wherever the CMD post is falling vacant," said Ashvin Parekh, managing partner of Ashvin Parekh Advisory Services.

Sources also said the whole purpose behind the merger was to augment capital by listing the merged entity, which would bring down government equity. In the present context - given that the three firms are not in a very good shape - if they go through with the merger and do the listing, it will be below-par and fetch the government less than expectations.

Further, the prevailing market conditions are not conducive enough for a merger because IPO plans might not fructify, given the weak market sentiment.

In the Budget earlier this year, the government set aside Rs 6,950 crore for recapitalisation of the three entities as all of them were struggling on the solvency ratio front.

As of Q3FY20, National had a solvency ratio of 1.01, against the regulatory requirement of 1.5. Its combined ratio - a measure of profitability for non-life insurers - stood at 173 per cent. If the combined ratio is below 100, the firm is making underwriting profits.

Oriental had a solvency ratio of 1.54 and reported a combined ratio of 132 per cent. United reported a solvency ratio of 0.94, much below the regulatory requirement, with combined ratio at 127.62 per cent.

Edelweiss General Insurance launches driver-based Motor Insurance

Under the IRDAI's Regulatory Sandbox, Edelweiss General Insurance, has launched an innovative app-based Motor OD floater policy named as Edelweiss SWITCH.

This driver-based motor insurance policy not only allows vehicle owners to switch their motor insurance ON and OFF based on usage, but also covers multiple vehicles under a single policy. This cover is like a floater policy that covers multiple drivers and multiple vehicles under a single policy and that too on pay-as-you-use model that allows the customer to pay premium only on the days they use the vehicle.

Unlike a traditional Motor OD policy, insurance premium for Edelweiss SWITCH is calculated on the age and experience of the driver.

Moreover, it offers significant cost savings and convenience to customers, as they may pay the premium only on the days they use the vehicle as per the pay-as-you-use model of Edelweiss SWITCH.

Although, accidental damage claim may be admitted under the policy only when it is switched on, cover against fire and theft is provided 24/7/365 as these incidents can happen even if the vehicle is not being driven.

The "Pay as you use" model is expected to bring in a change in the standard of determining Motor Insurance premium, as usage and driving experience would also be taken into account henceforth. ❑

IRDAI News

Advisory to policyholders and insurers related to Covid 19

The Authority welcomes the stand of the Indian General Insurance industry regarding continuity of policies in the context of the General Condition in Standard Fire and Special Peril policy where the insureds' premises are unoccupied for more than 30 days as stated on the website of the General Insurance Council on the 28th April, 2020. This gesture in giving a one-time relaxation for the properties unoccupied during the national lock-down period between 25th March and 3rd May, 2020 is in the interest of policyholders, given the current unprecedented situation.

The General insurers have been advised by the Authority to inform the policyholders of how the relevant clause(s) would apply beyond 3rd May, 2020 in all policies and what action is needed by the policyholders to avail of uninterrupted coverage. The insurers need to take a reasonable and suitable approach depending on the local situation in different geographies.

The insurers have also been advised by the Authority to continue to engage with their policyholders and give them the necessary guidance regarding the policy conditions in general that may get attracted during the lock-down or immediately thereafter. They should communicate directly with the policyholders through email, SMS or other digital means in clear and simple language advising them well in time on the action to be taken by the policyholders for ensuring uninterrupted coverage in all their insurance policies.

The Policyholders in turn are requested to read the terms and conditions of their insurance policies carefully and be aware of the policy requirements in case they or their insured properties are located in areas where there could be prolonged restriction of movement.

The Policyholders may directly contact the insurers or take the assistance of Agents or Intermediaries through whom they have availed the Insurance Policies. The Insurers, Agents and Intermediaries who have placed business should work together to ensure that Policyholders are guided appropriately during these difficult times.

Clarification in respect of premium income figures of life insurance companies for FY 2019-20

Some newspapers carried a news item that "Life Insurance Companies have registered 11.4% growth in premium income in FY20". This is incorrect as the growth rate of new business life insurance premium for FY20 is 20.60%. The figure 11.36% is the growth rate of new business life insurance sum assured for FY20. Similarly, the correct new business life insurance premium figure for FY20 is Rs. 2.59 lakh crore whereas the figure for new business life insurance sum assured for FY20 is Rs. 48.26 lakh crore.

Prudent management of financial resources of insurers in the context of Covid-19 pandemic

As part of measures to prudently manage their financial resources, all insurers have been directed to align dividend pay-out for the FY 2019-20 so as to be in conformity with their strategies to ensure that they have adequate capital and resources available with them to ensure protection of the interests of the policyholders.

In view of the emerging market conditions, and to conserve capital with the insurance companies in the interests of the policyholders and of the economy at large,insurers are urged to take a conscious call to refrain from dividend payouts from profits pertaining to the financial year ending 31st March 2020, till further instructions. This position shall be reassessed by the Authority based on financial results of insurers for the quarter ending 30th September, 2020.

The necessary relaxations on recognition of 'approved investments' under Regulation 3 (a) (4) and 3 (a) (5) of the IRDAI (Investment) Regulations, 2016, arising out of the above will be separately considered. It is further directed that this circular along with the above referred circular dated 13thApril, 2020 be placed before the Board of the insurers at the ensuing meeting under intimation to the Authority. ❑

LIC of India News

LIC launches modified PMVVY for senior citizens

Life Insurance Corporation of India (LIC) has launched the revamped Pradhan Mantri Vaya Vandana Yojana (PMVVY) for senior citizen with better rate of interest.

This pension scheme is non-linked and non-participating, and will be available for investors till March 31, 2023. Financial advisors say that investors should look at this scheme as it offers attractive returns for longer duration.

According to LIC, this scheme has a policy term of 10 years and the pensioner can choose monthly, quarterly, half yearly or yearly mode of pension. The scheme will provide an assured rate of return of 7.40% per annum in FY21. For investors investing this financial year will get 7.40% per annum payable monthly for entire duration of ten years.

"For the policies sold during the next two financial years, the applicable assured rate of interest, at which the pension payment shall be made, will be reviewed and decided at the beginning of each financial year by the finance ministry," said LIC in its release.

The scheme can be purchased by payment of a lump sum purchase price. The pensioner has an option to choose either the amount of pension or the purchase price. For example, the minimum purchase price for monthly mode is Rs 1,62,162 and for yearly mode Rs 1,56,658. The maximum pension one can get under this scheme will be Rs 9,250 per month and Rs 1,11,000 per year.

While the Senior Citizen Saving Scheme (SCSS) has a tenor of five years and can be extended for another three years, PMVVY has a policy term for 10 years and gives 7.4% per annum. For an investor who wants income certainty for ten years, this is a very good product."

Total amount of purchase price under all the policies under this plan and all the policies taken under earlier versions of PMVVY allowed to a senior citizen shall not exceed Rs 15 lakh, said LIC. This scheme was earlier launched in 2017, and recently, the government extended the scheme till March 31, 2023.

This scheme can be purchased offline as well as online from LIC. Financial planners say that since pension received are taxed at the hand of investors, this product from LIC is advisable for someone who is in a lower tax bracket.

Life insurance policy: Grace period for premium payment extended further

Irdai, the insurance regulatory body, on Sunday said it has decided to further extended the grace period for renewal of life insurance policies whose premium was due in March till May 31 in wake of the extension of lockdown to fight spread of coronavirus.

"On a review of the recent situation of lockdown resulting from global pandemic of Covid-19 across the country and representations received, it has been decided that, for all life insurance policies where the premium falls due in the month of March 2020, the grace period shall be allowed till 31st May 2020", Irdai said in a statement.

Earlier, on March 23 and April 4, the Insurance Regulatory and Development Authority had announced additional grace period of 30 days for policies where premium fell due in the months of March and April.

This was done to provide relief to life insurance policyholders in wake of the unprecedented lockdown situation as a result of coronavirus pandemic, the insurance had said.

Now as the lockdown has been further extended up to May 17, 2020, the insurance regulator has extended the grace period up to May 31 for all life insurance policies whose premium was due in March keeping in view the difficulty faced by some policyholders to renew the policies in time.

All policyholders are requested to note that the objective of grace period allowed is to pay all the premiums due within that period so as to keep the policy coverage in force, Irdai further said. ❑

Health Insurance News

Silent' COVID-19 more widespread than thought

A new cruise ship study suggests that the number of people who are infected with the new coronavirus but have no symptoms may be much higher than believed. More than 80% of those who tested positive for the infection had no symptoms, according to the study published online May 27 in the journal Thorax.

The findings could be important as lockdown restrictions begin to be eased, and they highlight the need for accurate data on how many people worldwide have been infected, journal joint editor-in-chief Alan Smyth said in a linked blog.

The study focused on a ship with 128 passengers and 95 crew that left Argentina in mid-March for a planned 21-day cruise of the Antarctic. The voyage began after the World Health Organization (WHO) had declared the new coronavirus a global pandemic.

Passengers who in the previous three weeks had been in countries where coronavirus infection rates were high were not allowed to board. All passengers who were allowed to board had their temperature taken before embarkation, and the ship had numerous hand sanitizing stations, particularly in the dining room.

After the first case of fever was reported on day 8 of the voyage, infection control measures were immediately implemented, including confining passengers to their cabins and the use of personal protective equipment by any crew member in contact with sick passengers. The ship arrived in Uruguay on day 13, where eight passengers and crew eventually required medical evacuation to hospital for COVID-19-related respiratory failure.

Amazon India to Offer Free COVID-19 Health Insurance to Sellers

Amazon India announced that it is providing free COVID-19 health insurance to all its sellers in the country. The insurance will cover COVID-19 hospitalisation and treatment as well as ambulance assistance and ICU charges of up to Rs. 50,000 for one year, the e-commerce giant said in a press statement. The company has partnered with insurance company Acko General Insurance to manage the policy delivery and handling of claims and reimbursements. The insurance premium will be fully funded by Amazon India.

This will be available for Amazon sellers who had an active product listing on the Amazon.in site between January 2019 and May 26, 2020. Amazon will provide a seven-day enrolment window to let sellers enrol themselves by providing their particulars and KYC documents. Sellers will not be required to take any medical tests for the registration of the insurance. Only one person will be covered under the insurance policy, as per the terms and conditions decided by the company.

Aegon Life launches 1-year term insurance with COVID-19 cover.

Aegon Life has launched a term life insurance with a COVID-19 cover for hospitalisation expenses up to Rs 1 lakh which can be bought on the Flipkart app. The policy is issued only for 1 year. This means that both the COVID-19 cover and term insurance will expire after one year from the date of purchase of the policy. Also, it is a term insurance cover, so there is no maturity benefit or survival benefit payable to you on the coverage expiry date of the policy.

https://www.transfernow.net/yN5tOh062020 The policy is not available for senior citizens as only those aged between 18 years and 50 years can buy this policy. According to the press release, this launch is aimed to provide Flipkart customers with a comprehensive insurance cover against COVID-19, that can be availed on the e-commerce company's app instantly along with the base life insurance plan. This cover supports the policyholder by covering hospitalisation costs of up to Rs 1 lakh on minimum 24 consecutive hours of hospitalisation on the first diagnosis of COVID-19, along with death benefit from the life cover. ❑

Private Life Insurance News

Life insurance firms record 45% degrowth in April

It was when COVID-19 virus started spreading in India, the insurance regulator IRDAI had a discussion with life insurance companies regarding the launch of COVID-specific products. But the discussion halted after realising the fact that all life insurance products cover the pandemic deaths in their products. "When we thought of having a COVID-specific product, we had a discussion with the regulator. Finally, we decided that it didn't make sense to launch a specific product as coronavirus is already covered in all life insurance products. Source of the death is not an issue in the life insurance products sold in India," said Tarun Chugh MD & CEO, Bajaj Allianz Life Insurance.

The life insurance industry has witnessed a degrowth of 45 per cent in April. Usually, March is a big month for the industry and April-May are not so significant. "After the lockdown, 95 per cent of the product sale is happening digitally and the rest we get from aggregators. The digital sale has increased by seven-eight times during the lockdown. The ticket size has fallen, but the number of products sold has been increased. People are committing lesser amount for insurance as there has been an increasing tendency to keep cash," Chugh said. Bajaj Allianz witnessed a flat growth in the lockdown.

Chugh said that the demand for the traditional term insurance is rising after the pandemic started spreading across the world. If 45-50 per cent customers preferred traditional plans earlier, it has increased to 65-70 per cent right now. The demand for wealth products, which are deployed in government securities, bonds and stock market, has fallen, he added.

"We are in uncertain situation. Normally, we plan for the full financial year in March. But this year, it doesn't make sense to put a plan. We reopened 300 of the 600 branches of Bajaj Allianz in green and orange zones. About 2,000 customers come to the branches everyday nowadays. In fact, we are using the time to transition our business model. We are ensuring that we adopt digital processes and the customer is getting used to it. We will not be depending on the face-to-face sale so much. We are training our advisors to get to selling and servicing through online. We will have to co-exist with COVID-19. In this context, you cannot have the plan for the year. You should have the plan for the month or the quarter," he said.

The insurance business is seen to be impacted in the first quarter of FY20 due to the coronavirus pandemic. However, rating agency CARE Ratings said that insurance space will record strong performance, especially digitally going forward. The data given by CARE suggests that overall life insurance industry recorded a first-year premium income of Rs 2.6 lakh crore during FY20 against Rs 1.1 lakh crore during FY10. The CAGR growth is 8.2 per cent between FY10 and FY20.

Future Generali India Life Insurance company develops digital delivery platform for insurance agents

Future Generali India Life Insurance Company has developed a 360-degree digital delivery platform for its agents to carry out their everyday business activities without having to move out of their current locations in view of the COVID-19 crisis.

"The unprecedented global COVID-19 crisis caught businesses off guard and disrupted our routine. The new normal calls for businesses to adapt and adopt digital solutions at a faster pace.

"We are one of the few insurance players who worked on a solution using agile methodology and was quick to go to the market. With our integrated online platform for distributors, we are better off now to adapt to the new normal," Future Generali India Life Insurance Executive Vice President and Head - Proprietary Channels, Subhasish Acharya said in a statement.

From recruiting agents to identifying leads, generating interest, calling clients, having online conferences or video chats with customers, to finally issuing a policy document -- all these activities can be done online at one place, Acharya added. ❑

International News

GD Assist Ltd. hosts international webinar on "Medical Tourism & Hospitality after COVID-19" with different stakeholders from Malaysia, Thailand & Singapore

GD Assist Ltd., one of the subsidiaries of Green Delta Insurance Company, has recently organized an international webinar titled "Medical Tourism & Hospitality after COVID-19" on 20th June,2020 (saturday),in association with Malaysia Healthcare Travel Council (MHTC) & Tourism Authority of Thailand (TAT).

This was the first time a webinar was organized in Bangladesh with different stakeholders from Thailand, Malaysia, & Singapore. The all three nations are heavily focused on Bangladesh market from the perspective of medical tourism. The objective of this webinar was to discuss how COVID-19 mightshape the future of medical tourism & hospitality market in the near future and how to strategize in adapting to the new norms after COVID-19.

The webinar was hosted by Mr. Syed Moinuddin Ahmed, Managing Director of GD Assist Limited. Followed by his insightful speech, the panel discussion commenced with four panel members, namely, Mr. VachirachaiSirisumpan (Director, New Delhi Office, Tourism Authority of Thailand), Ms. Nik Yazmin NikAzman (CCO,Malaysia Healthcare Travel Council), Dr. Raymond Choy(Co-Founder & CEO of Doc2Us) and last but not the least, Mr. Syed Moinuddin Ahmed himself.

Their insightful viewpoints and opinions enlightened the audience about adopting the new technology-based services of medical tourism, such as,tele-medicine or tele-consultancy. Moreover, their keen observations also laid out the suggestions regarding the measures that should be taken for the safety of people while travelling after COVID-19.

GD Assist Ltd., a venture of Green Delta Insurance Company Ltd., is the largest healthcare management company of Bangladesh working in medical tourism for Bangladeshis.

During the COVID-19 pandemic, the firm has successfully carried out few evacuations of around 250 stranded Bangladeshis recently from Thailand, Malaysia and India and flied back 200+ stranded Non-resident Bangladeshis including US immigrants, US immigrant visa holders and Green Card Holders from Dhaka to Chicago.

Generali's Europe dominated business battling high claims, says GlobalData

Generali Group has extremely high exposure to Europe, and especially in its native Italy, which has been heavily impacted by COVID-19 and this leaves it facing high payouts (insurance claims), says GlobalData, a leading data and analytics company.

GlobalData's Covid-19 Company Impact: Generali Insurance Group Ltd report suggests that Generali is vulnerable as it has an extremely strong presence in Europe (which accounted for 93.7% of its revenue in 2018).

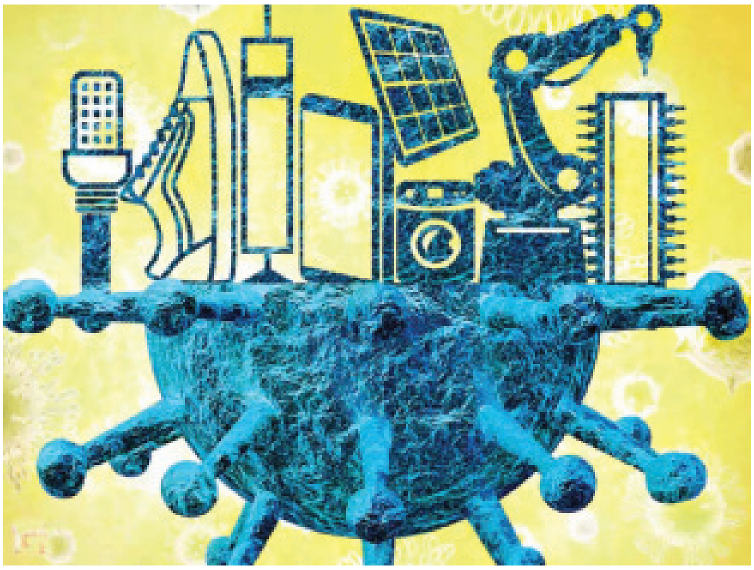
However, one positive for the insurer is that it has quite a diversified book in terms of products. The non-life insurance accounted for just over a quarter of its total business at the end of 2018. The insurer also has low exposure to North America, where the number of cases is extremely high, and continues rising.

Deblina Mitra, Insurance Analyst at GlobalData, comments: "This limits the company's exposure to key lines of business, such as business interruption and credit insurance, which are expected to drive claims. Other non-life insurance lines such as motor and marine, aviation and transit are expected to face stagnant growth, reflecting the prevalent macro economic situation"

Generali has strong online channels, however, and is well-placed to deal with the crisis.

Mitra concludes: "Generali has been focusing on a multi-channel distribution network, based on a global agent network. It is now prioritizing digitalization and diversification of distribution to facilitate quicker distribution. It has also partnered with insurtechs such as Nest in Germany to help prevent claims." ❑

IMPACT OF CORONA VIRUS (COVID 19) ON INSURANCE ECOSYSTEM



COVID 19 has wreaked havoc across the globe, affecting majority of the countries and inflicting fatal sickness among hundreds and thousands. The impact of the virus has left many policyholders as well as the ones who do not have policies scouting for either the optimal cover or seeking clarifications on their existing policies. The subsequent paragraphs are an attempt to take a deep dive into the possible new exposures which COVID19 has created and whether the existing policies are providing any protection to the policy holders.

COVID 19 and its impact on Marine Insurance

A second's thought may tell us that how can marine insurance or the exposures of goods in transit be affected by the virus. But the truth is that there have been exposures which have cropped up leaving the insured and insurer bewildered. The marine insurance policies across the globe are guided by the International Cargo Clauses (ICC), which have been amended in 2009. The domestic transits are covered through the Inland transit clauses (ITC).

An attempt has been made to link the clauses with the new exposures, primarily keeping in view the "lockdown" situation imposed by Indian Government to counter the threat emanating from outbreak of COVID 19. Let us look into few scenarios and the relevant clauses of the ICC/ ITC that might have an impact:

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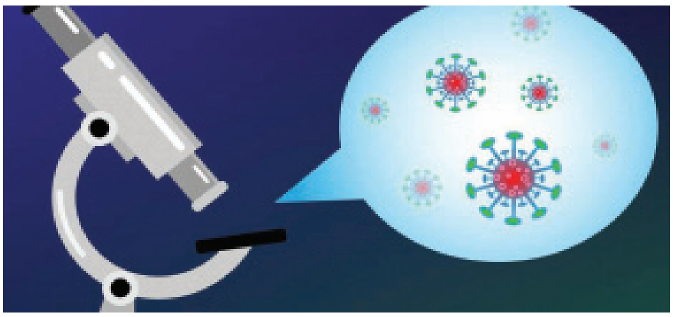

	Situations	View Points / Possible solutions
1.	The road vehicles are struck on the way due to lockdown (may be at border, may be any place midway)...... Is the insurance cover available in case of an insured peril, operating?	Yes, since the vehicles are in transit, such a situation will be treated as ordinary course of transit and held cover as per the Duration clause 6.1. under the ITC - A
2.	The road vehicles or rail have reached the destination town, but are unable to reach the final destination....Is the insurance cover available in case of an insured peril, operating?	The cover under Duration clause is available for only 7 days from the time it has reached the destination town. Within this period the goods have to reach final destination and get unloaded ...else the policy terminates.
3.	The road vehicles or rail have reached the destination town, in fact the final destination, but unable to unload due to lack of manpower / premises being closed	Though the delay is beyond control of assured and the cover should continue as per clause 6.2 of the Duration clause, they are still subject to the timelines mention under clause 6.1 (i.e. 7 days from the time it enters the destination town). So , if the unloading does not happen , again the policy will terminate on expiry of the 7 days In fact the Duration clause 6.1.3 also states that .....Policy will terminate "When the Assured or their employees elect to use any carrying vehicle or other conveyance or any container for storage other than in the ordinary course of transit"
4.	Goods have been discharged from vessels, but are lying in port due to non clearance from customs / lockdown in cities	The insurance cover is valid for 60 days from the time the goods are discharged from the vessels(30 days for aircraft) as per ICC - A , within which the same should reach final destination and goods should be unloaded.
5.	There will be accumulations at various places .... port, borders, eateries on highways, outside the final destination. ..Any concerns?	It is time to review the " per location limit " ...if the same is breached , loss will be paid till PLL only (in fact as per Marine Insurance act 1906 , underinsurance can also apply, depending on how the insurers view the same)
6.	It is possible that a vessel (air or sea) carrying cargo from or to countries affected by the virus and going to another destination, may not be allowed to enter the port of destination. The vessel may be redirected to a new destination OR may be quarantined. The consequence of this can be, either of the following: a. Non delivery of the consignment to the concerned person b. Damage to the cargo (perishable cargo) till the time the vessel is allowed to return to the original destination.	a. Can the cargo owner recover the damages from the carrier? .....Carriage contracts are normally governed by the Hague- Visby rules and the Article IV of these rules mentioned that the carrier cannot be held responsible , if there is a quarantine b. Goods getting damaged during the quarantine period proximately caused due to the delay in reaching the final destination ...can they be covered under the cargo owners (buyer or seller depending on the terms of trade) marine insurance policy? .... Exclusion 4.5 of the ICC clause mentions: "loss damage or expense caused by delay, even though the delay be caused by a risk insured against". Thus this clause would result in such losses getting rejected. Even Section 55(2) (b) of MARINE Insurance act, 1906 speaks about this exclusion.
7.	If the cargo cannot be delivered at the original port of destination due to the threat of the virus, and is	Termination of Contract of Carriage...clause 9 of ICC -A, clearly mentions that even if the circumstances are beyond

discharge at some other port, does the insurance policy continue to cover?	the control of the assured, and either the contract of carriage is terminated at a port or place other than the destination named therein or the transit is otherwise terminated before unloading of the subject-matter insured as provided for in Duration clause, then this insurance shall also terminate.

Note:

1. Considering the current unprecedented event triggering the above situations is advisable to approach the insurers requesting for the extension of the covert till normalcy prevails. Extension of the period mentioned under duration clause, if agreed to by insurers can help in the continuity of cover under situations 2, 3 and 4.
2. All the views expressed above are based and assumed on the coverage, condition and exclusions of ICC-A and ITC - A clauses, version 2009 and 2010 respectively.
3. Quick review of the per location limit, based on the transits which are en route to final destination, will help the corporate analyse if the per location limit under the policies are adequate. A referral to the insurers always helps. It is also possible that in certain cases the insurers might have to take the concurrence of the reinsurers.
4. In situation number 7, the assured should immediately bring it to the notice of the insurer, and subject to the discretion of the underwriter, the continuation of the coverage may be agreed as per clause 9.1 and 9.2 , on payment of additional premium till:

   9.1 subject-matter insured is sold and delivered at such port or place,

   Or, unless otherwise specially agreed, until the expiry of 60 days after arrival of the subject-matter insured at such port or place, whichever shall first? Occur, or

   9.2 If the subject-matter insured is forwarded within the said period of 60 Days (or any agreed extension thereof) to the destination named in the Contract of insurance or to any other destination, until terminated in Accordance with the provisions of Duration clause.

COVID 19 and its impact on Liability Insurance:

Corporate are currently worried about the liability suits being filed against the directors and officers for situations driven by the outbreak of the COVID19, globally. Though it may sound strange, yet there could be situations which can result in such cases being file and in some cases it could also lead to class action suites. The following paragraphs would analyse the situations that can give rise to legal suits being filed against the directors and officers:

Director's and Officers Liability policy (Management liability)

1. **Non-disclosure of material facts :** Non-disclosure of the possible impact of the COVID 19 on the business of the corporate , to the shareholders can spell troubles for the Directors and officers responsible for the same e.g. if the corporate fails to disclose the adverse impact of the COVID 19 on the business performance and there is a significant fall in the share prices , the shareholders can file security class action suits against the erring Directors .
2. **False and misleading statements:** In order to boost the share prices, if any company issues false and misleading statements, this can lead to subsequent suits being filed against the Directors taking such decisions. Two such cases have been filed in US and similar cases are

expected from Europe, UK, Canada and Australia. In one case a pharmaceutical company claimed falsely of developing a vaccine for COVID 19, leading to a shareholder filing a suit.

3. **Non- adherence to instructions of authorities:** In situations like the enforced lockdown, non adherence to the instructions, affecting the employees, can result into class action suits against the company as well as the Directors. This can also attract civil fines and penalties from the authorities.

4. **Lack of contingency planning:** Robustness of the contingency planning of a company, in the wake of COVID 19 outbreak, will be put to test. Inadequate decisions, lack of preparedness in case of lockdowns, inadequate technology to continue " business as usual "can all lead to potential questioning from the employees, investors, clients, following drop in business results .

5. **Employment practices liability claims:** Inability of corporate to take adequate actions for the safety at workplace can result in class action or even individual suits from employees. Even discrimination at work place (e.g. a group of people be asked to report for duties in case of lockdown, if proved to be a case of discrimination without any logic) can lead to employee suits.

Trigger for a claim for security class action under a D&O policy will be an accompanying fall in the share price related to the COVID 19 outbreak, arising out of the negligence specified point 1 & 2 above. However it is yet to be tested how the policies will respond.

In case of unsatisfactory decision making showing the "wrongful acts: as mentioned under point no 4 as above, will certainly trigger claims under D&O policy.

Bodily injuries arising out of COVID 19 outbreak cannot be a part of the D&O policy but the defence costs can be looked at (depending on policy wording), if the failure to supervise is proved . Further mental anguish and emotional distress can still lead to claims under a D&O policy.

Claims under EPLI extension of the D&O policy can be triggered (both on directors as well as entities in case of the following: a. mental distress following lack of pro active management of the crisis b. Discrimination if the crisis is managed differently at different places / with different groups. c financial loss

Commercial General liability policy:

Many clients might be wondering whether a claim can be triggered under a "Commercial General liability policy ", following the outbreak of COVID 19. It is pertinent to mention here that Commercial General Liability (or a Public liability policy); being a legal liability policy, the negligence needs to be proved in the court of law. Even if there is a negligence , we need to understand that a CGL policy covers liability arising out of " bodily injury or property damage " of third party caused by an " occurrence " which has happened in the insured territory and arising of business activity of the insured.

Two aspects which needs to be proved here are

a. Is contacting the virus an "occurrence "and has the virus been contacted within the premises or arising out of insured's business operation?

b. Is contacting the virus a "bodily injury "?

Only when the above two aspects can be proved in the court of law and if the policy does not carry a " communicable disease " exclusion (some policies do carry an exclusion for loss caused by action of pathogenic organisms), the loss under a CGL policy will be tenable .

COVID 19 and its impact on Property Insurance:

World over there have been innumerable debates on whether the property damage policies (Material damage) and in particular Business Interruption policies , can come to the rescue of the policy holder and pay for the business losses during the period of shutdown / lockdown . The debates and discussions have finally culminated in the London market issuing an exclusion for loss or damage arising directly or indirectly out of " Communicable Diseases" with the definition of such disease been mentioned . Indian market has followed suit with all policies now been endorsed with the "Communicable disease exclusion ".

But even if the exclusion did not exist a look at various wording of property policies in India as well as overseas would throw the following interpretations:

a. The operative clauses of the Property damage policies (Material damage section) would invariably mention the words "loss or damage arising out of accidental and physical means ". There is no doubt that even if we consider the outbreak of COVID 19 as " accidental " , certainly it will NOT cause any physical damage to the assets of the client .

b. The above is a pointer to the fact that there would be no admissible loss or damage under the Material damage section, due to outbreak of COVID 19.

c. Since there will not be any admissible damages under the material damage section/ policy , there will certainly be no TRIGGERS for a claim under BUSINESS INTERRUPTION POLICIES

It is not that non-damage BI covers are not available. Denial of access to premises following outbreak of infectious diseases within specified radius, is available in various markets. But this is not a cover which is extremely popular and this time all insurers have refused granting this extension. Even this extension will be subject to its own conditions and exclusions.

There are certain important steps required during this stage of lockdown following outbreak of COVID 19, which has a direct impact on the risks insured under property policies:

1. Condition 3 b of the SFSP / IAR policies as well as Mega policies(condition number could differ) , better known as " Non occupancy condition " states : Policy will cease to operate if the building insured or containing the insured property becomes unoccupied and so remains for a period of more than 30 days.

   Since the current lockdown situation might last for more than 30 days, it is very important for every concerned to request insurers for the continuity of cover during this period of non- occupancy.

2. Similarly the project insurance policies (CAR and EAR) will carry the following: General Exclusion (d), i.e. "Cessation of work whether total or partial". Keeping in view the current scenario, steps to be taken immediately to ensure continuity of cover during this period of cessation. In our erstwhile tariff as well in International market (Refer to Zurich clause), there are endorsements for " Work stoppage extension " , mainly worded to provide a solution to the above exclusion . The present condition will certainly need a relook by the underwriters and provide a solution through this extension.

Major impact of COVID19 will be felt under the Health insurance policies, irrespective of whether it is taken as an individual or group. The regulator has instructed that the hospitalisation benefits under health insurance will cover the expenses incurred towards treatment of COVID19.

Yet another policy which might have an impact would be the "Employee compensation policy ". It is possible that an employee who contacted the disease at workplace might like to lodge a claim with the WC commissioner. The onus of proof that the disease was contacted "within the working premises" and "during the course of business" certainly will be on the employee, but the likelihood of the Commissioner taking a lenient view of the same is high. The policy coverage needs a thorough scrutiny as " Occupational diseases " listed out under the WC ACT(Now Employee compensation act) , Schedule 3 , are often excluded from the EC act policy . It is debatable whether COVID 19 will be treated as an occupational disease and whether the claims will stand the court of the Commissioner, will certainly be a test of time.

Hoping that the situations will ease out soon and all the exposures mentioned above with the possible solutions, remain on paper. But till that time it is relevant that insured, intermediary or insurer, we all need to take the right foot forward, in real earnest

Stay safe, stay indoor, stay healthy

Disclaimer:

The facts elucidated above are the individual views of the author and need not represent that of the organisation to which he belongs to.

The above facts are based on the practices and understanding, in the Indian and International market. However the final decision of the underwriters would be binding on all, depending on their filing of the products, internal guidelines and interpretation of the wording. ❑

FIRE TARIFF HAS COME BACK AGAIN - AS DETARIFF UNDERWRITING PROVED FUTILE

Introduction:

The Fire Insurance portfolio of all General Insurers in India was right from the beginning for all time considered as a profit generating assortment. All insurers knew that Fire Line of Business is always giving the cream of profit, as the moral or morale hazards are normally absent in the Fire Insurance selling and no one considers to burn his own property to fetch some financial benefit from his fire insurance policies, as there exists a Policy Excess of 5% of the claim amount subject to minimum of Rs. 10, 000/- or more depending on the Sum Insured of the policy, always to be applicable for all fire claims (except for the dwellings). So, whatever amounts are eligible for payments to be made by the insurers' under the affected Fire Policies, those basic amounts of excess need to be always mandatorily be borne by the insured in each such claims.

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But from the dangerous trend of lucrative discounts being offered by the insurers, mainly to the corporate clients, in the cut-throat & unhealthy competition existed in the de-tariffed regime of Indian General Insurance Sector, the premium base of the Fire Portfolio thus become a skeleton. It is a joke prevailed in the market at the backdrop of last few years' Fire Insurance operations, an insured availing 99.999...%, when asked for further discount from the insurer - the underwriter replied "We are ready to allow 100% but that ensures no payment of premium from your side - which means - no policy may to be issued. Well, will you be happy in such situation?"

Even situation was so bleak, that insurers started accepting 100% discount in Basic Fire Premium along with collection of full premium on STFI, Earthquake (as add-on cover) perils - as no discount being applicable for these AOG Perils. Although in the Fire insurance retail markets, the discounts allowed by the Indian insurers were relatively low - but the charm of underwriting the Fire Line of Business in so doing, simply vanished.

Even no satisfactory answer was available from the Secretary General of General Insurance Council, Mumbai - when that respected person was asked by the author, "How to manage this unnecessary ruining of Fire Premium base?", in the open session of one Seminar organized at Hotel Taj Seminar Hall in Mumbai, a few years back (being organized by an well-known Magazine House) - but no satisfactory reply was then available from him.

Situation that prevailed in General Insurance market in India:

The operational expense ratio of the Indian non-life industry deteriorated despite already being the highest globally. This deterioration was evident among both Indian public and private insurers. Operational expenses increased as insurance players continued to invest in the expansion of their business and to compete absolutely being in a severe cut-throat competition with the international players in this market, as India's Insurance Regulatory and Development Authority of India (IRDAI) had contemplated an increase in the limit on foreign direct investment in insurers to 49% long back about almost ten years ago.

The effect is, if global players acquire larger stakes in domestic operations, it could lead to more widespread adoption of best practices, and resultant operational efficiencies in the long run. The acquisition ratio of India's non-life insurers declined as new and low-cost distribution channels emerged, especially among private-sector providers, where acquisition costs are lower than that existing amongst public insurers. Investment ratios- the return on insurers' investment portfolios - are declined heavily. Since the financial crisis, insurers have been more conservative in their investments amidst ongoing uncertainty in world markets and weaknesses in macroeconomic conditions. The European debt crisis injected further volatility into financial markets after the outbreak of Corona Virus currently.

As the result of market and economic uncertainty on several counts, insurers generally become more heavily invested in fixed-income securities and bonds, despite the prevailing low interest yields, and have far less exposure to equities than before the crisis. This approach keeps returns low, and limits insurers' exposure to the upside of equities gains, but it is not likely to remain the favoured stance for them. Profit margins for non-life insurers declined broadly since de-tariffing, despite efforts to improve operational efficiency, because gains in underwriting performance were not sufficient to offset dilapidated investment returns.

As such all non-life insurers are focused on reducing operational costs and raising efficiency, but market-specific conditions continue to be the single most important factor. With investment income likely to be limited for the foreseeable future, and many insurers already trying to make routine activities as efficient as possible, business acquisition costs are likely to be the next target for non-life insurers seeking to improve their profitability. Agents and brokers remain ubiquitous in most of the markets, so any significant reduction in acquisition costs is likely to emerge only as the use of direct channels being more ubiquitous in India.

Global Efficiency-Ratio Model showed Indian Non-Life Claim Ratios were significantly hit hard by Catastrophe Claims for the last decade. To analyze the specifics of performance, insurers used the Efficiency Ratio Model to calculate efficiency ratios [expense and profit metrics against gross written premiums (GWP)] for major players in each market, and to analyze broad industry performance trends by market accordingly.

The operational ratio in some insurance companies improved, albeit very slightly, as insurers continued to invest in productivity improvements despite rising claim levels, and are starting to see the benefits of productivity investments. Insurers had been slow to make such investments as they faced significant competitive pressure and very low profits. However, investment became necessary as existing systems were aging, and needed to be overhauled or replaced.

System upgrades have led to efficiencies, but the industry is still only part of the way through the updating process. Acquisition ratios are changing very little with only a fraction of customers using direct distribution networks. However, insurers are undertaking widespread efforts to increase the

use of direct distribution networks, and customers are beginning to opt for new and alternative channels, such as Internet and mobile. This is helping insurers to increase their reach, and enhance customer satisfaction, but distribution costs often remain high.

Mainly the positive aspect for the Fire Line of Business is that the Indian Fire Reinsurance Market remained always very lucrative for the Reinsurers and Reinsurance support for the Fire Portfolio covering for Indian Properties are very structured. Proportional Reinsurance products like Quota share & Surplus - both are available from the Reinsurers of Indian Market even thereby allowing the profit commission by the reinsurers to the cedent. In such situation to make the Fire Portfolio profitable again an initiation is taken & as evidenced by the introduction of uniform Fire Rating by all the insurers.

Introduction of new tariff in Fire Insurance is significant positive move:

Tariff firstly came back during the last quarter of 2016-17 for the risk above Rs. 500 Crores (PD + BI) in a single location involving following Mega 12 risks as below:

1. Thermal Power Plant;
2. Combined Cycle Power Plant;
3. Pharmaceuticals;
4. Steel;
5. Automobile Industries;
6. Chemical - Fertilizers;
7. Airports;
8. Cement;
9. Paper;
10. Tyre;
11. IT / Software;
12. Aluminum / Copper / Zinc.

During December, 2019 GIC Re had issued Fresh Mid Term endorsements dated 10/12/2019 to Indian Insurers' PROPERTY Reinsurance Treaties - mandating compliance of following underwriting practices in Fire department for Polices of SFSP / IAR / Mega Risk commencing on or after 01/01/2020.

1. Fixed FLEXA Rating Regime for All Occupancies of AIFT:

a) FLEXA Rates for All occupancies of AIFT shall be the FLEXA Loss Cost Rates published by Insurance Information Bureau of India (IIB) vide Schedule 3 dated 21st November 2019 or any future revision to these rates by IIB. There shall be No Discount allowed on these FLEXA Rates published by Insurance Information Bureau of India (IIB). This IIB FLEXA Loss Cost Schedule 3 contains the detailed description in the following columns:

Sr. No.	IIB Occupancy Code	IIB Occupancy Description	Loss Cost

- covering all Fire Risks being depicted in same fashion as per the erstwhile AIFT / Guide Rates as:

SECTION III - Dwellings/Offices/Hotels/Shops, etc., located outside the compounds of Industrial / Mfg. Risks;

SECTION IV - Industrial / Manufacturing Risks;

SECTION V - Utilities outside the Compounds of Industrial / Manufacturing Risks;

SECTION VI- Storage Risks outside the Compounds of Industrial / Manufacturing Risks;

SECTION VII- Tank firms / Gas Holders outside the Compound of Industrial / Manufacturing Risks.

b) It may be recalled that Insurance Information Bureau of India, which is an organ of IRDAI, has been publishing FLEXA Loss Costs (Burning Costs) since 2015, once in every two years, for various Risk Occupancies, based on entire industry level data collected from Indian Insurers and they reflect the Uniform Pricing needed for each of the occupancies. The Loss costs indicated in IIB schedules are pure FLEXA costs and do not include STFI price.

c) IIB- FLEXA Rates have been in use for 8 Occupancies (36 Risk codes of erstwhile All India Fire Tariff) based on an earlier mandate by GIC Re effective 01st March 2019 and now this practice extends to complete Risk List of Erstwhile All India Fire Tariff.

d) Following the decision to implement the IIB module of Rates only for all occupancies in Fire department from 1st January 2020, Insurers' current practice of using different versions of Fire Rates viz. In-house Guide Rates / Discounted Erstwhile AIFT Rates / Individual Insurance Company's Loss Costs Rates - all will be absolutely discontinued.

2. The Rating Logic of All Occupancies: The Premium / Policy Rate calculation in respect of All the Risks/(s) occupancies shall be as under:

a) FLEXA Rates shall be as per IIB Schedules, which ever are current and shall be without any discount.

PLUS

b) Natural Catastrophe NATCAT (STFI/EQ) rates without any discount, wherever NATCAT cover is opted for.

c) In case of IAR / Mega Policies the following Minimum Rates are to be additionally charged.

MBD	0.25 per mille	
MLOP	1 per mille *	* Rates are irrespective of indemnity periods
FLOP	100% of Fire rate* c	
	harged (i.e. 11B + NAT CAT or IIB Rate)	

d) The Total Rate so arrived i.e., (item a+ item b+ item c) may be further appropriately loaded with Company's Procurement / Management expenses or any other relevant cost to arrive at Final Rate - that means the rates given by IIB now is to be mandatorily applicable to all Fire Insurers operating in Indian market and is the bare minimum.

3. Characteristics of Schedule 3 of Insurance Information Bureau of India (IIB) FLEXA Loss Cost schedule are given as below:

a) IIB has published the latest version of FLEXA Loss Costs Viz Schedule 3 vide their Release dated 21st November 2019 with validity from 1st December 2019 and it superseded their all earlier versions.

b) The IIB, in the Schedule 3, split/demerged some of the AIFT occupancies into multiple Risk codes responding to Industry's needs and availability of data. As a result, there will be now 7 Risk Codes for Electric Generation stations as against only 2 of Erstwhile AIFT and 9 Risk codes for Engineering Workshop as against only 2 recognized under Erstwhile AIFT.

c) The current schedule 3 expanded it to 291 occupancies thus discovering Rates for almost all of Erstwhile AIFT Risk Codes. IIB but could not publish Rates for only 8 numbers of occupancies of AIFT due to inadequate data. GIC Re, however, notified rates for those missing 8 also by aligning the rates of Risks having similar hazard profile. Thus the IIB FLEXA Loss Cost schedule in all has contained the Rates for 299 Occupancies as against 237 of Erstwhile AIFT.

4. General Provisions:

a) Applicability of Minimum NATCAT Pricing : If the Insured wants to delete STFI or EQ or both , it can be allowed but the Policy Rate in such cases shall not be less than the applicable NATCAT i.e. (STFI+EQ) price.

b) Advancement of Policies expiring on or after 1st January 2020 to a prior date in December 2019 , to derive current discounting practices ,either as Premature renewal with cancellation / without cancellation as a parallel policy to the existing policy as a fresh Policy suppressing the renewal information; is barred. It can be allowed if fully compliant to above new pricing practice.

c) Breach of any of the above regulations in any Policy bars its cession into RI treaties.

These changes had been brought to the notice of all the Operating Offices of all the Insurers immediately, for their notice, implementation & strict compliance.

Further changes in fire underwriting brought under gic re mid term treaty endorsement dated 11/02/2020:

GIC Re has notified a further set of amendments to Fire Underwriting, to be valid from 15th February 2020, which is reproduced below:

1. In IAR Policies, there shall be No option to the Client to delete NATCAT i.e., STFI &/or EQ.
2. In SFSP Policies, NATCAT Perils can be deleted subject to charging Minimum NATCAT price for the Policy. The Minimum NATCAT price shall mean; STFI - as applicable for the Risk and EQ - as applicable to the Risk & EQ Zone.
3. In respect of Long Term SFSP Policies for Dwellings under Method- B, long term discount is now restricted only to FLEXA Rate which shall be drawn from IIB Schedule. Hence both STFI and EQ rates are not eligible for long term discounting.
4. A Risk will be treated as Composite Textile Mills (Code 2211 - being newly introduced) if processes from Blow Room to Cloth Processing are involved therein.
5. Minimum NATCAT Price shall be as under for the following Risks. The EQ Rate shall be charged as under irrespective zone IV/III/II/I or multi-zone cross country.

Sl. No	Risk	Minimum NATCAT Price In Mille
1	Roads	STFI fixed at 1.50+ EQ -0.225
2	Pipelines	STFI fixed at 1.50+ EQ -0.225
3	Railway Tracks	STFI fixed at 1.50 + EQ-0.225
4	Lines	STFI fixed at 1.50 + EQ-0.225
5	Cellular Network Policies	STFI fixed at 1.50 + EQ-0.225
6	Residential Colonies, Home welfare associations, Cooperative Societies , Dwellings owned by the Corporate.	STFI 0.15 + EQ - As per Zone

6. A few Risks/Occupancies which were missed out in IIB's initial Schedule 3 are now assigned with appropriate IIB Codes as detailed under:

S No	Risk Description	Applicable IIB Code & Rate
1	Shopping Complex having Multiplex	2229 & Re.0.77 Per Mille
2	Multi occupancy Industrial Estate Buildings	2229 & Re.0.77 Per Mille
3	Cellular Networks Policies	3014 & Re. 0.52 Per Mille

NB 1: Risks in Multiple Occupancy Industrial Estate shall be rated 'per se'

NB 2: If the entire building of the Industrial Estate is insured under one Sum insured FLEXA Rate applicable shall be as above.

Since all the insurers - both private and public sector players, have to abide by this new tariff by offering the minimum fire rate as stipulated in this tariff, the author is incorrigibly optimist that this reintroduction of Fire Tariff will immediately stop the severe cut-throat and unhealthy competition and thereby giving a sustainable future for Indian insurers and bring back the glory of Indian Fire Insurance Portfolio. ❑

!! Hearty Congratulations !!

Thanks readers for excellent response for our Insurance Quiz published in our March 2020 issue. This month the lucky winners of the Quiz is Ranjeet Kumar.

Who will be the next?????

RECENT DEVELOPMENTS MANDATED BY IRDAI IN THE HEALTH INSURANCE SECTOR- AN ANALYSIS

There has recently been an array of new ideas and customer-friendly moves mandated by the Insurance Regulatory Development Authority of India (IRDAI) in the Health Insurance sector. This has opened up new and welcome options for customers. Different service-providers have also contributed by opening up the field to innovative thinking and are offering products geared to fill in the gaps in the standard bouquet of health products available earlier. This field is now dynamic and rapidly-evolving, with many pleasant surprises awaiting customers at a time the Government is laying stress on universal health coverage.

Some significant changes brought in by IRDAI

About the author

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I) *Arogya Sanjeevani*

Following a circular in January of this year IRDAI declared that there must be a singular and standardised Health insurance policy to be offered by all insurers, the public domain is now abuzz with the possible changes round the corner in this sector. All general and stand-alone health insurers across the board are to offer a single policy with identical sum insured, terms, conditions and exclusions, not later than 1st April 2020. However, this circular was later modified and it was mentioned that this deadline would be relaxed for those insurers not offering indemnity-based health policies at this point of time.

As and when these insurers start offering indemnity-based health insurance products, they would also have to offer this standard product. This new product would be referred to as "Arogya Sanjeevani" followed by the name of the insurer. The product would be a plain-vanilla product and would be convenient for customers as they would be spared from comparing multiple terms and conditions and add-ons presently offered by different insurers, which usually is quite confusing for ordinary customers. The new scheme would also allow seamless portability between insurers.

Another unique feature of this product is that the premium need not be paid in a lump-sum at the commencement of cover and payment options range from monthly, quarterly, bi-annual to annual payments. Payments through Electronic Clearance Service (ECS) with the use of auto-debit facility will also be allowed.

The minimum sum Insured under Arogya Sanjeevani would be Rupees One lakh and the maximum sum Insured will be Rupees Five lakhs. The policy may be issued on individual sum insured basis or on a floater basis to the family. The minimum age at entry is Eighteen (18) years and the maximum age is Sixty-Five (65) years with life- long renewability. The policy would be available for a period of one year on a pure-indemnity basis. Cumulative Bonus is available under the policy and the sum insured will be increased by 5% in respect of each claim-free year subject to a maximum of 50% of the sum Insured.

On a claim being made in any particular year, the Cumulative Bonus accrued will be reduced at the same rate at which it has been accumulated. There is a fixed co-pay of 5% on all claims. There are also specified waiting periods for diseases as per standard guidelines and sub-limits for items such as room rent charges, and capping of sum-insured for cataract operations and for some specified procedures. Pre and post-hospitalisation benefit provisions are available. Other standard clauses such as Grace Period for Premium Payments, Portability and Free-look Period of 15 days are also available.

While this is a welcome step for customers who would often require only a standard cover shorn of add-ons, the sum-insured options appear to be somewhat inadequate. The sum-insured perhaps could have been allowed up to Rs. 10 lakhs, keeping in view the mounting costs of medical treatment, particularly in Tier-I cities.

There is also provision for pre-acceptance medical examination and loading based on health status and/or occupation and these underwriting criteria may differ across insurers. The premium is to be specified by the insurer concerned and presumably, this would be the main differentiator between the different insurers offering the same product.

The option of making premium payments in instalments will require the insured to be vigilant by close monitoring of the compliance of premium payment guidelines by her, throughout the policy period.

II) Amendment of the definition of pre-existing diseases (PED)

The Regulator has modified the definition of PED and has stipulated that no disease will be treated as PED, even if diagnosed within three months or later of purchasing a health insurance product, by way of a circular in February of this year. However, this modification is not applicable in the case of Overseas Travel Insurance. This definition was included in the guidelines on standardisation in health insurance released by IRDAI on 27th September 2019.

While this will lead to lower rejection of claims and bring cheer to customers, it will also increase claims outgo and ultimately lead to higher premia.

III) The option of Customers' choice for health insurance Third-Party Administrators (TPA)

In December 2019, IRDAI vide the Insurance Regulatory and Development Authority of India (Third Party Administrators-Health Services) (Amendment) Regulations, 2019 stipulated that policy-holders will be allowed to choose their own TPA. As is well acknowledged, TPAs now play an essential role as they are the first point-of-contact when the insured applies for cashless authorisation for her hospitalisation claim. They are also thereafter responsible for processing the health claim (be it cashless or reimbursement) and for consolidation of documents from the hospital concerned and final quantification of the payable amount. However, they are not responsible for claims rejection or acceptance, which is the sole prerogative of the insurer.

It has been stipulated that henceforth, the policy-holders will be allowed to select the TPA at the time of purchase of the health policy or during renewal. A list of TPAs is to be

provided to the policy-holder for his selection both at the time of offering the proposal and during renewal. This list will be restricted to the TPAs with whom the insurer has service-level agreements. It will also be specific to different products and the geographical location of the policy-holder (as all TPAs do not have an effective pan-India presence).

This arrangement represents a significant step forward for the policy-holder. She can utilise this option if she has had prior experience with a particular TPA. However, for those who are insuring for the first time or have not have made any claims against an existing policy, this option is not of any major significance. It will also be beneficial for the health insurance sector as a whole, as TPAs previously relied only on the insurer's clearance for servicing policies but will now have to depend on customer preferences. Thus the TPAs will also have to be more conscious of their customer-handling and compliance of their service-quality levels. Presumably, TPAs who are unable to meet expectations of customers will slowly be weeded out by insurers.

However, it represents a challenge for insurers in actual implementation. Insurers with numerous offices pan-India such as the public-sector insurers typically divide their offices TPA-wise for convenient servicing and due to other administrative concerns. Numerous TPAs servicing the retail customers of a single office may cause organisational problems which the insurers will have to overcome.

IV) Health Coverage extended to cover many exclusions

In September 2019, IRDAI introduced new rules which aim at making health insurance more universal in scope and coverage. The Guidelines on Standardisation of Exclusions in Health Insurance Contracts specified that genetic diseases, psychological and neuro-developmental disorders, menopause-related disorders, age-related macular degeneration etc. are to be covered henceforth. Thus treatment costs of persons suffering from speech disorders and dyslexia will henceforth not be excluded. Injury or illness associated with hazardous activities, except those relating to sporting activities will also not be excluded any longer. Internal congenital diseases, genetic diseases and disorders will also be covered.

Whilst this provision will be welcomed by many, it would mean that many claims previously not entertained or rejected by insurers would now have to be paid. It will result in higher claims outgo and possibly higher premia in the long run, as insurers factor in possible claims.

V) The Regulatory Sandbox (RS) Initiatives

Regulatory Sandbox usually refers to live testing of new products in a controlled environment. It is akin to a pilot project with the insurer free to withdraw the product in case of failure. However, it must not adversely affect customers who are already insured.

The IRDAI (Regulatory Sandbox) Regulations, 2019 intend to strike a balance between orderly development of the insurance sector on the one hand and the protection of interests of policy-holders on the other. The idea is to facilitate innovation. The RS will allow the participants, such as the Regulator, innovators and willing customers, to conduct field tests to collect evidence on the benefits and risks of innovations while simultaneously monitoring and restricting the risks. The IRDAI has invited applications for the RS for about a month last year. It is understood that many applications have been received out of which many health insurance-related applications are under scrutiny. Recent news indicates that many proposals involved the use of fitness apps for arriving at an appropriate premium. Some exciting innovations in this sector may be thus expected shortly.

VI) Wellness and Preventive Features in Health Insurance

Towards the end of last year, the Regulator issued draft guidelines on the above and mentioned that "Based on fitness and wellness criteria stipulated and disclosed, insurers may endeavour promoting wellness amongst health insurance policyholders by offering:

i) Health specific services provided by Network providers or other empanelled hospitals / service providers for the following:
   a) Outpatient consultations or treatments

b) Pharmaceuticals

c) Health check-ups/diagnostics

Including discounts on all the above by redeemable vouchers.

ii) redeemable vouchers to obtain protein supplements and other consumable health boosters / supplements.

iii) redeemable vouchers for membership in yoga centres or gymnasiums for participating in fitness activities."

However, all wellness features are to be filed with the product at the initial stage itself. However, the insurers were not to publish the trade names or logos or merchandise in any of their advertisements but may refer to the product etc. in generic terms.

The IRDAI has also said that the costs towards wellness services is to be factored into the pricing of the health insurance product and shall be disclosed in the relevant insurance advertisements. Therefore, transparency will be maintained in the pricing of wellness products. However, what remains to be seen is after incorporation of these wellness features how much it impacts the price of the insurance products and the customer response in this regard.

VII) New Regulatory initiatives on the anvil

According to IRDAI's draft proposal, released in January of this year, "The objective of the guidelines on 'Standardisation of General Clauses in Health Insurance Policy Contracts' is to standardise the common general clauses incorporated in indemnity based Health Insurance (excluding Personal Accident (hereinafter referred to as PA) and Domestic / Overseas Travel) products covering Hospitalisation, Domiciliary hospitalisation and Daycare treatment to simplify the wordings of general clauses in the policy contracts and ensure uniformity and greater transparency." The Regulator proposes to make these guidelines apply to all individual and group health insurance policies ultimately.

This will help to remove many disparities in wordings and ambiguities in the interpretation of standard clauses in the health insurance industry and benefit customers hugely.

IRDAI is also planning to standardise the health claim settlement procedure and ensure payment in a time-bound manner, through a common portal. T.L. Alamelu, member (non-life), IRDAI was quoted as having indicated the plans of IRDAI in this respect at an insurance summit organised by Assocham in Kolkata on February, 14th, 2020. IRDAI has already formed a committee to examine the matter and the platform is to be developed by the Insurance Information Bureau. This platform will bring all the stakeholders in the health insurance space -insurers, the insured and hospitals on a common platform to standardise claim settlements and ensure timely pay-outs. It is intended that both cashless and reimbursement claims will be routed through this portal.

The charges for some standard procedures also present a lot of disparity between different hospitals. T.L. Alamelu was quoted as having said that "There is a mismatch (in pricing). IRDAI is thinking how to handle it. In this context, the General Insurance Council's talks with TPAs are on course to standardise charges for some procedures such as cataract and hysterectomy." This is a positive step in the right direction and the Regulator would be in a better position to negotiate with the dominant hospital lobby on behalf of the entire insurance industry, to the benefit of all stakeholders.

It is quite clear that these initiatives of the Regulator will bring in immense relief to the customers and also help in regulating the health sector.

Conclusion

The health insurance sector in India has grown and evolved to a large extent over the years. It is heartening to note that the current crop of Regulatory initiatives has encompassed diverse areas in the health insurance sector. While this is a welcome step for customers, it opens up challenges for insurers in many ways. Yet another area in which the Regulator could bring in standardisation is by mandating a standard benefit based critical illness policy, across the entire insurance industry, which will not only generate confidence in customers but also ensure complete financial protection for them. The aspect of medical insurance in overseas travel policies also requires a fresh look by the Regulator.

(References for this article has been sourced from the IRDA website and different newspaper.) ❑

Corona Virus and the Insurance Industry

RISING TO THE OCCASION

The decade 2020 and this particular year 2020 has begun with a bang. The Corona Virus or the COVID-19 has shaken the entire world- whether it is a developing or developed country or a rich and wealthy or a poor nation. The picture emerging is alarming with a large number of countries including India are under Lock Down. There are more than 24 lac cases detected throughout the world with the death number exceeding 160000 as on April 15 2020. In India the figures are 16189 and 536 respectively.

Under this situation, all industries are under great stress, mostly closed and are in financial doldrums. Insurance Industry too is not an exception. All insurers have lost more than 30% of their new business during the crucial month of March 2020, as huge new business is procured only during the last month- that also last week- of March every year, in view of the nation wide Lock Down announced by the Government of India from March 24 for three weeks initially but then extended up to May 3. Nothing could be done because human lives are more important than the human lives getting insured, because insurance can be taken only when you are alive!

About the author

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World Health Organization- WHO- has declared the Corona Virus as a Pandemic. (Epidemic is restricted to one community or one country, whereas the Pandemic is spread throughout the world.)

Now the question arises- What is the role of the Insurance Industry in guiding the existing policyholders and new clients with regard to Corona Virus?

As an industry closely linked with the health of the population in general and our policyholders in particular, are we rising to the occasion now guiding the general public about this Virus?

What is the part to be played by the Insurance Regulator- Insurance Regulatory and Development Authority of India, in short the IRDAI?

What are the proactive steps to be taken by the 2 million insurance agents in the country?

In what way, the Government of India can intervene in this matter to help the common public?

Let us look at these situations in this article.

The Role of the Government of India

This subject has been taken up first because Insurance is only one of the many numerous steps to be taken up by the Government to come to the rescue of the suffering public, especially the poor and the downtrodden.

- The Government has announced to provide an Health Insurance of Rs 50 lacs per head for all Doctors, Nurses, Health care workers, safai karmacharis, ward boys, ASHA Workers, para medics, technicians and Specialists and all the traffic Police personnel for a period of 3 months till June 2020, to be continued if required. Health care workers alone are 22 lac people in India.
- All the above categories of persons are also covered by a Personal Accident Cover of Rs 50 lacs for this period.
- There are 50 lac trucks in India but only 4 lac trucks ply daily. These 4 lac drivers and cleaners will be extended this Health Insurance of Rs 50 lacs per head for 3 months as a short term insurance cover by the Government and the Life Insurance Corporation of India- LIC- and the modalities are being worked out. 19 deaths that took place among these truck drivers and cleaners have created a panic among this section of population and hence this reassuring gesture from the Government.
- The Income Tax Department has announced that insurance premiums paid up to June 30, 2020 would be taken as paid on or before March 31 2020 and the eligible IT Rebates would be given for the FY 2019-2020 in the Income Tax Assessments of people.

- All Health Insurers have to cover the Corona Virus Pandemic claims including hospital treatments under the Ayushman Bharat, although this was not envisaged at the inception of this Scheme.

Financial Help from the Industry

Although financial donations are pouring in from each nook and corner of the country including from the Celebrities towards the PM CARES FUND mainly for the Corona victims, I am restricting the list to the Industries donation in general and the Insurance Industry in particular-

1. TATA Sons- Rs 1500 crores.
2. ITC- Rs 150 crores.
3. HUL- Rs 100 crores.
4. Vedanta- Rs 100 crores.
5. Hero Cycles- Rs 100 crores.
6. Bajaj Finance- Rs 100 crores.
7. Sun Pharma- Rs 25 crores.
8. OLA Group- Rs 20 crores.
9. Paytm Rs 5 crores.
10. Individuals Mr Mukesh Ambani- Rs 500 crores.
11. Mr Gautam Adani- Rs 500 crores.

The number is long but the list has been limited, although our grateful thanks are due to each and every individual and entity.

LIC has given USD 13.8 million for Prime Minister's Citizen Assistance and Relief in emergency situation Fund set up for this Pandemic. This includes INR 50 Million from the LIC Golden Jubilee Fund.

GIC Re has given USD 3.02 Million to the Relief Fund.

Initiatives from the IRDAI

The Regulator gave a mandate to the Insurance Companies to extend the grace period by one more month for the renewal premiums pertaining to the Life Insurance and General Insurance policies falling due between March 25 to April 14 2020, thereby giving the policyholders some breathing time. This also includes Health Insurance Premiums and Third Party Automobile Insurance premiums.

IRDAI has mandated that all the Corona Virus claims to be dealt with promptness and alertness in view of the tragedy by all insurance companies.

IRDAI has advised the Insurers to operate their offices- Insurance Sector comes under the Essential Services like the Banks- with absolutely necessary staff to maintain services like claim settlement, authorization for hospitalization, renewal of policies etc.

The Regulator has allowed the Travel Insurance policies to extend their Start/ End dates with policies taken between March 22 to April 30 2020 without paying any extra charges. This is to ensure that the impact of the Pandemic on travel plans and finances is cushioned. For future, the current travel insurance conditions should be relaxed in view of the unexpected events like the Pandemic.

Under Health Insurance, Senior Citizens are also to be covered against the Corona Virus. The Virus testing is free now, but it may have to borne by the public soon. So its cost is to be borne by the Insurer. Scanned copies of the documents should be accepted and 3 months' time should be given for submission of Papers- presently it is 15 days. The Virus treatment will also be expensive in the Private Hospitals in view of antiviral, ventilators, Personal Protective Equipments-PPE- and separate Wards for treating the Virus patients. Hence the Health Insurer should cover these expenses too, as per the Policy conditions. However the General Insurance Council is requesting the Regulator to standardize the rates for the Virus treatment as different Private Hospitals are levying different rates.

The IRDAI also mentioned that all the Unit Linked Policies maturing from March to May 2020 may be given the option of receiving the maturity amount in five yearly installments, irrespective of whether this provision existed in the original terms and conditions of the policy or not. This helps to take only one fifth of the amount at the present NAV-Net Asset Value- of the Units, because of the dipping of the Markets by 35% in the last three weeks, the NAV may be less. The policyholders may get a higher NAV next year or thereafter thus benefiting them. This applies to the maturity of Traditional Policies too in the Life Insurance sector.

There is also the provision that the policyholder can any time during these 5 years withdraw this installment payment facility and get back all the balance amounts of Maturity in a lump sum without any penalty.

IRDAI wants insurers to come up with need-based policies to cover the Corona Virus for the Public at large.

The Regulator has announced a 3 month moratorium on all Term Loans sanctioned by the Insurers.

According to the Life Insurance Council, the insurance companies can not cite ' Force Majeure' in the COVID 19 Claim cases- this is a term used in Contracts which allows parties avoid their obligations, if there is a totally unexpected and unforeseen event that makes it impossible to fulfill their Contract. Life Insurance Council has said that this will not apply in the COVID 19 Cases and death claims, although COVID 19 is an unexpected event.

The steps taken by the Insurers

Some Insurers like the HDFC Ergo, Religare, Max Bupa, TATA AIA facilitate Tele Medical Check-ups for their new policy buyers.

Insurers like the LIC, SBI Life, ICICI Pru are encouraging telephone and digital modes of communication to reach out to their customers.

Max Life Insurance has a COVID-19 Section in its website in order to answer the queries of their clients regarding the coverage of the Virus infection.

All insurers have ensured for quicker claim settlement processes at all the virus-affected areas.

ICICI Pru Life Insurance company is waiving additional charges such as Reinstatement and Late Payment Fees for reviving those policies that have lapsed during the last 6 to 12 months.

Star Health and Allied Insurance company has launched Star Novel CV Insurance Policy, covering all those who test positive and require hospitalization. This policy provides a lump sum payment of Rs 21000 and Rs 42000 to the insured person between the ages 18 to 65 years for the yearly premium of Rs 459 and Rs 918 respectively, provided that the insured person does not have International Travel History-related exclusion.

Clinikk Health Care Start-up has a Plan for the Corona Virus with an insurance cover of Rs 1 lac.

ICICI Lombard General Insurance company has a Group Insurance Cover for this Virus, with a sum assured of Rs 25000 for people aged between 18 to 75 for a period of one year, with the protection being only within our country. The monthly premium is Rs 149.

Life Insurance Corporation of India has already settled 16 death claims due to the Corona Virus.

The General Insurance Industry as a whole has settled 130 Corona Virus death claims for Rs 3 crores.

TATA AIA Life Insurance company has permitted an additional amount of Rs 5 lacs to all death claims due to the Virus, without any extra premium being charged for it. All their policyholders will get this benefit- the additional free amount is either the basic sum assured of the policy or Rs 5 lacs whichever is lower. This benefit is up to June 30 2020.

This benefit is extended to all the agents of the insurance company but with a cap of Rs 25000.

India First Life Insurance company has covered the Corona Virus in all their existing policies.

However the General Insurance Industry has refused the Business Interruption losses due to COVID-19, as the Loss of Profit Clause does not get triggered unless there is a physical damage. The Business Interruption policy is given along with the Fire or Property Insurance policy by the General Insurance companies. However some of the clients are planning to approach the Regulator to get the Business Interruption losses covered for the COVID 19 Pandemic too.

All the Insurance Agents are active in contacting their existing clients as well as new prospects through phone, email and all other social media and helping them in the renewal of their policies and attending to their service needs.

A Salute to our Heroes

319 Health Care Professionals including Doctors and 101 nurses have lost their precious lives so far while treating the Corona Virus patients throughout the world, including 7 from India.

These Heroes deserve a grand Salute from all of us, in addition to the Police Personnel and Conservancy workers.

A Cheerful news- Oxford Researchers are working on a Vaccine called Chadox I for the Corona Virus. Even before Test results come out, 7 manufacturing Units in the world have started preparing the Vaccine on a commercial scale- these include 2 in the USA, one each in China and India. Chadox I is expected to hit the market by September 2020. Let's pray for the success of this new Vaccine.

A word for our fellow citizens- Don't feel depressed being at home. We are not stuck at home. We are safe at home. Let us be thankful to the Government of India for their timely Lock Down action and other measures and let us support our Government by adhering to their advices.

The world is closed for Renovation. Grand Re-opening soon!

A Small Story

One Rishi was like a Guardian Angel for a village and was taking care of the needs of the people. No new person could enter the village without being questioned and allowed by the Rishi.

One night, the Rishi saw a ghost like creature trying to enter the village. Rishi stopped him and questioned the intention of the ghost. The ghost replied " I am like a MahaMari- plague. I want to take 1000 lives from your village to quench my thirst. Nobody can stop me, including you, because it is by God's orders". Rishi too realized the predicament and knew that he would not be able to prevent this disaster. Unhappily, Rishi permitted the ghost to get in to the village.

Within a month, 30000 people died in the village due to an unidentified fever. That night, the ghost was leaving the village having completed his job. Rishi was waiting furiously at the exit point and he caught hold of the ghost and shouted " What's this? You said that you would eat only 1000 people, but now you have killed 30000 persons. How far this is fair and just?"

The ghost replied " Rishi Maharaj, I never broke my word. I ate only 1000 people in this one month. But all others had a slow death simply out of FEAR. What can I do?"

The lesson is- let us not create false alarm and panic among people by hearing and spreading all sorts of stories and rumors. Let us go only by Government Notifications and announcements and fight this demon- Corona Virus.

Victory is Ours. ❑

BE LIKE A RISK DOCTOR

Introduction

This write-up draws up a parallel between the medical profession and risk management profession. Both doctors and risk management professional perform their duties in treatment of patient/risk. The doctors have achieved the status next to God due to their ability to cure the patient through the medicine, similarly, the risk managers must strive to be like a doctors.

Medical Profession

Medical profession is proven over the period of time to cure the disease in the patient and often termed as next to God. This status is given to them because they have a proven track record to address the problem of patient. When one is sick, only doctor comes in the mind.

About the author

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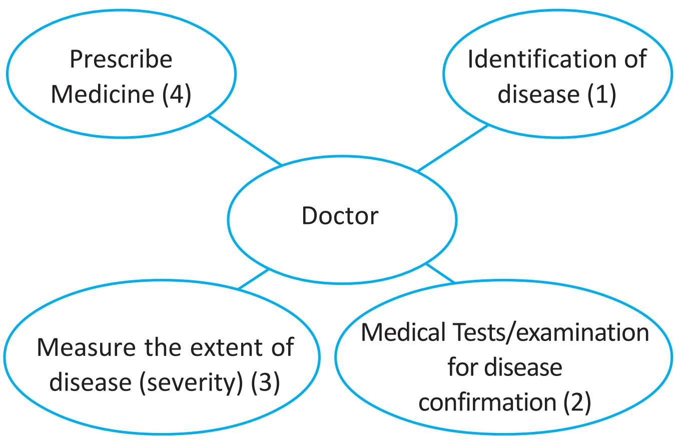
In the earlier days (not very far, around two decades back in India) patient used to tell he symptoms of his disease and doctor used to measure his pulse, blood pressure, physical examination of body and use of stethoscope, after this he used to be ready to write the prescription which suggest the medicine the patient is to take to get cure. That time so much of medical tests were neither prevalent nor prescribed. It can be seen from the below diagram that the doctors use the same steps to prescribe the medicine as used by risk managers in the treatment of risk.



As we know today, doctors are best risk managers who can cure his patient with his medicine. This is because doctors have very high credible percentage of success rate. Not only that they are making fast progress in the modern medicine, dealing with new cases on everyday basis.

So every risk managers should strive to be like a doctor and may be called as 'Risk Doctor" rather than "Risk Managers" It is very important to add quickly about the high success rate of doctors is within their education system where they understand every human part of the body, various systems and their correlation.

If risk managers are to be like doctors, there is a need to strengthen the risk management education so that they can identify the correct disease and prescribe right medicine.

Risk Management Profession

The challenges with the risk managers are higher than those of doctors, this is because when a patient presents his problem to the doctor, then his disease is in a "present" form, and it is residing in his body. However, for the risk managers, risk is always "futuristic" and the symptoms have not yet fully crystallized for risk managers to fully assess the risk. So information available to the risk managers are far less than the information available to doctors which makes his job far more challenging.

A classic example is in December 2019 when corona virus just arrived, so minor risk symptoms were available. Similarly, there are various examples when early sign of disease is available in the economy.

A good risk manager should able to smell the risk and make assessment about its likelihood and severity, because if the risks are not assessed properly, the patient (Company/ economy) can go into coma. The key challenge is the symptoms are not properly developed so the risk manager is to use his judgment based on past data/information, current local, global economic, demographic factors and expected future. Based on the assessment of risk, the right medicine is to be prescribed. Past information which is available is to be converted into a probability form, assimilate current information and make a good judgment like a doctor to prescribe right medicine. This is much easier said than done.

In any professional world, judgment plays a key role, therefore whether it is a lawyer or a doctor they generally develop into a good professional under an experienced senior. Judgment can neither be bought nor can be learnt from the text books, it can only be acquired through practical experience and guidance.

For risk managers, every practical situation is a new disease, just like doctors, that he is to address and save the client.

Conclusion

Every risk manager should strive to be like a doctor. Doctors are best risk managers known till date. ❑

Premium Rates on Health Insurance

Insurer	Plan Name	Base policy Premium (₹)	Total Premium (₹) with STU1*	Total Premium a (₹) with STU1**
Aditya Birla Capital	Active Assure-Diamond	7,938	10,336	8,330
Digit Healthcare Plus	Maxima Restore Super	8.861	11,259	9,253
Manipal Cigna Health Insurance	ProHealth - Protect	8,979	11,377	9,371
Religare Health Insurance	NCB Super Premium	9,092	11,490	9,484
Star Health Insurance	Medi Classic	9.661	12.059	10.053
Max Bupa Health Insurance	Health Companion	9.862	12.260	10.254
SBI General Insurance	Arogya Premier	10.547	12.945	10.93
HDFC Ergo Health	Optima Restore	11.024	13.422	11.41
HDFC Ergo	My:health Suraksha Gold Smart	13886	16.284	14.27
Bajaj Allianz	Health Infinity	115,576	17,974	15,968

Premiums are for ₹10 lakh sum insured on base policy and ₹10 lakh sum insured on super top-up (STU) policies for a 30-year old male liming in a metro. *STU 1 is Religare Enhance; premium ₹2,398, **STU 2 is Liberty General Supra Super Topup (II); premium ₹392,

Source : www.policybazaar.com

NEW WORLD OF LIFE INSURANCE IN INDIA

"THE ONLY CONSTANT IN LIFE IS CHANGE"

-HERACLITUS

Things are not going to be the same again. The world is changing for better. As Heraclitus, a Greek philosopher said change is the only constant in this world. And what is changing? Everything that we can see, touch and feel is changing. Not only that, everything that we can't see, touch or feel is also changing. The products and services produced across the world are changing. The so called superpowers, in terms of economy are changing. The way we look at the essentials and non-essentials is changing. What not? Everything is changing.

Survival of the fittest has been the norm of life on this earth. Whether it is business or life. Under these circumstance, is it fair for us to expect that the business we are in will continue to be the same in future? Obviously not. Then what are the areas in which the life insurance business is going to change? We will have a look at that in this article.

About the author

Sreenivas Murthy

M.B.A.

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Life insurance is a service. We can't see, touch or feel. We can only experience it in the form of a service. The way in which life insurance business is happening in India at present is a combination of life insurance with investment. These are two primary elements which decide the characteristics of the product being offered by life insurance companies. Till now, people are 'largely' buying these products to satisfy a representative of life insurance company who happens to be their friend or relative. It is said that this business is a relationship business.

If you have good relations, you will be able to get a policy. Another purpose of buying life insurance policies in India, by and large is to get the tax benefit provided by the government. If they exhaust the limit of section 80C / 80D/ 80CCC etc., the average customer is happy that he is getting the full tax benefit provided by the company. And most of them firmly believe that only that much is to be saved or invested to secure their life and no additional investment is required in life insurance.

Let us have a look at the products offered by life insurance companies in India. They are term insurance, endowment / whole life products and pension products. Along with the base products, they also offer riders as an attachment to the base policy at a cost. There are different types of riders such as additional term insurance, accidental insurance, permanent / partial disability insurance, critical illness insurance etc..

Term insurance is a commodity offered by all life insurance companies with different rates, which depend on the cost structure adopted by an individual company. People choose the company on the basis of advisor, brand name and a few service parameters such as customer satisfaction index and claim settlement ratio. However, the nature of this product is same, which is, money will be paid to the nominee / beneficiary on the death of the insured either as lumpsum or instalments. There is another variation where the premiums paid during the term of the policy will be refunded at the end of the policy if the policyholder is alive, which is called ROP (Return of Premium benefit).

Some interesting facts about term insurance premiums is that due to high competition among the life insurance companies, the premiums have been going down and down from 2001 since the time the private companies have come to India. Though the cost of term insurance is going down, the share of annual premium equivalent has gone up from less than 5% three years ago to 20-25% as of now. This is good for the life insurance companies, as protection plans give the best margins for them.

Let us see how is this going to change. The term insurance plans are high risk products for the life insurance companies, and at the same time the margins are also high. How does it happen? The majority of the risk is transferred to re-insurance companies which are the ones who insure the risk of insurance companies. The re-insurance companies generally operate globally and hence the risk is balanced in case something goes wrong with a particular corner of the globe. By now you must have understood what is going to happen now onwards. You are right.. Since the pandemic affected all the countries on the earth, the equations of reinsurers is going to change.

They will globally increase the cost of term insurance. As of now the cost of term insurance is very low in India compared to developed nations such as US, Singapore etc.. Since, the cost is already high in advanced countries, re-insurers will focus on the countries where the cost is low and will try to increase the rates in those countries. Consequently, the term insurance rates in India are certainly going to see a hike in the premiums very soon, if not already happened. The contribution of term premiums in the total annual premium equivalent is also going to increase and it is good for the life insurance companies as these products provide good margins for them.

Now, the point is whether the companies will reduce their margins and keep the rates low for the Indian community? Very unlikely as the solvency margins are to be essentially maintained by the companies as per the regulatory provisions. At the end, BE PREPARED to pay much higher cost for term insurance in future.

The other kind of the life insurance products endowment/ whole life policies. In this again there are products which give guaranteed returns called non-participating products. These products do not participate in profits/losses of the company and returns are guaranteed over the period of the contract. The companies carry a higher risk of the guaranteed returns over long period, the return is also very low.

However, it is guaranteed during the life of the policy and/ or at maturity as the case may be. It is essential that the companies have to provide for sufficient reserves to meet these guaranteed returns. According to a report published by 'AM Best' rating services, 73% of 60 companies which failed in 2000-2001 was attributed to insufficient loss reserves. Apart from this, other factors such as overstated assets, under-pricing, unforeseen claims and catastrophic events also contributed to the failures of insurance companies.

The other set of endowment policies are participating policies. They will not have any guaranteed returns, but depending on the company's performance and valuations at the end of each financial year a profit sharing is done with the policyholders in the name of 'bonus'. This can vary every year and gets accumulated which will be paid to the customer at the time of maturity. In such products the level of risk for life insurance company is reduced. However, to remain competitive in the market, few companies tend to declare higher bonus which can be dangerous for the company's existence.

In case the companies resort to the practices such as under-pricing connected with rapid expansion, entry into new areas and delegated underwriting etc. can also put them in trouble. It is pertinent to note that a rating agency for country-specific factors which could adversely affect an insurer's ability to meet its financial obligations places India at a risk level of CRT - 4 measured on a scale of 1 to 5 where Country Risk Tier 1 (CRT-1), denoting a stable environment with the least amount of risk, to Country Risk Tier 5 (CRT-5) for countries that pose the most risk and, therefore, the greatest challenge to an insurer's financial stability, strength and performance. This indicates that the companies operating in India have to exhibit a higher level of caution in factoring the risks into their pricing and valuations.

Current situation of the pandemic in India, though is not alarming has caused a huge damage to the GDP, which is estimated to be at 1.90%. As it is India has the lowest per capita income with second highest population numbers in the region. This can become even worse as we see the negative impact of Pandemic in various components such as financial, economical and social life.

A lot of money is being spent on the well being of people living below poverty line and also on providing medical facilities for all those affected by the pandemic. The slowdown in economy can result in loss of jobs, lowering of per capita income, more spending on medical expenses and rise of inflation. These factors can reduce the disposable income and can result in lower level of savings. The demand for the products which have a savings component can come down and the pure insurance component can go up.

This will change the equations of financial inflows through new business and also investment earnings of life insurance companies. This can result in lower amounts of bonus declaration which will again be unattractive to the people who want to save money through insurance products. The life insurance premiums in India are more or less on par with US (2.88%) at about 2.74% of GDP. China has insurance penetration of 2.33% whereas UK has a penetration of 8.32%. This may not remain so as the term insurance component goes up and the savings kitty comes down, especially in India.

Another component of life insurance business in India is pensions. These are again divided into two types known as defined benefit and defined contribution. Now, defined benefit is out and only defined contribution schemes are prevalent in India and most of the life insurance companies have products under the banner of retirement plans. One can start accumulating the corpus from the time he/she starts earning and plan for a regular income called annuity from a particular age. These can be termed as annuity plans more than pension plans. In India annuities are taxable as per the Income tax guidelines.

Annuity plans typically will have long time horizon, if we look at from the point of view of accumulation and payment to the policy holder from a particular age and as long as he/she is alive. Of course, this depends on the option the customer chooses before the annuity payment is started by the company from among 5 to 8 or 9 options. This is a product which should become more attractive for the customers, because it spans over an entire life of a customer.

One can invest in lumpsum and get guaranteed returns over a period of his entire life and of spouse and get back the corpus also, depending on the options one exercises. The annuity payable will be same throughout the period and hence again a high risk proposition for the company, which means that the companies have to carefully factor in all risks that may arise due to longevity, interest rates, investment returns and general financial condition of the economy over a longer period of time.

Here again the risk factors as mentioned by 'AM Best' have to be considered while arriving at the rate of return to be given to the customers. However, these kind of pandemic can turn in favour of the insurance companies, because of the adverse effect it has got on the senior citizens of above 65 years. But general economy and the falling interest rates can adversely impact the guarantees given by the insurance companies, and hence they will keep on revising the guaranteed rates downwards from time to time.

As we started learning that things are going to change, we have seen the products and price variations due to the pandemic. However, the processes of administration, servicing and marketing also have to undergo a huge change. Adoption of ever growing internet users and availability of data at affordable prices can trigger the next revolution in these aspects of life insurance. Younger generation uses the internet for various purposes ranging from learning to entertainment.

However, sooner than later they will be using it to make investment decisions through data interpretation, virtual discussions and electronic agreements. In due course of time even the government will have to provide for recognising the electronic agreements as official documents. The repositories will have a major role in safeguarding the data and use it for the benefit of both insurers and the customers from time to time.

With the advent of 5G coming around the virtual discussions will replace personal discussions with more impact. As mobile internet, smart phones and 4G changed the way the customer and companies are interacting with each other, 5G is going to change the entire thing once again. While many other industries have taken advantage of these technology innovations and built new revenue streams, most of the insurance companies are struggling to provide basic digital services to their customers. Now the time has come to embrace the technology and support the business processes. 5G technologies are going to streamline the Internet of Things (IoT), especially for consumer usage.

The world is constantly changing, though some "groundbreaking" innovations do little to change it. Then something like 5G services come along and completely change the foundation of how our world operates. 5G will change us, on a worldwide level. This technology becomes a necessity after the pandemic impact on the insurance industry, for the companies to service their customers in a better, faster and innovative methods. As of now we can't see what it can do to us but the WORLD IS CHANGING....

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PRESS RELEASE

PhonePe launches Domestic Trip Insurance with ICICI Lombard as India starts opening-up

With the lockdown ending and domestic travel gradually starting across the country, PhonePe, India's leading digital payments platform, today announced the launch of a comprehensive, industry-first domestic multi-trip insurance cover in a strategic partnership with ICICI Lombard, India's largest non-life insurance company. This product exclusively available for PhonePe users, provides one of the most affordable annual insurance covers for unlimited trips.

This unique solution takes a leap forward from traditional travel insurance removing the need to insure every trip separately and will benefit both business and leisure travellers. The new launch enables a stress-free travel experience for customers by covering risks associated with all modes of travel within the country (road, rail and air within the country) right from the time a customer leaves home till the time he/she returns.

For domestic travellers who may be worried about stepping out during the COVID-19 pandemic, this unique, all-in-one insurance product offers a comprehensive bouquet of benefits that cover losses arising from trip cancellations, home burglary while travelling, missed connecting flights, lost baggage and more. The product also caters to the needs of customers who prefer buying domestic travel insurance every time they book a ticket or a cab. With 365-days protection at just INR 499, this is the most cost-effective and hassle-free cover that cuts across all modes of transport.

For air travellers specifically, there is a unique feature of trip cancellation due to hospitalisation and up to INR 1,000 payout for trip cancellation due to government lockdown. In addition to this, it also provides cover against death or hospitalization due to an accident during the journey with a sum assured of INR 5 lakhs. PhonePe now offers customers a complete travel insurance product portfolio with both international and domestic travel insurance catering to the needs of all kinds of travellers.

AXA XL launches Remote Risk Dialogue, a virtual risk assessment

AXA XL Risk Consulting has launched a new risk assessment service, Remote Risk Dialogue, to continue evaluating loss prevention across business lines amid COVID-19 restrictions. Using data captured from telephone calls, web tools and existing reports, Remote Risk Dialogue enables AXA XL's risk engineers to perform remote analysis not seen in traditional loss prevention programmes and provide risk managers, underwriters and brokers with an up-to-date view of a client's risks. Speaking about the new service, Corinne Vitrac, Chief Executive of AXA XL Risk Consulting, said: "With restrictions on delivering surveys and carrying out client visits globally, we've had to think of new ways of supporting our clients to manage their risks."

"Remote Risk Dialogue allows us to continue to interpret clients' data and assess any potential new risks. For example, in response to COVID-19 some clothing manufacturers have started to manufacture masks, alcoholic beverage producers are making hand sanitizer while some domestic appliance manufacturers are making medical devices. These changes to operations and output bring about new risks. Identifying, managing and mitigating these risks is key and we are proud to be standing alongside our clients to support them in adapting and innovating in these challenging times."

In addition to launching Remote Risk Dialogue, AXA XL Risk Consulting is hosting webinars for risk managers to discuss the risks their companies are facing and how to mitigate them.

Tata AIG offers telematics-based motor insurance through "AutoSafe" tracking app and device

TATA AIG General Insurance Company Limited launched an innovative telematics-based next-gen application and device 'AutoSafe' today. The app helps policyholders to save on premiums by selecting the kilometers driven, promotes safe driving, works as anti-theft device as it comes with a GPS-based tracking facility. Available on all policies offering personal accidental cover to the tune of Rs. 15 lakhs for owner and driver, this app also tracks distance traveled by the vehicle, live speed and other driving pattern parameters and offers bonus kilometers for good driving behavior at the time of the renewal, thus, promoting safe driving habits. The usage-based insurance (UBI) private car policy for car owners, launched under the IRDAI's Regulatory Sandbox, is personalized, affordable and offers a customized solution towards your driving profile. This policy includes other value-added propositions like depreciation reimbursement, daily allowance, no claim bonus protection cover etc.

Policyholders will benefit from the policy's flexible kilometer-based package that enables savings on premiums compared to conventional policies. Policyholders can choose between 2,500 kilometers, 5,000 kilometers, 7500 kilometers, 10,000 kilometers, 15,000 kilometers and 20,000 kilometers. Customers having exhausted all the kilometers within the policy period can buy additional kilometers by opting for the top-up kilometers option. They can choose between 500 kilometers, 1000 kilometers and 1500 kilometers, thus, helping savings on cost based on usage.

The 'Auto Safe' device is GPS-enabled and is linked to a mobile app that records all information, tracks the distance traveled and generates reports about vehicle health or driving patterns of the policyholder. This telematics device or app is fitted or linked to the car as the motor insurance policy becomes active and must be kept throughout the policy period. The information collected is evaluated over time and each driver cum policyholder is allocated points based on performance. Besides, this device contains motion sensor support and generates fuel-saving reports apart from monitoring aspects like hard braking, nighttime driving and acceleration. Also, this device guards against fuel slippage and dangerous driving habits.

Speaking during the product launch, Parag Ved, Executive Vice-President & Head- Consumer Lines, Tata AIG General Insurance said, "At Tata AIG, we have always been persistent in our approach to provide customers with innovative and practical solutions. With the regulatory sandbox permitting telematics-based solutions, insurance will evolve to become more intuitive and responsive to the customer's needs. We are meticulously working to arrive at new ways to enhance the experience of our valued customers. The value proposition is based on value-added services, personalized advice based on driving behavior and the reward. Technology innovations can change the insurance paradigm, gone are the days when it used to 'one size fits all' approach. It is time for personalized insurance products. The shift towards pay-as-you-drive insurance makes sense in this uncertain time when unnecessary journeys are discouraged, and organizations and employees alike are discovering the benefits of working from home."

RMAI Certificate Course on Risk Management

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
Course Start Date	1st July 2020
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 100 Registrations:	25% Discount on Course Fees - INR 11,250 or USD 230
Special Offer for RMAI Members:	40% Discount on Course Fees for Registration till 30th June 2020 - INR Rs.9000 After 30th June RMAI Members will continue to get 15% discount
Final Exam Fees	INR Rs.750 Examination Fees - Indian Students US $ 20 - International Students (To be paid Later) 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 whose registered office is at; 71-75 Shelton Street, Covent Garden, London, WC2H 9JQ.

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 (Valid for First 100 Registrations)
- 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. You can Make Payment by Debit Card/Credit Card/ Wallet/Net Banking/UPI/EMI

   RMAI Non Members Please click here to pay Rs.12000 - Valid For First 100 Registrations

   (Rs.11250 plus Exam Fees Rs.750)

   RMAI Members Please click here to pay Rs.9750 - Valid till 30th June 2020

   (Rs.9000 plus exam fees Rs.750)

   International Students: Pay US $ 262.50 Plus Exam Fees US $ 20 - Valid For First 100 Registrations - Please pay directly in Bank by NEFT.

3. 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: 9903040775/8232083010

Post: Risk Management Association of India, 25/1, Baranashi Ghosh Street, Kolkata – 700007. India

The Insurance Times Technical Research Paper Competition

Last Date of Submission 31st July 2020

Guidelines for participation in the contest

1. The Technical/Research Paper Writing Contest 2020 is back and open to all in India and Abroad.
2. The paper must be original contribution in the form of essay, research paper, technical paper or case study.
3. Once you decide to participate in the contest please send us en email with the proposed topic and information mentioned in point 14 via email at insurance.kolkata@gmail.com
4. The contribution must be an exclusive and should not have been published elsewhere in same or modified form. The paper should be original and well researched.
5. Length of the paper: Minimum 3500 words and Maximum 7500 words.
6. Rules for formatting text are as under:
   a) Page size A4
   b) Font: Arial
   c) Line spacing: 1.5 Leading
   d) Font size: Arial 12
   e) Major heading: 14
   f) Subheading Bold: 12
7. All the diagrams, tables and charts cited in the paper must be serially numbered and source should be mentioned clearly wherever required. Proper acknowledgement and bibliography must be given if reference is taken from any source. The data used in the article must be taken from verified source.
8. The paper would be subject to plagiarism check. If it is found that article contains copied matter from site/published article or any other source the entry would be rejected outright.
9. The award would be decided by our Technical/Research Paper Award Committee and all the decision of the Committee would be final.
10. The topic for the technical/research paper writing contest should be related to
    1. General Insurance
    2. Life Insurance
    3. Reinsurance
    4. Risk Management and related areas
    5. Actuarial aspects
    6. Information Technology/Insuretech / Artificial Intelligence/Blockchain / Telematics in Insurance
    7. Innovation in product development
    8. Corporate Governance in Insurance
    9. Innovation in Customer Services
11. The paper with thought provoking ideas, indepth analysis of current scenario, challenges, Opportunities based on authenticated data will be given preference.
12. The Article must also contain an abstract not exceeding 500 words.
13. The Technical/Research Paper and abstract must be sent through e-mail on insurance.kolkata@gmail.com and should reach us not later than 30th April, 2020.
14. The author(s) must submit the following details along with the covering letter

    Name of the Author (s)

    Residential Address

    Office Name & Address

    Contact No.(Mobile/ Landline No.)

    Qualification

    Date of Birth

    Email ID

    Brief Introduction and Experience

    Attach Passport size Photograph

15. The following PRIZES will be awarded

The Insurance Times Technical Research Paper Competition - PRIZE

1st Prize	**Rs.11500** Cash Prize of Rs.7,500 FREE 3 Year Subscription of The Insurance Times - Hardcopy + Online Edition FREE Sashi Publications Gift Voucher for Rs.1000 Merit Certificate
2nd Prize	**Rs.8500** Cash Prize of Rs.6,000 FREE 2 Year Subscription of The Insurance Times - Hardcopy + Online Edition FREE Sashi Publications Gift Voucher for Rs.750 Merit Certificate
3rd Prize	**Rs.5500** Cash Prize of Rs.4000 FREE 1 Year Subscription of The Insurance Times - Hardcopy + Online Edition FREE Sashi Publications Gift Voucher for Rs.500 Merit Certificate
Consolation Prize[1]	**Rs.3500** Cash Prize of Rs.2500 FREE One Year Subscription of The Insurance Times - Online Edition FREE Sashi Publications Gift Voucher for Rs.500 Merit Certificate

1. Consolation Prize will be paid to eligible entries which will be recommended by the Committee

The article shall be accompanied by a 'Declaration-cum Undertaking' from the author(s).

Declaration-cum-Undertaking

Title of the Research/Technical Paper: ____________________

I/We (full name of author(s)) ____________________

____________________hereby solemnly declare that the work presented in the Research/Technical Paper ____________________

____________________ submitted by me/us for publication in the RMAI Technical/Research Paper Contest is:

1. It has not been submitted to any other publications / or website at any point in time for publication in same or modified form.
2. An original and own work of the author
3. There is no fabrication of data or results, which have been compiled / analyzed.
4. No sentence, equation, diagram, table, paragraph or section has been copied verbatim from previous work unless it is placed under quotation marks and duly referenced.
5. No ideas, processes, results or words of other authors have been presented as author's own work.
6. The views expressed in the Research/Technical Paper are solely that of the authors'.
7. I/We undertake to accept full responsibility for any misstatement regarding ownership of this work and also of any adversarial consequences arising upon the publication of the article.

Signature of the Author:

Name of the Author :

Date : ____________________ Place : ____________________

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Top Health Insurance Schemes Offered by the Central Govt.

The following are some of the best health insurance policies offered by the Government of India:

Rashtriya Swasthiya Bima Yojana: The Ministry of Labour and Employment of the Indian Government launched the Rashtriya Swasthiya Bima Yojana in an effort to provide health insurance to those who are Below Poverty Line. Individuals insured under the scheme receive cover against medical expenses (mainly hospitalisation) to the extent of Rs.30,000. The registration fees for the Rashtriya Swasthiya Bima Yojana are Rs.30 which the beneficiaries will have to pay, and the Central and State governments make the premium payment to the health insurance provider. Generally, the state governments choose the schemes via a process of bidding. Under the scheme, up to 5 members of the family can be covered, including the head of the family and his/her spouse along with a maximum of 3 dependents. One of the biggest benefits of the Rashtriya Swasthiya Bima Yojana is the cashless hospitalisation facility, provided treatment is availed at one of the network hospitals listed under the scheme.

Central Government Health Scheme: The Central Government Health Scheme offered by the Government of India provides medical insurance to Central Government employees along with their dependents. Pensioners are also eligible for this scheme. To avail this insurance, individuals must reside in cities that are covered under the Central Government Health Scheme. CHGS dispensaries, or wellness centres as they are also called, are present in a number of cities across the country so that beneficiaries can access Unani, Homeopathic, Ayurveda, Allopathic, Sidha, and Yoga system medicines.

Universal Health Insurance Scheme: The aim of the Universal Health Insurance Scheme is to offer healthcare access to poor families in India. 4 public sector general insurance companies collaborated to make this scheme available to Indian citizens. Under the Universal Health Insurance Scheme, the insured individual and his/her family is eligible for a reimbursement of Rs.30,000 for medical expenses incurred in case of hospitalisation. In case of the accidental demise of the breadwinner of the family, this scheme offers Rs.25,000 to the family of the individual as compensation. In addition, the family of the individual, in such cases, will also receive Rs.50 on a daily basis for 15 days after the demise of the breadwinner. The scheme is ideal for families that are Below Poverty Line. The fees for this scheme are Rs.200 for an individual, Rs.300 for families with up to 5 members, and Rs.400 for families with 7 members.

Employment State Insurance Scheme: The Employment State Insurance Scheme was designed to offer multi-dimensional healthcare security to employees and their families. The scheme provides complete healthcare to the insured individual as well as his/her dependents. The scheme also provides financial advantages to the insured and his/her family. A beneficiary is eligible for cash benefits if there is temporary or permanent disablement of the insured and he/she loses his/her earning capability. Usually, an organisation or a factory with 10 or more employees can choose the Employment State Insurance Scheme for its employees. Employees who earn less than Rs.21,000 per month will have to pay 1.75% of their wages towards the scheme, while the employer will contribute 4.75%.

Ayushman Bharat Yojana or Pradhan Mantri Jan Arogya Yojana: This National Health Protection Scheme covers more than 10 crore poor families across India, offering a coverage of up to Rs.5 lakh per family per annum. The scheme's benefits extends to all parts of India and those covered under the Ayushman Bharat Yojana can avail cashless benefits at any of the empanelled hospitals across India. This scheme offers cover to almost 40% of the Indian populace and covers all secondary as well as several tertiary hospitalisations. ❑

Covid-19: How it has impacted India's insurance industry

The pandemic has pushed businesses across sectors to change the way they operate and the insurance industry is no exception. From selling new policies to settling claims, the extended lockdown in the wake of covid-19 has pushed insurance companies to depend heavily on their digital architecture.

A report by professional services firm PwC, titled Covid-19: Impact on the Indian Insurance Industry, says that the two productive months for the insurance industry-March for life insurance and April for non-life corporate renewals-have been hit by around 30% and 15%, respectively. It further emphasizes the changes insurers will have to bring about in terms of their product categories.

Health insurance

According to the report, private health insurance schemes cover only 18% of the population in urban areas and a little over 14% in rural areas. "Since the risk of covid-19 is not currently priced under active products, these claims may cause an additional burden on the books of insurers if treated outside government hospitals," said the report.

However, Amit Chhabra, health business head, Policybazaar.com, an online insurance marketplace, said the number of claims for covid-19 is not really hurting insurers as much because the number of planned surgeries are down at the moment. For general insurers who have a mixed bag of products, motor claims are down due to the lockdown and social distancing which means their loss ratio is down too.

"Planned surgeries will happen eventually and claims could go up then. But it's also important to note that covid-19 claims are not very high in number because the percentage of people covered under health insurance is quite low. As a percentage of the total number of cases, the claims filed are very less," said Chhabra.

Insurers believe the fear around covid-19 has pushed people to buy health insurance. The report said inquiries about health insurance policies have increased by about 30-40%. But the issue now is the lack of data related to patient profiles, morbidity rates, and the course and cost of treatment which is required to underwrite risk and determine the premiums for products that are designed specifically for covid-19.

Companies are consequently at the risk of under or overpricing their products, said the PwC report. "Based on the emerging experience of Covid-19 claims, insurance companies will need to test the hypothesis of the state-wise or district-wise possibility of escalation of claims."

General insurance

A large proportion of this industry is dependent on industries and businesses such as automobile, travel, hotels and infrastructure. So challenges in these sectors due to the lockdown could create additional issues.

The automobile sector was witnessing a slowdown even before the pandemic set in. The over 70-day lockdown leading to job loss and pay cuts across most industries will put the purchase of new vehicles on the back burner, hurting the motor insurance space further.

"Normally, that (lack of new purchases) would be compensated for by increasing the coverage net of existing vehicles, a vast majority of which fall out of the insurance net by the third and fourth years. But that would be difficult to do given the lack of distribution feet on the street," said the report.

Animesh Das, head of product strategy, Acko General Insurance, said for every insurer, the motor portfolio dipped in April-May because customers delayed renewals and the sale of new cars was minimal. It'll take two-three months for normalcy to return because the production of new vehicles is gradually getting back on track," he said.

For motor insurance, the number of claims has come down to less than 5% of the normal which led to some savings for insurers.

The report said that there is a possibility of vehicle owners considering own damage (OD) as a luxury and retaining only the third-party component for a while. Even multiple-year third-party insurance may see drop-offs despite being compulsory. Das said this could be the case for the next few months but given that users will prefer using their own vehicles, the sale of OD component won't take a hit for long.

On the personal accident front, too, low claims are expected due to lack of activity and movement, and also lower renewal of policies. This is a category where penetration is clearly very low and insurance companies would do well to concentrate and try to increase business here as it is not dependent on underlying economic activity, said the report.

Life insurance

With a crisis like this, there is a rush to increase one's cover. According to the PwC report, pure life covers should see renewed interest, and since that is largely an online market, it should see a boost in demand.

"We have seen two key areas of impact-primarily, we see greater awareness of being protected and protecting loved ones from unforeseen risks. In line with this, consumers are more inclined towards pure protection covers leading to an increased demand for term plans," said Rushabh Gandhi, deputy CEO, IndiaFirst Life Insurance Co Ltd.

Long-term guarantees will look attractive, but insurers will face constraints in continuing to marketing these products as interest rates plummet. He added that the overall uncertainty in the environment, the market volatility and the falling interest rates have made an average consumer more cautious.

The report said investment-linked products could also experience a drop in demand as consumer confidence in the stock market is shaky. "Overall market volatility and falling interest rates have taken the focus away from products that have long-term savings and variable returns through linked instruments or annual bonuses. This has led to consumer confidence shifting to products with guaranteed returns and benefits, such as non-participating plans apart from the shift to pure term plans," said Gandhi. - *Livemint*

Bajaj Allianz Life insurance launches child education plan with guaranteed income

Bajaj Allianz Life, one of India's leading private life insurers, launched a Flexible Income Plan. Bajaj Allianz Life Flexi Income Goal is a feature-rich participating endowment plan, designed to meet child's education and all other life goals, by providing Life Cover along with guaranteed benefits and bonus.

This guaranteed income life insurance plan comes with unique features like flexibility to receive or accumulate Survival Benefits including Cash Bonus, Guaranteed Monthly Income and Guaranteed Benefit. Policyholders are given high flexibility to choose to receive Cash Bonus from 1st month onwards of the policy or accumulate the benefits for earning additional returns.

This is a limited premium payment, non-linked, participating guaranteed income life insurance plan. The plan comes in 2 variants - Income Benefit & Enhanced Benefit.

"Along with being proactive, Indian consumers' trust in insurers paying out on valid claims is high, with 61% agreeing with this statement and almost all (95%) felt that insurers are being just as proactive or more so than similar providers during this time," said Ray.

IRDAI Circular

Norms on collection of Health Insurance Premium during COVID-19 crisis

IRDAI/HLT/REG/CIR/096/04/2020

20th April, 2020

1. Reference is drawn to Clause C (1.1) of "Guidelines on Filing of Minor Modifications in the approved Individual Insurance Products offered by General and Stand Alone Health Insurers on Certification Basis" (Ref No: IRDA/HLT/CIR/MISC/151/09/2019 dated 20th September,2019) whereby Insurers are allowed to add premium payment options (frequency / payment of premiums in instalment) in individual health insurance products on certification basis.
2. In view of prevailing conditions owing to COVID-19 outbreak, considering the need for easing the payment of health insurance premiums, all the insurers are allowed to collect health insurance premiums in instalments as specified in clause C (1.1) of above referred guidelines, as they may deem appropriate for any specific product(s).
3. However, insurers shall comply with all the applicable conditions in general of the above referred guidelines and in particular with clause 4.1 of the above referred guidelines. The same is reiterated here for ready reference:

   "4.1 Addition of premium payment modes (frequencies) under Clause 1.1 above:

   4.1.1 There shall be no change in basic premium table and charging structure under the approved individual product to which new premium payment mode (frequency) is being added. Factors applicable, if any, to allow the change of premium payment mode (frequencies) shall be fair and reasonable.

   4.1.2. The premium mode (frequency) proposed to be added may be monthly, quarterly or half yearly and the resulting premium amounts under each mode (frequency) are consistent with premium amounts under other premium modes (frequencies) of the underlying product.

   4.1.3. The basis for arriving at the factors, if any, to be applied on the premium payment modes / frequencies proposed to be added or removed is disclosed in the prescribed Form (FORM-IRDAI-FNU-HIP)."
4. The premium instalment facility may be offered either as a permanent feature by duly complying with the norms specified in the above referred guidelines or may be offered as a temporary relief for a period of twelve months (one policy year) in respect of all the health insurance policies that are due for renewal up to 31st March, 2021. Towards this, the provision of clause 3.9 of the above referred guidelines that mandate a gap of at least 12 months for effecting minor modifications stands relaxed.
5. The matter of availability of facility of payment of premiums in instalments and the conditions thereon shall be suitably published in the website of every insurance company.
6. Where the facility of payment of premiums in instalments is offered in respect of any product / products the same shall be offered to all policyholders without any discrimination and policyholders shall be also notified of the applicable conditions.

7. Specific consent of having agreed to the conditions shall be obtained from the policyholders.
8. The names of the products that are offered the facility of payment of premiums in instalments shall be published in the websites of insurers for the information of policyholders.
9. The details of products in respect of which the Instalments facility is made available shall be filed with the Authority as per Annexure – 1 specified in the within referred guidelines and within seven days from the date of offering the facility. There will no change to the UIN allotted to the product.
10. These Guidelines are issued under the powers vested in Section 34 (1) of Insurance Act, 1938 read with Regulation 2(i)(g) read with Regulation 2 (i)(o) of IRDAI (Health Insurance) Regulations, 2016.
11. This has the approval of the competent authority.

D V S Ramesh
General Manager (Health)

Norms on settlement of health insurance claims

IRDAI/HLT/MISC/CIR/95/04/2020

Date:18-04-2020

1. Reference is invited to the Circular Ref. No. IRDAI/HLT/REG/CIR/054/03/2020dated 04th March, 2020 wherein all insurers were advised to expeditiously handle the health insurance claims pertaining to COVID 19.
2. Reference is also invited to the provisions of Regulation 27 of IRDAI (Health Insurance) Regulations, 2016 that specified norms on settlement / rejection of claim by insurers. In terms of Regulation 26 of these Regulations, inter alia, insurers shall establish systems, procedures to enable efficient issuance of pre authorisations on a 24 hour basis and for prompt settlement of claims.
3. In light of prevailing conditions owing to COVID 19 as also taking into consideration the need for alleviating the pressure on the healthcare infrastructure all the insurers shall decide health insurance claims expeditiously. In order to ensure all health insurance claims are responded to quickly, insurers are directed to comply with the following timelines:
   a. Decision on authorization for cashless treatment shall be communicated to the network provider (hospital) within two hours from the time of receipt of authorization request and last necessary requirement from the hospital either to the insurer or to the TPA whichever is earlier.
   b. Decision on final discharge shall be communicated to the network provider within two hours from the time of receipt of final bill and last necessary requirement from the hospital either to the insurer or to the TPA whichever is earlier.
4. Insurers are advised to issue appropriate guidelines to their respective Third Party Administrators.
5. These guidelines are issued under the powers vested with Regulation 27 (vi) of IRDAI (Health Insurance) Regulations, 2016 read with Section 34 (1) of Insurance Act, 1938.

T L Alamelu
Member (NL)

Providing mandatory medical insurance coverage to workers as part of the National Directives of MHA, GOI

IRDAI/HLT/CIR/MISC/093/04/2020.

16th April, 2020

1. Reference is invited to Order No. 40-3/2020-DM-I (A) dated 15th April, 2020 issued as part of the Consolidated Revised Guidelines by Ministry of Home Affairs, GOI. As per the said order, inter alia; the following are stipulated:
   i. All industrial and commercial establishments, work places, offices etc. shall put in place arrangements for implementation of Standard Operating Procedure (SOP) before starting their functioning.
   ii. As per clause no. 5 of Annexure – II of the said SOP for social distancing for offices, workplace, factories and establishments, medical insurance for the workers to be made mandatory.
2. In light of the above, all General and Health Insurance companies may offer comprehensive health insurance policies either to individuals or groups in order to enable

the listed organisations / employers / establishments comply with the above referred directions.

3. The insurers are advised to devise comprehensive Health insurance products with simple wordings, conditions and at affordable cost to be offered to the stated organisations.

4. The above referred organisations should be able to continue the Medical Insurance Policy offered by insurers not only for the present situation but for all time.

T L Alamelu
MEMBER (Non Life)

Prudent management of financial resources of insurers in the context of Covid-19 pandemic

IRDA/F&A/CIR/MISC/089/04/2020

Date:13-04-2020

1. The global macroeconomic outlook for current financial year 2020-21 has been adversely affected by COVID-19 pandemic which has impacted majority of countries in the world across the continents. The pandemic has cast its shadow across various economic activities withmassive dislocation in global production, supply chains and trade. Financial markets across the world are also experiencing extreme volatility and commodity prices have declined sharply. Against this backdrop, the Reserve Bank of India (RBI) in its Press Release dated 9th April, 2020 has drawn attention to the following projection of IMF / OECD "the IMF expects that the contraction in global output in 2020 could be as bad as or worse than in 2009. The depth of the recession and the pace of recovery in 2021 would depend on the speed of containment of the pandemic and the efficacy of monetary and fiscal policy actions by various countries. The slowdown could be more protracted in dire scenarios in which the duration of COVID-19 extends longer. The Organisation for Economic Cooperation and Development (OECD) estimates suggest that annual global gross domestic product (GDP) growth could be lower by up to 2 percentage points for each month in which strict containment measures continue. If the shutdown continues for three months with no offsetting factors, annual GDP growth could be between 4- 6 percentage points lower than it otherwise might have been". The emerging scenario is likely to leave an impact on both liquidity, sufficiency and availability of capital.

2. With the spread of Covid-19 in the country and 21-day nationwide lockdown from 25 March 2020 to 14 April 2020 and further extension of lockdown by several State Governments, there is likely to be a significant impact across various sectors of the economy. Indian insurers need to prepare strategies and action plans for business continuity to ensure enhanced protection to the policyholders. Due to the stress experienced by the economy, sufficiency of capital and liquidity position of the insurers may be adversely impacted and all the insurers need to guard against the same.

3. While the Central Government has taken steps to support the financial sector in its activities, IRDAI has already announced several need based relaxations to prevent any disruption to the activities of the insurance industry. It is critical in these difficult times for all the Indian insurers to ensure that at all times they protect the interests of policyholders and provide necessary financial security to them.

4. In the light of the above, the Authority advises all insurers to take following steps:
   (i) Board of insurers are advised to critically examine their capital availability and solvency margin as required in the current financial year 2020-21 and devise strategies to ensure that they have adequate capital and resources available with them;
   (ii) To align the dividend pay-out for the FY 2019-20 so as to be in conformity with the strategy at (i) above; and
   (iii) Rationalize the expenses of management for the FY 2020-21 so as to be in line with the strategy at (i) above.

5. All insurers are advised to place this communication before their respective Boards at the ensuing meeting.

Pravin Kutumbe
Member (F&I)

Important Insurance Contacts

Insurance Regulatory and Development Authority of India
Sy. No. 115/1, Financial District
Nanakramguda, Gachibowli
Hyderabad - 500 032
Tel: 040-20204000
Email:irda@irda.gov.in

Policyholder Online Complaint to IRDAI
Integrated Grievance Management System (IGMS) provides a gateway for policyholders to register complaints with insurance companies first and if need be escalate them to the IRDA Grievance Cells online through website.
IRDA Grievance Call Centre (IGCC) can be accessed through
a toll free number 155255 or 18004254732 for voice calls
Email: complaints@irda.gov.in

Policyholder Letter/Fax Complaint to IRDAI
Consumer affairs Department,
Insurance Regulatory and Development Authority, Sy. No. 115/1, Financial District
Nanakramguda, Gachibowli
Hyderabad - 500 032
Ph. : 8275059078

IRDA Consumer Website
http://www.policyholder.gov.in/

General Insurance Council
5th Floor, National Insurance Building,
14, Jamshedji Tata Road
Churchgate - Mumbai 400020, India
Tel: +91 22 2281 7511 / 12
Mobile : 8275059078
Fax: +91 22 2281 7515
E-mail : gicouncil@gicouncil.in

Life Insurance Council
4th Floor, Jeevan Seva Annexe Building,
Santacruz (West) Mumbai
Phone : (+91-22) 26103303 / 06
Email: licouncil@lifeinscouncil.org

Insurance Institute of India
C-46, G Block, Near Dhirubhai Ambani International School,Bandra Kurla Complex,Bandra (E), Mumbai - 400 051.
Tel No. 022-26544200
Email : mrm@iii.org.in

Indian Institute of Surveyors & Loss Assessors
Door No. : 3-5-890,Flat No.315, Paras Chambers, Himayath Nagar, Hyderabad -29.
Telephone : 040 - 66253666
E-mail : admin@iiisla.co.in

Institute of Actuaries of India
Unit no. F-206, 2nd Floor, 'F' Wing in Tower 2, Seawoods Grand Central, Plot no R-1, Sector 40,
Seawoods, Near Seawoods Railway Station
Navi Mumbai - 400 706
Boardline: +91 22 62433333|
Fax: +91 22 39686050
www.actuariesindia.org

Insurance Websites

Regulatory Bodies

Insurance Regulatory and Development Authority of India	www.irdai.gov.in
General Insurance Council	www.gicouncil.in
Life Insurance Council	www.lifeinscouncil.org
Executive Council of Insurers	ecoi.co.in/ombudsman.html

General Insurance Companies

The NewIndia Assurance	www.newindia.co.in
National Insurance Company	www.nationalinsuranceindia.co.in
Oriental Insurance Company	www.orientalinsurance.co.in
United India Insurance	www.uiic.co.in
Bajaj Allianz General Insurance	www.bajajallianz.com
RoyalSundaram Alliance Insurance	www.royalsundaram.in
ICICI Lombard General Insurance	www.icicilombard.com
Cholamandalam General Insurance	www.cholainsurance.com
Export Credit Guarantee Corporation of India	www.ecgc.in
IFFCO Tokio General Insurance	www.iffcotokio.co.in
Star Health Alied Insurance	www.starhealth.in
Apollo Munich Health Insurance	www.apollomunichinsurance.com
Reliance General Insurance	www.reliancegeneral.co.in
Tata AIG General Insurance	www.tataaig.com
HDFC ERGO General Insurance	www.hdfcergo.com
Future Generali India Insurance	general.futuregenerali.in
Universal Sompo General Insurance	www.universalsompo.com
Shriram General Insurance	www.shriramgi.com
Agriculture Insurance Company of India Ltd.	www.aicofindia.org
Bharti AXA General Insurance India	www.bharti-axagi.co.in
SBI General Insurance Company	www.sbigeneral.in
Max Bupa Health Insurance Company Ltd.	www.maxbupa.com
Religare Health Insurance Company Limited	www.religarehealthinsurance.com
Magma HDI General Insurance Company Ltd	magma-hdi.co.in
Liberty Videocon General Insurance	www.libertyvideocon.com

Life Insurance companies

Bajaj Allianz Life Insurance Co. Ltd.	www.bajajallianzlife.com
Life Insurance Corporation of India	www.licindia.in
HDFC Life Insurance Co. Ltd	www.hdfclife.com
Max Life Insurance Co. Ltd.	www.maxlifeinsurance.com
ICICI Prudential Life Insurance Co. Ltd.	www.iciciprulife.com
Kotak Mahindra Life Insurance Co. Ltd.	insurance.kotak.com
Aditya Birla SunLife Insurance Co. Ltd.	lifeinsurance.adityabirlacapital.com
SBI Life Insurance Co. Ltd.	www.sbilife.co.in
Exide Life Insurance Co. Ltd.	www.exidelife.in
PNB MetLife India Insurance Co. Ltd	www.pnbmetlife.com
Reliance Nippon Life Insurance Company	www.reliancenipponlife.com
Aviva Life Insurance Company India Ltd.	www.avivaindia.com
Sahara India Life Insurance Co. Ltd.	www.saharalife.com
Shriram Life Insurance Co. Ltd.	www.shriramlife.com
Bharti AXA Life Insurance Company Ltd.	www.bharti-axalife.com
Future Generali India Life Insurance Company Limited	life.futuregenerali.in
IDBI Federal Life Insurance Company Limited	www.idbifederal.com
Canara HSBC Oriental Bank of Commerce Life Ins. Co. Ltd.	www.canarahsbclife.com
Aegon Life Insurance Company Limited	www.aegonlife.com
Pramerica Life Insurance Co. Ltd.	pramericalife.in
Star Union Dai-Ichi Life Insurance Co. Ltd.	www.sudlife.in
IndiaFirst Life Insurance Company Ltd.	www.indiafirstlife.com
Edelweiss Tokio Life Insurance Company Limited	www.edelweisstokio.in
Tata Aia Life Insurance Company Limited	www.tataaia.com

Others

GIC Re	www.gicofindia.com
Risk Management Association of India	www.rmaindia.org
Million Dollar Round Table	www.mdrt.com
Insurance Institute of India	www.insuranceinstituteofindia.com
Actuarial Society of India	www.actuariesindia.org
National Insurance Academy	www.niapune.com
Institute of Insurance Surveyor & Adjustors	www.iiisla.org

Performance Statistics - Non-Life Insurance

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

(Rs. in crores)

INSURER	For the month of March		Upto March		Market Share upto the Month of Mar 2020 (%)	Growth over the corresponding period of previous year (%)
	2019-20	2018-19	2019-20	2018-19		
Acko General Insurance Limited	32.02	23.35	373.42	141.89	0.20	163.18
Bajaj Allianz General Ins. Co. Ltd.	727.74	1,021.62	12,779.77	11,059.41	6.75	15.56
Bharti AXA General Ins. Co. Ltd.	228.68	229.59	3,133.83	2,258.05	1.66	38.78
Cholamandalam MS General Ins.	369.80	470.16	4,397.80	4,428.14	2.32	(0.69)
NAVI General Insurance Limited	7.65	12.93	157.99	243.06	0.08	(35.00)
Edelweiss General Ins. Co. Ltd.	12.45	8.26	146.39	92.55	0.08	58.17
Future Generali India Ins. Co. Ltd.	298.48	334.80	3,417.07	2,553.94	1.81	33.80
Go Digit General Ins. Ltd.	235.82	480.70	2,198.52	894.81	1.16	145.70
HDFC Ergo General Ins. Co. Ltd.	850.29	728.36	9,308.40	8,612.85	4.92	8.08
ICICI Lombard General Ins. Co. Ltd.	743.76	899.44	13,312.87	14,488.23	7.04	(8.11)
IFFCO Tokio General Ins. Co. Ltd.	619.48	906.17	7,961.04	7,001.84	4.21	13.70
Kotak Mahindra General Ins. Co.	40.39	36.29	433.39	301.11	0.23	43.93
Liberty General Ins. Ltd.	108.46	101.08	1,531.36	1,125.16	0.81	36.10
Magma HDI General Ins. Co. Ltd.	84.11	125.26	1,224.77	970.11	0.65	26.25
National Ins. Co. Ltd.	1,637.33	2,097.43	15,178.95	15,128.90	8.02	0.33
Raheja QBE General Ins. Co. Ltd.	26.66	19.13	158.12	115.98	0.08	36.34
Reliance General Ins. Co. Ltd.	475.09	511.79	7,465.04	6,191.03	3.95	20.58
Royal Sundaram General Ins. Co.	241.21	282.97	3,667.10	3,172.57	1.94	15.59
SBI General Ins. Co. Ltd.	564.26	735.80	6,789.67	4,706.55	3.59	44.26
Shriram General Ins. Co. Ltd.	247.17	284.81	2,466.20	2,356.34	1.30	4.66
Tata AIG General Ins. Co. Ltd.	530.50	663.90	7,387.00	7,742.60	3.90	(4.59)
The New India Assurance Co. Ltd.	2,011.82	2,550.02	26,699.37	23,910.16	14.11	11.67
The Oriental Ins. Co. Ltd.	1,361.06	1,519.84	13,663.14	13,199.33	7.22	3.51
United India Ins. Co. Ltd.	1,698.03	1,623.75	17,503.78	16,420.47	9.25	6.60
Universal Sompo General Ins. Co.	234.04	129.61	2,837.79	2,830.92	1.50	0.24
General Insurers Total	**13,386.31**	**15,797.06**	**1,64,192.78**	**1,49,946.01**	**86.78**	**9.50**
Aditya Birla Health Ins. Co. Ltd.	104.91	76.32	872.04	496.80	0.46	75.53
HDFC Ergo Health Ins. Co. Ltd.	323.40	342.69	2,523.89	2,194.43	1.33	15.01
ManipalCigna Health Ins. Co. Ltd.	62.57	55.06	576.19	484.82	0.30	18.85
Max Bupa Health Ins. Co. Ltd.	158.27	136.83	1,242.89	947.02	0.66	31.24
Religare Health Ins. Co. Ltd.	222.11	165.40	2,388.99	1,825.56	1.26	30.86
Star Health & Allied Ins. Co. Ltd.	936.00	954.00	6,800.00	5,401.29	3.59	25.90
Reliance Health Ins. Ltd.*	(0.03)	1.88	5.99	4.09	0.00	46.36
Stand-alone Pvt Health Insurers	1,807.23	1,732.17	14,409.98	11,354.01	7.62	26.92
Agricultural Ins. Co. of India Ltd.	517.21	(4.61)	9,537.58	6,900.88	5.04	38.21
ECGC Limited	73.91	148.27	1,075.20	1,247.54	0.57	(13.81)
Specialized PSU Insurers	591.12	143.66	10,612.78	8,148.42	5.61	30.24
GRAND TOTAL	**15,784.66**	**17,672.89**	**1,89,215.54**	**1,69,448.44**	**100.00**	**11.67**

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*

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

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crore					No. of Policies / Schemes				
		Month of Mar-2020	Upto Mar-2020	Month of Mar-2019	Upto Mar-2019	YTD Variation in %	Month of Mar-2020	Upto Mar-2020	Month of Mar-2019	Upto Mar-2019	YTD Variation in %
1	**Aditya Birla Sun Life Insurance Co. Ltd.**										
	Individual Single Premium	12.87	112.94	20.30	115.18	-1.94%	230	2971	717	3824	-22.31%
	Individual Non Single Premium	211.20	1690.52	342.36	1682.04	0.50%	27997	258851	50426	281033	-7.89%
	Group Single Premium	234.03	1753.74	352.64	1998.03	-12.23%	10	98	21	98	0.00%
	Group Non Single Premium	16.36	21.23	1.51	34.01	-37.60%	2	4	0	5	-20.00%
	Total	**480.90**	**3657.11**	**724.53**	**3916.10**	**-6.61%**	**28281**	**262495**	**51270**	**285894**	**-8.18%**
2	**Aegon Life Insurance Co. Ltd.**										
	Individual Single Premium	0.07	2.42	0.34	1.90	27.26%	2	15038	3623	11352	32.47%
	Individual Non Single Premium	6.69	70.77	17.57	100.62	-29.67%	1738	22335	4820	41517	-46.20%
	Group Single Premium	0.00	1.08	0.50	3.54	-69.46%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**9.73**	**91.73**	**20.66**	**117.63**	**-22.02%**	**1755**	**37487**	**8473**	**52963**	**-29.22%**
3	**Aviva Life Insurance Co. Ltd.**										
	Individual Single Premium	0.57	8.82	1.27	7.33	20.26%	593	1326	470	6325	-79.04%
	Individual Non Single Premium	12.27	114.73	42.72	167.52	-31.51%	1615	19415	4221	25829	-24.83%
	Group Single Premium	0.00	2.56	0.67	4.01	-36.30%	0	1	0	2	-50.00%
	Group Non Single Premium	0.14	1.35	0.19	2.61	-48.34%	0	0	0	0	---
	Total	**15.47**	**217.53**	**78.03**	**283.83**	**-23.36%**	**2218**	**20787**	**4694**	**32210**	**-35.46%**
4	**Bajaj Allianz Life Insurance Co. Ltd.**										
	Individual Single Premium	8.13	80.44	11.91	65.63	22.56%	73	513	153	1661	-69.11%
	Individual Non Single Premium	234.47	1918.78	384.99	1735.55	10.56%	35483	310905	54124	309211	0.55%
	Group Single Premium	331.62	3003.89	764.18	2895.45	3.75%	6	53	5	40	32.50%
	Group Non Single Premium	0.00	0.00	0.24	1.48	-100.01%	0	0	0	0	---
	Total	**585.36**	**5178.73**	**1182.11**	**4922.89**	**5.20%**	**35562**	**311507**	**54295**	**310952**	**0.18%**
5	**Bharti AXA Life Insurance Co. Ltd.**										
	Individual Single Premium	8.66	45.58	21.04	66.81	-31.78%	4092	11364	10659	20551	-44.70%
	Individual Non Single Premium	55.25	589.07	96.50	577.31	2.04%	10866	196248	21996	147148	33.37%
	Group Single Premium	14.14	194.13	26.25	266.56	-27.17%	3	16	1	12	33.33%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**78.05**	**828.78**	**143.79**	**910.67**	**-8.99%**	**14961**	**207628**	**32656**	**167711**	**23.80%**
6	**Canara HSBC OBC Life Insurance Co. Ltd.**										
	Individual Single Premium	46.94	130.77	4.39	57.49	127.48%	243	716	48	344	108.14%
	Individual Non Single Premium	92.74	961.82	178.50	909.50	5.75%	13378	149138	24310	128716	15.87%
	Group Single Premium	7.69	341.99	33.75	422.24	-19.00%	1	11	0	4	175.00%
	Group Non Single Premium	0.53	6.91	1.13	6.77	2.12%	0	3	0	0	---
	Total	**148.98**	**1527.52**	**221.99**	**1460.27**	**4.61%**	**13622**	**149876**	**24358**	**129068**	**16.12%**
7	**Edelweiss Tokio Life Insurance Co. Ltd.**										
	Individual Single Premium	0.53	9.17	3.33	14.58	-37.15%	1017	4486	1455	6159	-27.16%
	Individual Non Single Premium	31.55	321.98	69.92	339.01	-5.02%	6308	75414	13870	74872	0.72%
	Group Single Premium	3.75	22.08	12.44	51.13	-56.81%	0	4	1	1	300.00%
	Group Non Single Premium	12.63	18.66	19.07	33.86	-44.88%	0	2	2	8	-75.00%
	Total	**49.06**	**383.15**	**104.95**	**455.63**	**-15.91%**	**7328**	**79953**	**15329**	**81074**	**-1.38%**
8	**Exide Life Insurance Co. Ltd.**										
	Individual Single Premium	10.47	113.66	21.14	57.49	97.69%	138	2304	705	1272	81.13%
	Individual Non Single Premium	73.57	659.45	124.98	661.98	-0.38%	17153	188109	33610	199240	-5.59%
	Group Single Premium	0.11	0.53	0.09	0.58	-8.62%	0	0	0	1	-100.00%
	Group Non Single Premium	13.05	39.10	9.50	46.67	-16.22%	7	47	9	117	-59.83%
	Total	**105.14**	**888.65**	**162.52**	**802.24**	**10.77%**	**17298**	**190460**	**34324**	**200630**	**-5.07%**
9	**Future General India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.45	5.24	1.18	6.08	-13.83%	22	324	68	346	-6.36%
	Individual Non Single Premium	48.96	366.52	118.34	374.48	-2.13%	6020	64947	15587	71112	-8.67%
	Group Single Premium	9.12	77.67	11.50	68.61	13.21%	0	3	2	18	-83.33%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**70.77**	**767.43**	**187.41**	**714.90**	**7.35%**	**6051**	**65325**	**15670**	**71546**	**-8.70%**
10	**HDFC Life Insurance Co. Ltd.**										
	Individual Single Premium	250.14	2844.10	413.16	2925.18	-2.77%	2831	38488	6744	46751	-17.67%
	Individual Non Single Premium	578.83	5680.14	795.59	4719.78	20.35%	88670	857865	142913	948249	-9.53%
	Group Single Premium	1193.71	8439.32	1309.90	6988.14	20.77%	729	1112	45	241	361.41%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**2060.25**	**17396.25**	**2551.61**	**14971.50**	**16.20%**	**92239**	**897693**	**149761**	**995587**	**-9.83%**
11	**ICICI Prudential Life Insurance Co. Ltd.**										
	Individual Single Premium	138.65	1368.45	157.42	1161.58	17.81%	1622	18204	2174	40435	-54.98%
	Individual Non Single Premium	464.20	6505.88	921.14	6978.40	-6.77%	59019	747003	95085	852045	-12.33%
	Group Single Premium	239.22	2154.34	261.25	1333.96	61.50%	9	150	10	119	26.05%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**983.35**	**12348.11**	**1451.59**	**10251.81**	**20.45%**	**60859**	**766991**	**97434**	**893841**	**-14.19%**
12	**IDBI Federal Life Insurance Co. Ltd.**										
	Individual Single Premium	18.83	138.87	23.65	219.98	-36.87%	495	4581	935	8199	-44.13%
	Individual Non Single Premium	25.86	268.15	61.89	424.28	-36.80%	3662	42935	10522	93604	-54.13%
	Group Single Premium	26.27	153.16	26.67	160.90	-4.81%	2	4	2	7	-42.86%
	Group Non Single Premium	0.00	0.33	0.11	1.46	-77.51%	0	0	0	0	---
	Total	**70.97**	**560.50**	**112.32**	**806.62**	**-30.51%**	**4159**	**47520**	**11459**	**101810**	**-53.32%**

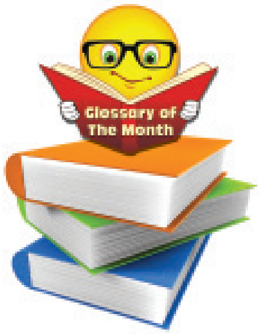
Performance STATISTICS - LIFE INSURANCE

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

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crore					No. of Policies / Schemes				
		Month of Mar-2020	Upto Mar-2020	Month of Mar-2019	Upto Mar-2019	YTD Variation in %	Month of Mar-2020	Upto Mar-2020	Month of Mar-2019	Upto Mar-2019	YTD Variation in %
13	**IndiaFirst Life Insurance Co. Ltd.**										
	Individual Single Premium	1.11	19.75	2.18	22.22	-11.14%	-26	15683	1936	26620	-41.09%
	Individual Non Single Premium	113.32	847.96	122.07	678.35	25.00%	19454	172213	21883	151172	13.92%
	Group Single Premium	54.61	904.18	228.46	1293.20	-30.08%	13	162	16	112	44.64%
	Group Non Single Premium	0.13	0.58	0.06	0.37	55.70%	1	6	0	4	50.00%
	Total	**169.17**	**1772.46**	**352.77**	**1994.15**	**-11.12%**	**19442**	**188064**	**23835**	**177908**	**5.71%**
14	**Kotak Mahindra Old Mutual Life Ins. Co. Ltd.**										
	Individual Single Premium	184.64	837.04	156.44	515.40	62.41%	2832	45747	4758	54923	-16.71%
	Individual Non Single Premium	248.99	1561.70	419.24	1616.21	-3.37%	37115	269592	68961	291198	-7.42%
	Group Single Premium	108.90	1159.56	85.00	927.64	25.00%	36	256	15	139	84.17%
	Group Non Single Premium	0.11	4.18	0.84	19.79	-78.87%	2	27	7	63	-57.14%
	Total	**744.64**	**5105.77**	**898.97**	**3977.11**	**28.38%**	**40073**	**316150**	**73838**	**346885**	**-8.86%**
15	**Max Life Insurance Co. Ltd.**										
	Individual Single Premium	194.75	1169.52	167.43	963.49	21.38%	270	2011	181	1102	82.49%
	Individual Non Single Premium	531.50	3961.50	842.98	3782.34	4.74%	73041	594513	121241	643811	-7.66%
	Group Single Premium	32.05	325.43	44.20	323.79	0.51%	5	112	6	93	20.43%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**775.42**	**5583.59**	**1068.66**	**5159.55**	**8.22%**	**73393**	**597531**	**121484**	**645629**	**-7.45%**
16	**PNB Metlife Life Insurance Co. Ltd.**										
	Individual Single Premium	0.39	14.91	2.29	24.41	-38.91%	14	462	87	951	-51.42%
	Individual Non Single Premium	129.40	1294.95	264.36	1369.02	-5.41%	18337	193665	33231	211096	-8.26%
	Group Single Premium	49.99	409.07	88.49	237.05	72.57%	2	9	2	2	350.00%
	Group Non Single Premium	0.08	0.67	0.11	2.01	-66.52%	13	176	22	206	-14.56%
	Total	**189.64**	**1778.63**	**365.27**	**1681.86**	**5.75%**	**18366**	**194312**	**33342**	**212255**	**-8.45%**
17	**PRAMERICA Life Insurance Limited**										
	Individual Single Premium	0.26	8.22	2.66	18.59	-55.81%	13	345	41	1926	-82.09%
	Individual Non Single Premium	12.89	157.67	25.87	296.58	-46.84%	2529	39494	6562	71288	-44.60%
	Group Single Premium	5.13	272.37	33.08	569.27	-52.15%	2	56	3	15	273.33%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**21.71**	**514.84**	**80.71**	**1220.25**	**-57.81%**	**2564**	**40369**	**6682**	**74210**	**-45.60%**
18	**Reliance Nippon Life Insurance Co. Ltd.**										
	Individual Single Premium	7.20	53.54	3.27	28.54	87.61%	201	1599	166	1260	26.90%
	Individual Non Single Premium	100.84	887.72	114.96	873.55	1.62%	20424	203245	27694	224611	-9.51%
	Group Single Premium	0.00	0.72	0.22	8.03	-91.08%	0	0	0	1	-100.00%
	Group Non Single Premium	1.24	49.61	46.51	124.80	-60.24%	6	20	8	22	-9.09%
	Total	**109.83**	**1006.11**	**165.85**	**1067.00**	**-5.71%**	**20633**	**204901**	**27874**	**225951**	**-9.32%**
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	136.84	1636.78	92.28	757.21	116.16%	3302	33243	2907	19939	66.72%
	Individual Non Single Premium	671.76	9607.42	1175.06	8879.02	8.20%	118332	1517933	211302	1505500	0.83%
	Group Single Premium	298.57	5126.92	629.88	3977.55	28.90%	17	97	8	90	7.78%
	Group Non Single Premium	1.70	18.60	11.46	36.34	-48.83%	0	0	0	2	-100.00%
	Total	**1127.47**	**16591.82**	**1922.74**	**13792.03**	**20.30%**	**121680**	**1551862**	**214298**	**1526144**	**1.69%**
21	**Shriram Life Insurance Company Limited**										
	Individual Single Premium	2.99	37.17	12.46	63.04	-41.03%	146	1933	676	3190	-39.40%
	Individual Non Single Premium	60.71	457.07	91.95	454.06	0.66%	35932	272799	51652	273253	-0.17%
	Group Single Premium	23.34	200.98	54.06	266.37	-24.55%	1	6	5	12	-50.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**87.81**	**708.60**	**160.29**	**822.72**	**-13.87%**	**36079**	**274750**	**52334**	**276483**	**-0.63%**
22	**Star Union Dai-ichi Life Insurance Company Limited**										
	Individual Single Premium	12.72	101.35	6.97	49.75	103.72%	222	2082	192	1410	47.66%
	Individual Non Single Premium	48.12	541.87	110.84	558.79	-3.03%	6333	75525	13965	94589	-20.15%
	Group Single Premium	12.47	91.20	9.22	53.17	71.52%	0	0	0	2	-100.00%
	Group Non Single Premium	0.18	1.78	0.22	2.25	-20.81%	0	0	0	0	---
	Total	**74.74**	**771.02**	**129.29**	**676.51**	**13.97%**	**6555**	**77620**	**14158**	**96007**	**-19.15%**
23	**Tata AIA Life Insurance Company Limited**										
	Individual Single Premium	29.46	431.71	61.01	131.87	227.37%	233	2770	623	1409	96.59%
	Individual Non Single Premium	326.84	2648.61	511.65	2218.89	19.37%	48036	475158	74446	348268	36.43%
	Group Single Premium	2.73	39.72	8.00	32.08	23.81%	0	0	0	7	-100.00%
	Group Non Single Premium	24.27	95.95	15.11	87.06	10.22%	2	64	4	67	-4.48%
	Total	**384.27**	**3241.07**	**596.44**	**2475.90**	**30.90%**	**48289**	**478182**	**75093**	**349798**	**36.70%**
	PRIVATE										
	Individual Single Premium	1066.65	9170.45	1186.14	7273.76	26.08%	18565	206190	39318	259949	-20.68%
	Individual Non Single Premium	4079.97	41114.27	6833.47	39397.27	4.36%	651442	6747302	1102421	6987362	-3.44%
	Group Single Premium	2647.43	24674.64	3980.46	21881.31	12.77%	836	2150	142	1016	111.61%
	Group Non Single Premium	70.42	258.96	106.05	399.48	-35.18%	33	349	52	494	-29.35%
	PRIVATE TOTAL	**8342.73**	**80919.41**	**12682.48**	**72481.17**	**11.64%**	**671407**	**6961463**	**1142661**	**7254556**	**-4.04%**
24	**Life Insurance Corporation of India**										
	Individual Single Premium	1112.85	21967.39	3580.30	24393.55	-9.95%	46034	851489	174702	1127538	-24.48%
	Individual Non Single Premium	1679.59	29260.43	4682.22	26618.63	9.92%	1123751	21044731	4217746	20276367	3.79%
	Group Single Premium	13552.02	98247.69	13960.51	86527.42	13.55%	38	1001	76	713	40.39%
	Group Non Single Premium	663.59	27848.34	2346.17	3464.98	703.71%	279	2547	848	3288	-22.54%
	Total	**17066.57**	**177977.08**	**24776.87**	**142191.69**	**25.17%**	**1171662**	**21925106**	**4396535**	**21433256**	**2.29%**
	GRAND TOTAL	**25409.30**	**258896.49**	**37459.36**	**214672.86**	**20.60%**	**1843069**	**28886569**	**5539196**	**28687812**	**0.69%**

Glossary



Fire

Coverage protecting the insured against the loss to real or personal property from damage caused by the peril of fire or lightning, including business interruption, loss of rents, etc.

Fire Legal Liability

Coverage for property loss liability as the result of separate negligent acts and/or omissions of the insured that allows a spreading fire to cause bodily injury or property damage of others. An example is a tenant who, while occupying another party's property, through negligence causes fire damage to the property.

Flood

Coverage protecting the insured against loss or damage to real or personal property from flood.

Poll

Do you think Covid-19 will transform the selling of insurance products

Yes

No

Can't say

Results of Poll in our April 2020 Issue

Do you think disruption due to COVID 19 will have positive or negative impact on the industry

Positive	00
Negative	100
Can't say	00

You may send your views to :

Poll Contest, **The Insurance Times**
25/1, Baranashi Ghosh Street, Kolkata - 700 007
Phone : 2269 6035, 2218 4184, 4007 8428
Email: insurance.kolkata@gmail.com

"The challenge of orchestrating the management team around the mitigation of the operating risks and strategic & emerging risk become critical for the measure of success."

Satyanandan Atyam

Chief Risk Officer,
Max Bupa Health Insurance Co. Ltd.

1. What are the top five risk affecting insurance companies?

The under mentioned key risks impacting the Insurance businesses could be because of the inherent nature of business and due to the prevailing macro economic conditions as applicable to the industry.

- ❖ Expenses ratio & claim ratio risk
- ❖ Cyber Security & Data Risks
- ❖ Regulatory changes and operating effectiveness to change
- ❖ Investment exposure risk due to stress in NBFC sector
- ✶ Operational Risk around Technology scalability & errors and omissions in processes.

2. How you manage such risks?

The risk management process would involve identification of action plans to meet the risk mitigation objectives. The action plans would involve corrective and preventive actions to ensure that the objectives as defined in the plan are met. The risk assessment exercise is conducted by the risk management team post the identification of risk. The risk assessment involves identification of operating controls, control gaps and measuring the residual risk. The risk mitigation plan is provided by the function and basis the residual risk ,informed discussion are taken on accepting the risk, transferring the risk or mitigating the risk. The Risk mitigation strategies for the identified risks are supported by the action plans with due dates.

The Organization has a documented risk management strategy which is part of the Risk management framework and is approved by the board. The elements of the risk management framework namely; Strategic Risk Assessment, Risk and Control Self Assessment, Risk Strategy & Appetite; Risk reporting and Risk Framework Design and effectiveness review form the annual plan. The governance with Function heads and the CEO is through the Management Risk Committee (MRC) which meets quarterly. The management risk committee convenes every quarter to review on the progress made on the action plans for the identified critical and high risks. The risk management team tables the breaches around delay in the implementation of timelines of action plans , the High rated residual risks and breach from the enterprise risk appetite are discussed to review the risk mitigation plans.

3. What are the key challenges you have faced in implementation of Risk Management.

Risk management supports value creation by enabling management to respond in a manner that reduces the

"The risk assessment exercise is conducted by the risk management team post the identification of risk. The risk assessment involves identification of operating controls, control gaps and measuring the residual risk."

likelihood of downside outcomes and increases the upside. To achieve this the early indicators of risk with the limit and thresholds needs to be measured. The risk appetite statements at the strategic level and the key risk indicators at the operating level enables to reduce the likelihood of downside outcomes. The ability to identify the early indicators at the process level which rolls up to the enterprise risk appetite statements is a critical to provide enterprise view of risk from the operating level. The Ist line of management alignment to the strategic risk register derived from the annual operating plan and the emerging risks which may have a major impact on future business is required. The challenge of orchestrating the management team around the mitigation of the operating risks and strategic & emerging risk become critical for the measure of success.

Further, risk management is most successful when it becomes fully integrated with Ist line of management. Like all good management practices, it should be driven from top down and be recognized as the responsibility of everyone. Executives and Senior Managers have a particular responsibility in demonstrating commitment to the implementation and use of risk management process and the information it generates. The Key challenge around the implementation crops up when the mentioned buy-in from the executives is not available.

4. What are the top three emerging risks from your industry point of view.

The key emerging risk from the point of view of the industry are as follows

- ❖ **Impending data protection bill creating new risks around data protection & privacy :** The Draft Bill is under discussion and is being discussed to take shape of Law in immediate future. Organizations will have to embed Privacy by design in the entire data life cycle – collection, processing and use, storage, transmission, archival and disposal.
- ❖ **Technology scalability and change management :** The ease of scalability and low cost change management is critical for operational efficiency of the organization. IT updating requires a constant and expensive effort to keep up. But, if information technology systems are not up to par, insurers run the risk of not being able to satisfy customer service expectations, presenting both an operational risk and a strategic risk.
- ✶ **Digital disruption :** Emerging competition due to digital disruption ecosystems which may creates NEW affinity/distribution channels- No one knows what it will be, but many survey respondents are sure that someone, maybe Alphabet or Amazon, is quietly developing the insurance company killer app. This strategic risk is a fear that's tied very closely to the next risk.

5. Any lessons or any thought that you would like to share with our readers.

The first line managers are the ambassadors for implementation of an effective risk management in a organization. The second line of defense works as a consultant to the Ist line for improving to Risk & control posture of the business. The risk management process does not encourage managers to be risk averse. In fact, it is designed to provide managers with a degree of confidence to be able to manage risk up to an acceptable level and to take risk commensurate with the opportunity. A culture which is risk averse will create inflexibility in the business and erect barriers to achievement of organization's goals. Alternatively, the acceptance of disproportionately high risk can have adverse impact on the business.

Satyanandan Atyam is working as Vice President & Chief Risk Officer with MAX Bupa Health Insurance company ltd. He is responsible for the designing and implementing the risk management framework across the enterprise. Max Bupa Health Insurance was awarded the prestigious "Golden Peacock Award for Risk Management" 2019. The recognition has been conferred upon us by the Institute of Directors (IOD), India for the concerted efforts towards building a robust risk management framework.

Prior to this he was heading the enterprise risk management function & working as Associate Vice President, Chief Information Security Officer (CISO) & Data Privacy Officer (DPO) at Bharti AXA General Insurance.

He comes with 16 years of experience, across various industry domains viz. Insurance, Capital Markets, Automotive across multiple geographies like Europe, Middle East and in Asia Pacific in Enterprise Risk Management, Operational Risk, Financial Risk, Information Security, IT Risk Management, Data Privacy, Data protection, Business Process Design, Risk advisory, IT audit & Outsourcing risk. As a trusted advisor to CEOs, Executive committees, CIOs, CTOs, CPOs, and GCs, he is valued for thought leadership, technical acumen, and business-positive approach to managing risks to business & Information.

He was awarded the DSCI Excellence Awards-"Privacy Leader of the Year 2015" at the NASSCOM-DSCI -Annual Information Security Summit- December 2015, for demonstrating leadership in security and privacy domain through strategic, proactive and innovative measures at Bharti AXA General Insurance. He is a proficient speaker at conferences & in chapters of International Information System Security Certification Consortium, Inc (ISc2). He is a B. E, MBA (Finance) & holds industry leading Security certification viz. CISA & CISSP.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