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Head-retail underwriting
Bajaj Allianz General Ins.

"The idea is if a standard product is sold by all the companies,it becomes much easier for the policyholders to pick up that product."

Subhash Chandra Khuntia
Chairman of the Insurance


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Editor-in-Chief's Desk

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IRDAI has developed a methodology for identification and supervision of Domestic Systemically Important Insurers(D-SIIs) D-SIIs refer to insurers of such size, market importance and domestic and global inter connectedness whose distress or failure would cause a significant dislocation in the domestic financial system. Therefore, the continued functioning of D-SIIs is critical for the uninterrupted availability of insurance services to the national economy.

For the year 2020-21, IRDAI has recognized LIC, GIC RE and Newindia under D-SIIs. Due to current market conditions it is very important for regulator to take measures in advance to safeguard the solvency of the important insurers who have a considerable share in the market.

IRDAI has recently allowed insurers to offer wellness and preventive features as optional or add-on cover in health insurance policies.

Health insurance companies will now be able to offer reward points to policyholders who maintain good health and regularly take part in various wellness and fitness programmes. The rewards could be redeemable vouchers for health supplements, membership in yoga centres, gymnasiums, sports clubs or fitness centres. The insurer can also provide discounts on premiums or increase the sum insured at the time of renewals based on the wellness regime followed by policyholders in the preceding policy period.

IRDAI guidelines specifies that no wellness and preventive feature can be offered without it being filed or incorporated as part of the product in terms of the Product Filing Guidelines.

This is a welcome move by IRDAI as policyholders should take health insurance as precautionary measure. They should try to maintain good health which will not only help their family but society too. This may also bring a positive change in mindset of customers.

IRDAI has also introduced Video Based Identification Process (VBIP) which will help to simplify the process of Know Your Customer (KYC), and leverage the various electronic platforms to make it customer friendly.

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General Insurance News

FASTag must for vehicle insurance from April '21

From April next year, you won't be able to renew the third party insurance of your vehicle except for two and three-wheelers, if it doesn't have a valid FASTag. Moreover, all vehicles with four or more wheels would need to have FASTag from January 1 and violation of this would attract a penalty of Rs 300 to Rs 500.

The road transport ministry has published a draft notification proposing these changes in the Central Motor Vehicle Rules (CMVR) in order to increase penetration of FASTags. Though all cars and other bigger vehicles sold after December 1, 2017 have got the FASTags since this was made mandatory for registration, a huge number of old vehicles don't have the valid smart tags.

"This move will ensure greater coverage of the FASTag used for making toll charge payment digitally," said a source.

However, there are concerns whether the insurance companies and the insurance regulator would find it possible to ensure that only vehicles with FASTags can renew the third party insurance. Currently, nearly 50% of the vehicles have this insurance coverage and the regulator has been trying to increase the coverage.

InsuranceDekho to receive $20 mn funding from parent GirnarSoft

InsuranceDekho, India's leading insurance platform said that GirnarSoft has committed ₹20 million (around Rs. 147 crore) investment in the company. The firm will use the funding for "branding and strengthening their tech, product and sales teams".

"This new capital infusion will be used to expand our digital footprint. We are already a force to reckon with in the B2B space. With this round we aim to invest in branding and marketing to further strengthen our B2C platform which has been seeing strong traction over the last two quarters," said Ankit Agrawal, chief executive officer and co-founder, InsuranceDekho.

InsuranceDekho recently announced plans to onboard 1 lakh insurance advisors across country. They have already enrolled 20,000 advisors.

InsuranceDekho, an omni channel insurance platform, is a subsidiary of GirnarSoft. Commenting on the investment, Amit Jain, chief executive officer and co-founder, GirnarSoft said, "InsuranceDekho started as a modest initiative to complete the ecosystem play. Over the years, under Ankit Agrawal's leadership, it has taken a life of its own and ranks among the leading insuretech companies in the country. The other ventures of GirnarSoft are CarDekho.com, Zigwheels.com and gaadi.com.

"They have inherited CarDekho's capital efficiency and tech prowess but are building a large and independent business of their own. This proposed fund infusion is our vote of confidence in their ability to build India's most enduring insuretech business in India," Jain further added.

"In the first phase of our journey, we created a unique three-way marketplace of insurance consumers, India's leading insurance companies and distribution partners. Our focus was on building an industry leading tech stack and a platform that each of our stakeholders trusted," Agrawal added.

"Our unique consultative approach coupled with the tailwinds that the insurance industry is witnessing presents us a rare opportunity to create a large, profitable, and impactful business," said chief executive officer of InsuranceDekho.

Launched in 2017, InsuranceDekho is an insuretech venture that enables consumers to compare different insurance policies based on their requirements and offering them the best choices available. "With a network in more than 450 cities across the country, InsuranceDekho has achieved rapid growth, with the company business doubling every quarter and tie-ups with 26+ general insurance companies," the company said in a statement.

ESI will settle Covid-related jobless claims within 15 days

Formal sector workers registered under the Employees' State Insurance (ESI) scheme will receive Covid-19-related unemployment cash allowance within 15 days of filing the claim.

The ESI Corporation released the revised unemployment allowance scheme Atal Beemit Vyakti Kalyan Yojana (ABVKY). "The payment shall be made in the bank account of the IP (insured person) within 15 days from the receipt of the claim. Aadhaar shall be used for identification," the ESIC said in its circular.

The decision to revise the guidelines was taken in a meeting of the ESIC chaired by Labour and Employment Minister Santosh Kumar Gangwar in August.

Workers unemployed during the pandemic are set to receive cash to the extent of 50 per cent of the wage (as against 25 per cent meant for ESI subscribers affected during the precovid times).

It will be paid for a maximum of 90 days. The relief will be paid directly into the bank account of workers, who will be eligible to file the claim after 30 days of getting unemployed.

The benefit can be availed of by workers who became unemployed from March 24 till December 31, 2020. Under the existing guidelines, such claims were required to be submitted through the employer.

"Gangwar said claims can now be submitted directly (by workers)," according to a statement issued by the labour ministry. Workers will also be able to file the unemployment allowance claim online, according to the ESIC circular.

Mahindra Finance set to enter digital insurance broking segment

Mahindra Finance's insurance arm is set to enter the business of online broking giving digital services to the customers of its subsidiary, Mahindra Insurance Brokers, through a soon-to-be launched portal called PayBima.

The move comes at a time when the demand for insurance products pertaining especially to health and life is at a high due to increased urgency among individuals and businesses to get themselves covered against medical and business risks, amid the ongoing coronavirus pandemic.

According to a senior company executive, the new portal would play a role in the transformation of Mahindra's insurance broking services to a "phygital" model, which would leverage its feet-on-the-street agents at more than 400 locations in the country, with the digital aggregation and settlement services.

"Insurance is not about selling policies as much as it is about honoring the claims," said Jaideep Devare, MD at Mahindra Insurance Brokers. "The settlement of claims will be a critical part of our operations on the portal. Through our partnership with leading public and private insurers, we would also give our customers the options to compare and buy different policies, while the portal will also provide advanced assistance in registering and settling claims," he said.

The move to launch the portal would put it in direct competition against leading digital aggregators and brokers such as Policybazaar, Coverfox, Paytm and the traditional players in the insurance and reinsurance market, such as Marsh and Anand Rathi.

The insurance broker, setup in 2004, is rural focused, with concentration in motor and tractor-based insurance products through a cross-sell model with Mahindra's vehicle dealerships across India.

The company is now actively building its health, life, two-wheeler, and fourwheeler portfolios. It is also aiming to expand its reach among the urban customers through the new digital portal, said Devare.

Insurers see turnaround in PMFBY from 2021

Insurance companies are hopeful of a turnaround in the government's flagship crop insurance scheme - the Pradhan Mantri Fasal Bima Yojana (PMFBY) - with new guidelines and use of innovative measures. They also expect more States as well as insurers to participate from next year.

For instance, the Agriculture Insurance Corporation of India (AIC) has been working with States like Maharashtra and Madhya Pradesh and is using the cupping and capping mechanism.

Starting with Beed district in Maharashtra last year, AIC has also used it in Madhya Pradesh and convinced the State to remain in the scheme. "The objective is to provide comfort to States and encourage them to continue with the scheme," said a person familiar with the development.

"With every year taking kharif and rabi together, the premium will be set at an actuarial rate with some discount. But the loss ratio is set at 110 per cent. Beyond that it would be for the State to pay. Losses are often exaggerated. AIC is not looking at a profit. If the loss ratio is less than 80 per cent, it will refund the money to the State," he added.

Insurers also point out that high premium is just one of the issues due to which States have exited the PMFBY and said many had left due to internal issues such as political compulsions or financial issues.

"For Gujarat, high premium was the reason for exiting the scheme but others like Bihar and Jharkhand had left due to inability to pay or internal issues," said two insurers who did not wish to be named. Telangana and Andhra Pradesh have left for other reasons, they added.

With high volatility in the segment, a large number of private insurance companies too have exited the scheme, including ICICI Lombard General Insurance and Tata AIG, but players say that the new guidelines allow for better rates and are based on an actuarial basis.

Satyajit Tripathy, General Manager, General Insurance Corporation of India, said: "The scheme is doing quite well. It is running on actuarial basis and rating and everything is much improved now. Rates are improved and field deployment of resources is good, adoption of technology is being done quickly by States, the Centre and the companies. The structure of the scheme has improved a lot and is mostly run on commercial lines."

It is expected that more States and insurers will rejoin the scheme on seeing the improved results from the end of kharif and rabi season this year.

Ashish Agarwal, Head, Agriculture Business and CSC, Bajaj Allianz General Insurance, said: "As of now, our experience has been good. We have been able to do sustainable business within the premium. Last year, due to heavy rainfall in Maharashtra and MP, we incurred losses but on a portfolio basis, it has been doing reasonably well.

However, it can be a volatile business and one has to be very careful while participating to make sure it is sustainable in the long run."

Another insurer said the new guidelines are good and are based on feedback from the ground and requirements of farmers. "The premium has to be charged to keep the scheme sustainable in the long run. There is also a focus on timely payment of claims, deployment of resources on the ground level and adoption of technology," he said.

Under the new guidelines introduced by the Centre in February this year, it is optional for loanee farmers to join the scheme and business is allocated to insurers for a period of three years.

For kharif 2020, a total of 11 insurance companies have participated in PMFBY with as many as 1.37 crore farmers insured.

Non-life insurers see 10% rise in August premiums

Non-life insurers, which include general insurers, standalone health insurers and specialised PSU insurers, have seen a 10.38 per cent growth in premiums in August.

They have amassed premiums to the tune of Rs 17,623.25 crore in August compared to Rs 15,964.74 crore in the same period a year ago.

General insurers - 25 in total - have seen their premium collection go up 5.57 per cent in August 2020 to Rs 13,139.63 crore, compared to Rs 12,445.83 crore in the same period a year ago.

State-owned general insurers saw their premiums decline 0.5 per cent in August 2020 to Rs 4,690.92 crore compared to Rs 4,714.42 crore in August last year. Private general insurers' premiums for the reporting month rose almost 10 per cent to Rs 8,448.83 crore.

The biggest gainer in premiums has been standalone health insurers, as they saw a 36.42 per cent rise in premiums during the period to Rs 1,462.92 crore, against Rs 1,072.32 crore.

This is driven by the fact that demand for health insurance has been on the rise due to the ongoing coronavirus (Covid-19) pandemic. Also, the regulator's drive to nudge insurers to sell standardised health products has done the trick as there is huge demand for the Corona Kavach and Corona Rakshak policies. These schemes were launched specifically to provide protection against the virus.

Despite good growth in premiums in August, cumulative premiums collected in the April-August period of FY21 were mostly flat. Premiums of non-life insurers grew 3.58 per cent to Rs 73,965 crore in that period. General insurers also saw flat growth with premiums at Rs 62,669.21 crore in the April-August period, up 0.02 per cent. This is due to a fall in motor segment premiums and no hike in motor third-party premiums.

Standalone health insurers saw 25.85 per cent growth in the same period, indicating high demand for health insurance. In fact, the health segment for general insurers has become the biggest line of business, overtaking the motor insurance segment. And, experts are estimating that by the year end, the health segment may be far ahead of the motor segment.

GIC Re slips into the red with Q1 loss at Rs. 811 cr

India's largest reinsurer, General Insurance Corporation (GIC Re), recorded a pre-tax loss of Rs 811.22 crore in the first quarter, compared to a pre-tax profit of Rs 138.90 crore in the corresponding period of the previous year. In the previous quarter, the reinsurer had reported a pre-tax profit of Rs 1,101 crore.

Its net loss in Q1FY21 stood at Rs 557.46 crore, compared to a net profit of Rs 108.59 crore in Q1FY20. GIC Re's gross premium income in Q1FY21 dropped 24 per cent to Rs 15,881.55 crore, compared to Rs 20,813.12 crore. It, however, recorded a 25.3 per cent growth in the fire insurance segment in Q1FY21 - with Rs 3,925.92 crore of premiums collected compared to Rs 3,134.14 crore in Q1FY20 - as other segments such as motor, health, agriculture, and marine saw contraction in premiums.

Its investment income for the reporting quarter dropped 18.5 per cent to Rs 1,142.83 crore, compared to Rs 1,401.90 crore.

"The global scene for the insurance industry for FY21 has shown weak trends due to the Covid-19 situation. Even though GIC Re has maintained its prominent position in the sector, there has been a reduction in business in Q1 because of strategic reduction of risk acceptance and a fall in overall direct premiums in India. GIC Re, however, expects to see rebound in business in the coming quarters," the firm said.

Underwriting losses expanded to Rs 1,771.35 crore in Q1FY21, against Rs 854.37 crore in Q1FY20, while combined ratio rose to 112.16 per cent, compared to 102.63 per cent. Adjusted combined ratio of the firm stood at 105.88 per cent, against 97.24 per cent.

The combined ratio measures the money flowing out of an insurance firm in the form of dividends, expenses, and losses. Losses indicate the insurer's discipline in underwriting policies. A ratio below 100 per cent indicates that the firm is making an underwriting profit, while a ratio above 100 per cent means that it is paying out more money in claims that it is receiving in the form of premiums.

Reliance General launches insurance gift card under sandbox guidelines

Reliance General Insurance has launched 'Insurance Gift Card' which will enable buyers to gift an insurance product.

The product has been approved under the sandbox guidelines of the Insurance Regulatory and Development Authority of India (IRDAI). The company said in a statement that the product is designed keeping in mind the gifting scenario in India during the festive season.

So far, no such insurance gift cards exist in the Indian market.

Under the sandbox method, entities can launch and test a product with a select group of people for a period of six months.

This will work as a prepaid card and is available with denominations of Rs 500 and Rs 1,000. The card can be purchased from the company website.

Once the card is purchased online, there will instructions to redeem the voucher that is received. This card can be shared electronically with the person you're gifting it and the bearer can buy a health insurance protection using it.

The usage period of the gift card would be six months from the date of purchase and is refundable if unused.

Rakesh Jain, CEO, Reliance General Insurance said, "In India, gifts are like blessings, a small token on every festive or celebratory occasion is a way to express care towards our loved ones. And this year with the pandemic around, people are more concerned about the health of their friends and family, so what can be better than gifting protection of health insurance."

LIC, GIC, New India Assurance identified as D-SIIs

The Life Insurance Corporation of India (LIC), General Insurance Corporation of India and The New India Assurance Co have been identified as Domestic Systemically Important Insurers (D-SIIs) for 2020-21 by insurance regulator IRDAI.

Given the nature of operations and their systemic importance, the three public sector insurers have been asked to raise the level of corporate governance as well as identify all relevant risk and promote a sound risk management culture.

The D-SIIs will also be subjected to enhanced regulatory supervision, the Insurance Regulatory and Development Authority of India (IRDAI) said.

According to the regulator, D-SIIs refer to insurers of such size, market importance and domestic and global inter connectedness whose distress or failure would cause a significant dislocation in the domestic financial system. Thus, the continued functioning of D-SIIs is critical for the uninterrupted availability of insurance services to the national economy. ❑

IRDAI News

IRDAI may soon allow insurers to use video KYC for verification

The Insurance Regulatory and Development Authority of India (Irdai) may soon allow insurers to leverage various electronic platforms to ensure ease of doing business.

In a circular sent to all general, health and life insurance companies last month, the regulator said that companies can use video-based identification process (VBIP) as an electronic medium to enhance ease of completing the know your customer (KYC) process. Mint has reviewed a copy of the draft guidelines, which are open for the stakeholders' feedback.

The insurers shall develop their application and undertake live VBIP carried out by an authorized person appointed by the insurer for the establishment, continuation and verification of account-based relationship with the prospective customer. "This is very similar to the onboarding process being followed by banks. Something on the same lines is already prevalent and insurers call it pre-issuance verification call (PIVC). Irdai is now looking at giving video-based verification a formal nod," said Santosh Agarwal, chief business officer, life insurance, Policybazaar.com, an online insurance aggregator.

The regulator has suggested certain rules for undertaking video KYC, which insurers are expected to follow. The authorized person of the insurer performing the VBIP for KYC shall record video as well as capture a live photograph of the customer present for identification and obtain the identification information. Insurers can use offline verification through Aadhaar for identification, if it is submitted by the customer. If not, insurers may perform OTP-based Aadhaar e-KYC authentication if the customer voluntarily submits the same, subject to a notification by the government under Section 11A of the Prevention of Money Laundering Act.

Insurers also have to ensure that the video is clear and the customer is easily recognizable. Further, the customer's live location shall be captured through geo-tagging to ensure he or she is physically present in India.

Insurers will also have to ensure that the photograph of the customer in the Aadhaar card matches with the person undertaking the VBIP and the identification details in Aadhaar match with the details furnished. Companies will also have to make sure that the sequence of questions asked during the video KYC process is varied to make sure that the interactions are real-time. In case of offline verification of Aadhaar, insurers shall ensure that the generation of XML file or QR code is not older than three days from the date of VBIP.

Also, accounts on-boarded via VBIP shall be operational only after being subject to audit, underwriting and verification to ensure the integrity of the process.

"To ensure security, robustness and end-to-end encryption, the insurers shall carry out software and security audit and validation of the VBIP application before rolling it out," said the regulator in its circular. Insurers will have to trigger the audio-video interaction from their own domain and not from third-party service providers.

Earlier, in case of online purchase, OTP-based authentication was done and in case of physical purchases, wet signatures were required. "Video KYC will make offline processes redundant. Instead of getting physical signatures, the customer can fill the application form and complete the video KYC. With covid-19 and social distancing becoming the new normal, video KYC will help both insurers and policyholders," said Agarwal.

The move is in line with the digitization push that has come amid the pandemic. Irdai has asked for feedback from stakeholders and the final circular is expected soon.

IRDAI allows electronic health policies

Insurance Regulatory and Development Authority of India (IRDAI) has allowed insurance companies to issue electronic health insurance policies.

"Insurers should send the policy document and a copy of the proposal form through digital/electronic mode. They shall be sent to the registered e-mail id or mobile number provided y the customer only on the specific consent provided by the policyholder," IRDAI said.

Gurdeep Singh Batra, head-retail underwriting, Bajaj Allianz General Insurance, said, "Issuing electronic policies as per the IRDAI's circular is definitely a positive step considering the current pandemic situation and the challenges in issuing physical policy documents or proposal forms.

This not only improves the turnaround time for policy issuance, but also secures the policy documents electronically with the policyholder as well as the insurer." Since all the documents are transacted online and maintained, it also improves transparency between the insurer and insured," Batra said.

IRDAI unveils guidelines to allow wellness features as add-on cover to health policies

The Insurance Regulatory and Development Authority of India (Irdai) has unveiled the final guidelines on allowing wellness and preventive features under a health insurance policy as optional or add-on cover.

According to Irdai, empanelled hospitals and network providers can offer health services such as outpatient consultations or treatments, pharmaceuticals, health check-ups/diagnostics including discounts under the policy.

The regulator said they can issue redeemable vouchers to obtain health supplements and redeemable vouchers for membership in yoga centres, gymnasiums, sports clubs and fitness centres for participating in fitness activities.

Insurers can also offer discounts on premiums or increase in sum insured at the time of renewals based on wellness regime followed by policyholders in the preceding policy period, provided increase in sum insured should be independent and not linked to the cumulative bonus offered, if any.

Irdai said insurers should not publish the trade names or trade logos of third party merchandise in any of the insurance advertisements, but may refer the services in generic term. However, insurers should disclose specific items of services on their website with necessary details and may provide a link to this in their insurance advertisement and policy contracts.

Gurdeep Singh Batra, head-retail underwriting, Bajaj Allianz General Insurance, said, "The Irdai guidelines on including wellness and preventive features in health insurance is certainly a positive step forward for customers who can now proudly own their health insurance policies."

"It will allow us to reward customers in various ways specified like discounted outpatient consultations or treatments, pharmaceuticals, health checkups/diagnostics, redeemable vouchers for health supplement and also membership in fitness centres, sports clubs, etc," he added.

According to Irdai, insurers should not accept any liability towards quality of the services made available by third parties and should specify upfront that the said third party is responsible for providing the services stipulated under the wellness features and insurer is not liable for any defects or deficiencies on the part of the service provider.

IRDAI committee proposes insurance for drones in line with aviation liability

A Working Committee of the Insurance Regulatory and Development Authority of India (Irdai) has recommended a comprehensive insurance cover for drones with a third-party liability which should be in line with aircraft or aviation liability - as is the practice in the developed nations - instead of following the Motor Vehicles Act.

While drone operators continue to have minimum levels of insurance such as third-party liability cover, the committee on remotely piloted aircraft systems/ drone technology said this may not be comprehensive enough to address the requirement of drone operators. If an accident occurs there is a risk that coverage is not comprehensive and that an injured member of the public may not be able to obtain adequate compensation, or do so easily, from the drone operator, it said.

The Irdai committee has said drone insurance coverage can be broken into three sets - physical damage or loss to drone due to various contingencies, third party liability arising due to usage of drone and any additional coverages. This insurance does not apply to any liability arising out of or connected directly or indirectly with any aircraft product or any missile or spacecraft or aerial device including any article, equipment, material, part or spare part installed or otherwise incorporated in, on or under any aircraft, missile, spacecraft or aerial device or furnished or used in connection with air or space communication, guidance or navigation system.

The Draft UAS 2020 had suggested compensation in respect of Third-Party Liability to be on the lines of Motor Vehicles Amendment Act 2019. The Irdai committee said it is partially acceptable in situations like Section 164 of Amendment Act of 2019 (payment of compensation in case of death or grievous hurt). However, as per the committee, the unlimited liability (Section 166) and Solatium Fund appearing under MV Act is a cause of concern to develop a feasible drone insurance ecosystem in view of non-availability of claim data for drone losses and lack of re-insurance support for unlimited liability.

The Irdai Working Group has left the decision of arriving at the third-party liability limits to individual insurers as the underwriting appetite, retention, reinsurance programme devised and finally the business volume generated for the drone segment may differ. However, the drone owner/ operator should choose an appropriate third-party liability limit when flying the drones in a high value concentration zone, after a thorough assessment of potential scenarios which can lead to liability claims.

The company should pay the sum assured in the event of bodily injury resulting in death of the insured beneficiary within 12 months of such bodily injury being sustained. The company will also, in addition to the sun assured, pay up to two per cent of the sum assured or Rs 5,000 (whichever is lower) towards the cost of transporting the mortal remains of the insured/ authorised operator from the place of death to the hospital/ residence and/ or cremation and/or burial ground.

In the event of bodily injury resulting in permanent total disability of the insured/ authorized operator within 12 months of such Injury being sustained, the company will pay 125 per cent of the sum assured.

With the growth in the use of drones, some insurers in the country are offering drones cover through existing products and extending some covers as and when required. One insurer has launched third-party liability cover of Rs 10 lakh through one of the tech firms on "Pay as you Fly" basis where a drone operator can choose a flying option - up to four hours, one day and one Month. Some insurers are providing third-party liability in a range of Rs 10 lakh to Rs 20 lakh cover along with optional hull cover.

The report which looked into the insurance requirements of the RPA owners and operators, suggested coverages along with draft/specimen wording, factors which affect the pricing (premium) and finally the underwriting considerations.

Globally, drones are classified as an 'aircraft' and the aviation regulators have stepped in to regulate the sector.

Pandemic pool should have govt and pvt sector participation: IRDAI panel

The committee formed by the Insurance Regulatory and Development Authority of India (Irdai) to examine the requirement and rationale for setting up a pandemic pool has recommended the formation of an Indian Pandemic Risk Pool, with public-private-government participation.

It has reasoned that this should be done as the quantum of loss because of the pandemic is huge and is beyond the capacity of public or private companies or government alone.

While Covid-19 has caused devastation across all sectors and sections of society, the committee, based on feedback, felt low income groups and micro, small and medium enterprises (MSMES) should be the main beneficiaries of the pool.

The working group felt the product should first cater to prevention of losses from temporary or permanent closure of small business. Hence, it should provide some sort of compensation.

According to the recommendations, the pool should address approximately 40-50 million MSME workers and for that to happen, a pool capacity of Rs. 75,000 crore should be built, where approximately Rs. 2,000 crore could come from industry participants and the rest from the government as a backstop.

The backstop triggers only in the event of pandemic striking and the total loss payouts being higher than the capacity garnered by the local insurance/reinsurance and international market.

"This relief could lead to protection of employment of such workers and, hence, not only support in providing running expenses of such households but also prevent reverse labour migration. Such migration not only prevents spread of pandemic but also creates less strain on government resources in mid to long term period", it added.

The country's largest reinsurer, General Insurance Corporation (GIC Re), which has managed the terrorism pool and the nuclear pool will be an appropriate administrator of the pandemic pool, according to the working group.

According to the recommendations, the product should focus on protecting the salaries of MSME employees' for up to three months. In terms of compensation, the group recommended a cover of Rs. 6,500 (30-40 per cent) of average minimum wage for a maximum of 10 employees per MSME for a maximum of three months.

Since voluntary covers hardly find takers, the group has proposed a mandatory pool product for MSMES, along with property insurance cover. "Currently, the insurance sector has approximately 2 crore (20 million) fire policies issued to MSMES and, hence, mandatory cover would be the best option to start with. The cover would also be available on standalone basis in case the MSME has no fire cover," the group recommended.

They estimated a price of Rs. 1,600-2,000 per employee and have proposed that the premium should commence at Rs. 999 per employee, excluding the goods and services tax, during the first year with a gradual annual increase to Rs. 1,596 per employee in 10 years.

Standard insurance products on the cards

The insurance regulator will come out with a series of standardised products to improve coverage in the under-insured segments and increase the adoption of insurance products. It is developing a standard term product in the life insurance space, two are in the works in the MSME segment - one for micro enterprises and other for small industries - and another for houses will be rolled out soon.

"The idea is if a standard product is sold by all the companies, it becomes much easier for the policyholders to pick up that product," said Subhash Chandra Khuntia, chairman of the Insurance

Regulatory and Development Authority of India (Irdai). "It will help industries immensely in case they suffer losses. If the product works well, then after natural calamities, it becomes much easier for the government to handle the situation because the insurers are able to compensate for the loss," he said at a CII Insurance event.

India is a hugely under-insured country, with only 19 per cent of lives insured, while only 36 per cent of the population has health insurance. Also, only 0.9 per cent of houses are insured, compared to over 90 per cent in the US. In the MSME sector, only 5 per cent of the units are insured. "We want to increase protection in this segment from 5 per cent to at least 25 per cent in the next couple of years," Khuntia said.

On whether the Covid-specific products will be in the market for an extended period, Khuntia said, "We will take a call on this at the appropriate time."

He also asked the life insurers to focus on their 13th month and 61st month persistency, as it is an indicator of the company's efficiency. Life insurers have to ensure their 13th month persistency should not be below 90 per cent, so that not more than 10 per cent people drop out after the first year, and the 61st month persistency should not be below 65 per cent. "The 13th month persistency of 90 per cent should be achieved within one year," Khuntia said, adding: "Our effort should be to come back to the older growth rate during this year because there is more need for protection now."

IRDAI working on 2 insurance schemes for MSMEs, another for dwelling units

After bringing out specialised insurance cover for the Covid-19 pandemic, the Insurance Regulatory and Development Authority of India (Irdai) is planning to come out with standardised insurance schemes for dwelling units and Covid-hit micro, small and medium enterprise (MSME) segment.

Irdai Chairman Subhash C Khuntia said two standard schemes are being worked out for MSMEs. One is for micro units and another one for small units. As of now, only 5 per cent of MSMEs are covered by insurance. India has 6.33 crore MSMEs, majority of which are micro-enterprises. "Another standard product is being worked out for dwelling units," he said.

In India, only 0.9 per cent of the dwelling units are insured whereas in the US, it is around 90 per cent. People suffer huge economic losses when some catastrophe happens. This risk can be covered by insuring the property, as per the insurance regulator.

"Irdai is keen on a standard product for dwelling units as the same product will be sold by all the companies. It will become easier for policyholders to pick such products as they don't have to go through voluminous policy documents to find out terms and conditions. Hopefully, more and more people will protect their homes," Khuntia said at the CII Insurance and Pensions Summit.

According to Irdai data, insurance companies shelled out an average of Rs 96,621 per person on claims made by insured Covid-19 patients. Khuntia said that 2.38 lakh claims for coronavirus have been filed by the policyholders as of now. Of these, 1.48 lakh claims amounting to Rs 1,430 crore have been settled by the insurers.

The insurance watchdog had come out with standard health products called Arogya Sanjeevani and Covid-19 specific products - Corona Rakshak and Corona Kavach - two months ago. Under the Corona Kavach plan, around 28 lakh lives have been covered since its launch on July 10, 2020.

"We will consider extending the tenure for Covid policies from March 2021," Khuntia said.

Irdai said standard products are launched by the regulator to further increase penetration of insurance in India, which is just 3.76 per cent of the gross domestic products (GDP) compared to the world average of around 7 per cent. The regulator is also looking to introduce risk-based solvency for insurance companies in the next three years and allow video-based KYC process. Irdai also wants insurers to improve the persistency ratio - or continuation of policies - for the 13th month and five years. ❑

LIC of India News

LIC eyes HDFC model for housing loan biz at IDBI

Life Insurance Corporation (LIC) is looking at the HDFC model, where IDBI Bank will distribute loans of LIC Housing Finance (LIC HF) to comply with RBI guidelines. The corporation is not keen on a merger of the two and wants to keep its options open.

LIC chairman M R Kumar said the insurance giant was happy with the progress made by IDBI Bank, in which it has 51% stake, as it had reported profit for two successive quarters and has emerged as the largest bancassurance partner for the insurance giant within a short time.

"If they come out of RBI's prompt corrective action, it will make a difference to their banking operations. We are working on that. The RBI has given approval subject to the condition that we bring down our stake in 12 years. They have also said that the bank or LIC have to cease housing finance," said Kumar.

Kumar said that LIC does not want either institution to lose out. "How can we ensure that both continue... We will figure this out in one or two weeks. They will continue their operations and LIC HF will continue to provide loans," said Kumar.

"This model will help the bank if in future it becomes independent of LIC, after dilution of stake, and wants to restart home loans. Once the LIC IPO happens and IDBI Bank comes out PCA, we will continue to have a partnership but we would like to give them the independence to act on their own," said Kumar.

According to a report by ICICI Securities, LIC Housing Finance franchise is still a major strength despite concerns on leverage.

LIC Act likely to be amended to facilitate public issue

The government is likely to move a Bill in the forthcoming monsoon session of Parliament to amend the Life Insurance Corporation (LIC) Act, 1956.

This amendment, being prepared by the Department of Financial Services (DFS), will facilitate the Initial Public Offering (IPO) of the country's largest life insurer. It will also enhance its paid-up equity capital.

The process to appoint merchant bankers has already been initiated. According to sources, the DFS is working on a note to the Cabinet. The Cabinet may also consider a tagged proposal to give umbrella approval for off-loading up to 25 per cent of the LIC equity in several tranches. According to sources, this can help the government approach the market when required to achieve minimum public shareholding.

The government plans to come out with the IPO during the second half of the current fiscal. The amendment to the LIC Act is required to achieve at least three objectives - list the insurer as a corporation and not as a company; expand its paid-up capital, and ensure that it continues to give sovereign guarantee to policyholders. Listing the insurer as a corporation and not as company is key to providing sovereign guarantee; this will be a problem if LIC is under the Companies Act, 2013.

The LIC Act envisages that "The sums assured by all policies issued by the Corporation, including bonuses declared in respect thereof and, subject to the provisions contained in Section 14, the amounts assured by all policies issued by any insurer, the liabilities under which have vested in the Corporation under this Act and all bonuses declared in respect thereof, whether before or after the appointed day, shall be guaranteed as to payment in cash by the Central Government."

LIC's original capital was Rs. 5 crore.

This was enhanced to Rs. 100 crore after the 2011 amendment to the LIC Act.

Though the government has not disclosed how much of its shareholding will be offloaded through the IPO, it is expected to be 10 per cent. Once listed, an entity is required to have at least 25 per cent of public shareholding - shares owned by those other than promoters - within three years.

The Budget documents show that the government has set a disinvestment target of Rs. 2.1-lakh crore, of which Rs. 90,000 crore would come from the sale of stakes in IDBI Bank and LIC.

LIC reported a 12.42 per cent increase in total premium income in 2019-20 to Rs. 3.79-lakh crore against Rs. 3.37-lakh crore in 201819.

While private insurers recover, LIC gains market share ahead of its IPO

India's life insurers have shown a smart recovery from the covid-19 pandemic that hit businesses in the first quarter of FY21. But for their shares to reflect this, investors would prefer to wait for a few more months.

Latest data from the sector regulator shows that private life insurers saw their new business premium collection growing by 13.7% year-on-year (y-o-y) in August, much better than around 6% rise in July.

For the June quarter, private life insurers had seen a sharp contraction in new business premium. The improvement in July and August augurs well for insurers, but the key will be to sustain the numbers. The management commentary that followed June quarter results has been positive in terms of recovery. Within private players, HDFC Life Insurance showed a sharp recovery with 14% growth in individual annualized premium equivalent (APE). HDFC Life has been able to push its products more than peers and the HDFC Life Sanchay Plus insurance plan has helped.

For the first five months of FY21, the life insurer's retail APE shrank 5.2%, the lowest among top private insurers. Peers SBI Life Insurance and ICICI Prudential Life Insurance saw contractions of 25% and 41%, respectively.

In all this, the surprise has been state-owned Life Insurance Corporation of India (LIC). LIC saw its new business premium grow 15% in August. For the first five months of FY21, LIC's retail APE shrank by just 3.1%, far lower than most of its private peers. Analysts said that for FY21, private insurers may show a contraction in terms of market share.

"Market share of private players is likely to contract in FY21, but we expect a resumption of the trend of private players gaining share from FY22 onwards," wrote analysts at Jefferies India Pvt. Ltd.

But LIC's market share gain may not be based on an increase in business, but more because of a heavy loss of business for private insurers. Indeed, LIC's growth in August was largely because of a low share of market-linked products in its portfolio.

"LIC's strong growth was likely driven by traction in endowment and annuity-based products," a Kotak Institutional Equities report said.

While the life insurance industry has bounced back, analysts are still cautious. Staggered lockdowns across several districts of the country could continue to pose a challenge for insurers. Moreover, the margin-friendly protection business has moderated from its peak levels, according to analysts at Kotak.

Shares of SBI Life and ICICI Prudential Life Insurance are still 15% down from their peaks this year, while that of HDFC Life are down around 5%. LIC's market share gains, meanwhile, may augur well for its proposed initial public offering (IPO).

LIC sees recovery soon, posts renewal growth

LIC has witnessed a 4% growth in renewal premium transactions and 13% jump in renewal income during this pandemic-hit fiscal till September 12 compared to the year-ago period. The life insurance behemoth is hoping to come back to normal shortly, feels its managing director Raj Kumar.

Kumar also feels that the life insurers should now look for more 'less capital intensive' products in the new normal because solvency margin would be an issue for which the regulator may not relax. He was at a webinar 'Indian Insurance Post Covid Challenges' with the members of MCCI.

Kumar pointed out that the renewal premium in the first five months of 2020-21 till

September 12 was Rs 87,000 crore compared to Rs 77,000 crore during the same period of last fiscal. He explained that growth of premium income was more than the growth of transactions because renewal was more for big-ticket premiums compared to small-ticket ones. "High networth individuals (HNI) have renewed while the smaller one I think would do it later," he added.

Elaborating on reduction of solvency margin for life insurers, Kumar added that it is unlikely to be done by the regulator. "The life companies have to see how to resolve the issue. One may look at a lower number of guaranteed products which has higher capital requirements," he added.

However, he added that LIC has a healthy solvency margin of 155%.

Non-guaranteed products like ULIPs are less capital intensive with lower solvency requirements in the absence of guaranteed returns. On the contrary conventional plans had assured returns with higher solvency requirements.

Commenting on Covid death claims, he added that LIC has so far settled 911 Covid death claims with a sum of Rs 42 crore. "This is minuscule compared to total claims we settle every year," he added.

The LIC MD also pointed out that the moratorium sought by the customers on premium payment so far for pandemic is only to the tune of Rs 500 crore. "This is just a fraction of the total premium income (new and renewal) of the company," he added.

Replying to a question on the investment of LIC in stock market during this pandemic, he added that it has already booked profit of Rs 13,000 crore from the stock market during this fiscal and it is one of the few net investors in the stock market.

LIC Housing raise Rs. 50,500 crore

LIC Housing Finance said it would seek shareholders' approval in the upcoming annual general meeting this month to raise up to Rs. 50,500 crore by issuing debt securities or other hybrid instruments on a private placement basis. LIC Housing Finance said its overall borrowing power is Rs. 3 lakh crore and the proposed fund-raise plan is within the limit. The proposal will be taken up at its annual general meeting on September 28 for approval from shareholders.

LIC to invest Rs. 2L cr in Bonds, Stocks through rest of FY 21

LIC will likely invest an estimated Rs. 2 lakh crore in bonds and equities through the rest of FY 21 as it expects demand for protection and cover age to increase in the aftermath of the pandemic, thus raising premium collections. It has already invested a similar quantum since April 1. ❑

34% of road crash victims had no income, finds study

The hospitalisation samples of road crash victims from 54 hospitals across 20 cities show that 34% of them had no income and another 28% had monthly earnings between Rs 10,000 and Rs 20,000. This data collected during a study to work out the socio-economic cost of road accidents for the road transport ministry has revealed how it's the poor who are the worst impacted in road crashes.

The data show that barely 3% of the crash victims had monthly earnings of more than Rs 50,000. It was also found that nearly 59% of the accident victims who were hospitalised were two wheeler riders and another 15.5% were pedestrians. Pedestrians, two-wheeler riders and cyclists are categorised as the most vulnerable road users (VRUs) across the globe considering that they hardly have any protection in case of a crash and hence there is a high chance of these road users getting killed in such incidents.

Sources said about 6,600 samples were collected from 31 government and 21 private hospitals. Nearly 10.7% of the accident victims admitted in hospitals were car, SUV and taxi occupants.

The study conducted by a consortium of TRIPP of IIT (Delhi) and DIMTS also collected 6,400 FIRs spanning over two years from police stations across 14 cities. It found that in 7% cases, the crashes were fatal and in 66% cases the victims were left with grievous injuries. The analysis of the FIRs also brought to light that nearly 40% victims were two wheeler riders and about 39% victims were pedestrians. The share of car, SUV and taxi occupants was around 8.8%.

The age-wise distribution of data showed that about 67% of the victims were in the age bracket of 18 to 45 years, which is the most productive age group.

The report submitted to the ministry, which is yet to be made public, has concluded that since more than three fourth of the road crash victims are the two-wheeler riders and pedestrians, there is an urgent need to address the vulnerability of these road users by taking measures with regard to improving enforcement, infrastructure and healthcare services.

In a report on Impacts of Road Accidents in Asia and the Pacific by the Asian Development Bank in 2012 had found that seven out of every 10 of road crash victims' families suffered decreased income due to accidents and two-third of victims' families ended up taking loans to cover income loss during the previous five years.

Health Insurance News

India's mortality rate lowest, govt aims to bring it down to below 1%: Vardhan

Health Minister Harsh Vardhan said the government aims to bring down India's Covid-19 mortality rate to less than 1 per cent from the current 1.64 per cent, which, he mentioned, is still the lowest in the world.

Replying to a debate in Rajya Sabha, Vardhan said the country's recovery rate of 78-79 per cent is one of the highest in the world, and although total cases may have crossed 50 million, active cases are less than 20 per cent.

Leader of Opposition in Rajya Sabha Ghulam Nabi Azad, meanwhile, noted that several countries have already secured favourable commitment for supply of a Covid-19 vaccine, and India should be well placed to get the vaccine at an "affordable price" and at an "early stage" through a mechanism such as pooled procurement.

However, Azad cautioned, the government should be extra "cautious" about the quality, safety and efficacy of a new vaccine, as any long-term side-effects would impact a country with a large and young population.

In his reply to the Upper House on the second day of discussion on the pandemic and steps taken by the Centre, Vardhan said deaths in India due to the pandemic are less than many European countries and the government is determined to better the testing rate of the US. He said there are chances that a vaccine could come in the country early next year but until then it is necessary for people to follow physical distancing norms and wear masks.

"We want to bring it (mortality rate) to less than 1 per cent. We have 50 lakh cases right now but out of these, only 10 lakh are active cases," Vardhan said.

On development of a vaccine, he said the Science and Technology Ministry, ICMR and drug companies have come together for a solution. This matter, he added, is being personally monitored by Prime Minister Narendra Modi. "Vaccines can come in future. Extensive planning is underway to execute how to manage the scenario, " Vardhan said.

He said there are three vaccine candidates which have reached phase one, two or phase three level. "Under the Prime Minister, an expert group is studying this. We expect that by the beginning of next year we can have a vaccine in the country. In this regard we are also coordinating with the World Health Organization and global organisations," he said.

Replying to Congress member Anand Sharma's question - on how the government had deduced that the nationwide lockdown prevented approximately 14-29 lakh Covid-19 cases and 37,000-78,000 deaths in the country - Vardhan said the government had derived the figures from the findings of five scientific bodies, including the Boston Consulting Group, PHFI and the Ministry of Statistics and Programme Implementation. "These agencies did five studies and based on that we prepared this data," he said.

Covid warrior cover extended by six months

The Centre has extended the Rs. 50-lakh insurance cover to frontline health workers fighting Covid-19 for another six months, a Health Ministry statement said.

The 'Pradhan Mantri Garib Kalyan Package Insurance Scheme for Health Workers Fighting Covid-19' was announced on March 30 initially for 90 days, but was extended for another 90 days till September 25. This has now extended by another 180 days, the statement said.

The scheme provides an insurance

cover of Rs. 50 lakh to healthcare providers, including community health workers, who may have to be in direct contact and care of Covid-19 patients and therefore at risk of being infected. It also includes accidental loss of life on account of contracting Covid-19. Even those working for private hospitals and those hired temporarily by various local urban bodies as well as State and Union Territories are eligible for the scheme.

6 million covered under covid policies

Insurers in the country have covered around 60 lakh lives under the two covid-19-specific policies, Corona Kavach and Corona Rakshak, Subhash Chandra Khuntia, chairman of the Insurance Regulatory and Development Authority of India (Irdai) said.

He was addressing the 22nd Insurance and Pensions Summit organized by the Confederation of Indian Industry (CII).

Corona Kavach is a standard indemnity policy offered by all general and health insurance companies, while Corona Rakshak is a fixed-benefit policy, which pays 100% of the sum assured on positive diagnosis for covid-19.

Since their inception, insurers have sold around 28 lakh Corona Kavach policies with a total sum insured of Rs. 1.02 lakh crore and 32 lakh Rakshak policies with a total sum assured of Rs. 1.1 lakh crore.

While Kavach has a cap of Rs. 5 lakh on the sum insured, Rakshak has a cap of Rs. 2.5 lakh. Both these policies were launched on 10 July 2020.

"Kavach and Rakshak are both small-ticket policies because they are short-duration products. Premiums too in most cases are under Rs. 1,000, so I am of the view that 60 lakh is not a very big number given the country's population. These policies are not huge revenue churners for insurers, but they will help companies in reaching out to customers so they can cross-sell regular health policies once the covid-19-specific policies lapse," said Naval Goel, founder and CEO of PolicyX, an online insurance aggregator.

In his inaugural address at the conference, Khuntia also said that the regulator is working with the industry on developing a standard term insurance policy. Until now, the regulator had mandated two standard policies- Arogya Sanjeevani and Corona Kavach policy.

Corona Rakshak too is a standard product but insurers are not mandated to offer this. Standard policies have the same features and structure but the pricing is left to the insurers' discretion.

"Currently, even in term plans, insurers are adding a lot of features, so in many cases, it is not a plain vanilla product anymore. The various riders can make it complex for policyholders to understand the product which is why I think there is a case for the life insurance industry to come up with a standard term insurance policy," said Goel.

Health insurers see slow growth in Aug as collections drop

Standalone health insurance companies recorded 25.85% growth in premium between March and August, showed Insurance Regulatory and Development Authority of India data, as the pandemic led more people to take health cover. Premium collection, however, dropped 7.05% from Rs. 1,573.96 crore in July to Rs. 1,462.92 crore in August.

Experts said the pandemic has forced consumers to realise the importance of health insurance. Irdai data showed that Aditya Birla Health Insurance Co. Ltd, Star Health and Allied Insurance Co. Ltd, Max Bupa Health Insurance Co. Ltd and ManipalCigna Health Insurance Co. Ltd posted significant growth in premium.

"Health insurance is a living benefit product and there is a shift happening in the mindset of consumers. In the hierarchy of needs, health claimed primary position. People have started proactively looking to increase their coverage, and renewal has improved with increasing upsell trend. Covid-19 specific products are also picking up momentum, and overall outlook seems very positive," Prasun Sikdar, managing director and CEO, ManipalCigna Health Insurance, said.

Amit Chhabra, head, health insurance, Policybazaar, said covid-specific health covers like Corona Kavach and Corona Rakshak contributed significantly as most insurers sold fair volumes of these products.

"We started getting early indicators of health insurance-related queries at the start of the covid-19. Consumers have started considering health insurance more than before and that has given a jump to the health business," said Animesh Das, head, product strategy, Acko General Insurance.

Experts said the claim size for covid-19 covers is declining and the choice of home treatment in less severe cases may have slowed down demand in August. Insurers sold over 1.5 million Kavach policies, but growth is expected to gradually fall, as a section of the population who could afford health insurance, may have already purchased a covid-specific or comprehensive health policy.

General insurers, however, reported just 0.02% growth between March and August. "Share of motor cover in most general insurers' portfolio is quite high.

In August-September 2019, motor insurers saw sharp growth following the roll out of the new Motor Vehicles Act, which made purchase and renewal of auto insurance mandatory. They saw huge boost to their motor portfolio last year and, therefore, the growth this year will not exceed that of last year," said Chhabra.

Digital health plan may cut insurance cost

The National Digital Health Mission - which aims to create digital health profiles of citizens - will not only be a boon for policyholders but also prove to be equally beneficial for insurers in better pricing of products. Chances are that prices of health insurance products could come down, after the adoption of the mission.

In an address during Assocham's National E-summit on Health Insurance, T L Alamelu, member non-life, Insurance Regulatory and

Development Authority (Irdai), said, "The government has recently announced the National Digital Health Mission and the insurers need to take advantage of this. They must encourage people to share health records on this platform."

Currently, the pricing of health insurance products is done mainly on past experiences. All actuarial calculations are based on historical data. And, insurers do not always have all the data readily available while pricing products. This often leads to higher loss ratios for insurers.

Most insurers in the general insurance space are struggling to make underwriting profits, mainly due to pricing issues.

Alamelu also said that due to the ongoing pandemic, the share of health insurance business in the Indian market has grown from 27 per cent to 30 per cent in a very short period, that is, between March and July.

Irdai is also looking at mainstreaming the dedicated Covid-19 policies such as Corona Kavach, as the virus is showing no signs of receding.

Alamelu said, mostly consumers have opted to buy the policy for the nine-anda-half-month period, indicating the fact that policyholders think the virus will not go away quickly.

Insurers face double whammy from Covid, non-Covid claims

General insurers and standalone health insurers are facing a double whammy. With exponential rise in coronavirus-positive cases, reported Covid claims have topped 200,000, worth over Rs 3,000 crore, and are set to rise further as cases explode. Furthermore, non-Covid claims, which were muted in the initial months of the pandemic, have also picked up pace and are more or less at pre-Covid levels.

Although insurers feel loss ratios in the health segment may get impacted, and profitability will take a hit, capital erosion will not take place, at least for the large entities.

"Non-Covid health claims are more or less reaching pre-Covid levels. The Covid-19 claims were unanticipated. We have to see how the entire year plays out. There was some benefit of discretionary claims not taking place in the first three-four months of the pandemic," said a chief executive officer of private sector general insurance company.

"At least for general insurers, capital will not be too much of an issue because the proportion of health is 15-20 per cent and retail health constitutes an even smaller proportion. But there will be dent in profitability in the second half of the year," he added.

"The loss ratio is expected to be higher by 8-10 percentage points for the full year if Covid-19 claims keep multiplying at the current pace," said Bhaskar Nerurkar, head-health claims, Bajaj Allianz General Insurance.

Digestive system-related ailments constitute 15 per cent of health claims, infections make up for 13 per cent, potential health hazards are another 13 per cent, and then there are other injuries and surgeries. In the initial months of the pandemic, the fear of contracting the virus had resulted in people deferring their planned surgeries and hospital visits, resulting in general and health insurers receiving far lower claims. But that trend has reversed. And, so has the trend for Covid-related claims. At the end of July 31, insurers had received only 81,000 claims. But as of September 8, the reported claims reached 193,000, indicating doubling of claims in just a month's time.

"The absolute numbers look scary as far as claims from Covid and non-Covid ailments are concerned. But insurers are also selling more health insurance policies now. So, business, too, has increased. And Covid claims constitute only 10 per cent of total claims for insurers," said Amit Chhabra, business head-health, PolicyBazaar.

The share of health insurance business in the Indian market has grown from 27 per cent to 30 per cent in a very short period (between March and July). And, public awareness on the need for health insurance has grown exponentially in the past few months. This has resulted in the health insurance segment becoming the leading business segment for non-life insurance companies. ❑

Private Life Insurance News

ICICI Bank gets exemption from paring stake in insurance arms for 3 yrs

ICICI Bank Ltd. said it has got exemption from paring stake in its life and non-life subsidiaries to 30% for a period of three years.

A government notification exempted ICICI Bank from the provisions of Section 19(2) of the Banking Regulation Act, 1949 with respect to shareholding above 30% in ICICI Lombard General Insurance Company and ICICI Prudential Life Insurance Company Limited, for a period of three years, the bank said in a regulatory filing.

The central government, on the recommendation of the Reserve Bank of India, issued the notification on Sept. 9, 2020, it added.

Sub-section (2) of Section 19 of the Banking Regulation Act, 1949 provides that no banking company shall hold shares in any company, whether as pledgee, mortgagee or absolute owner, of any amount exceeding 30% of the paid-up share capital of that company or 30% of its own paid-up share capital and reserves.

"As previously announced by ICICI Lombard General Insurance Company, it has proposed an acquisition of another general insurance business (Bharti AXA General), which if consummated would result in ICICI Bank's shareholding in ICICI Lombard General Insurance Company Limited reducing to less than 50%," it said.

Life insurers face falling persistency levels

Amid signs of recovery in sales, life insurance companies continue to grapple with low persistency levels, especially in market-linked and endowment products.

Experts and players attribute this to the current Covid led economic crisis and concerns about job losses and salary cuts, along with volatility in markets that have impacted products like ULIPs. However, there continues to be demand for protection products, given the current uncertainty, they said.

"Historically, in the preCovid times, there has been an uptick in the persistency levels for life insurance companies. But the pandemic has led to a new set of challenges for many customers. While it has created much more awareness about insurance and led to higher demand for term plans and protection products, persistency ratios will remain under pressure, especially for products that are market linked," said Saurabh Bhalerao, Associate Director, CARE Ratings.

He also noted that customers may choose to defer premium payments or opt for lower value in case of plans with a higher premium due.

Santosh Agarwal, Chief Business Officer, Life Insurance, Policybazaar.com, said renewals on protection products have not been impacted and there has, in fact, been a demand for term insurance since the pandemic.

"On the savings side, both in endowment products and ULIPs, there has been a slight de-growth in terms of persistency. This could be because of affordability due to concerns about income and jobs," she said.

The IRDAI, too, has urged the industry to ensure 13th month persistency at least 90 per cent and 61st month persistency at a minimum of 65 per cent.

Insurers are keeping their fingers crossed about a recovery across these businesses. With the second quarter of 2020-21 now coming to a close, insurers will throw more light on persistency levels in their reporting data.

At the recent CII Insurance and Pensions Summit, IRDAI Chairman Subash C Khuntia had said the regulator would be monitoring these ratios.

A report by Motilal Oswal recently noted that due to the lockdown in April and May as well as choppy markets, persistency trends were weak across cohorts as customers utilised the grade period in making renewal payments.

"Among the segments, decline was seen in persistency in ULIPs, while improving trends were observed in protection," it said, adding that most insurers indicated that renewal trends were gradually picking up and better trends would be seen in the coming quarters.

In the first quarter this fiscal, 13th month persistency declined for SBI Life Insurance to 81.6 per cent from 86 per cent last fiscal and to 87 per cent from 90.1 per cent for HDFC Life in 2019-20.

Max Life launches Covid one-year term rider

MaxLife Insurance CompanyLtd (Max Life), has come up with a 'Covid-19 one-year term rider' to help customers (18 to 65 years) looking to protect themselves against the pandemic.

This is the life insurance industry's first rider for Covid-19 and offers both diagnostics benefit (fixed lump sum of 20 per cent of rider sum assured) and also death cover due to Covid-19 (100 per cent of sum assured), V Viswanand, Deputy Managing Director, Max Life, told.

The newly launched rider, which comes with an annualised premium of Rs. 320 (including GST) for a sum assured of Rs. 1 lakh, can be attached to 12 of Max Life's existing products ranging from term plans, savings and income plans to retirement plans.

"For diagnosis we have kept it very simple. We look for Covid-19 report from authorised laboratories. No medical bills are required or no home quarantine proofs. Lump sum is provided upfront on diagnosis.

"This rider will not cover Covid-19 incident in the first 15 days, and will be valid for a period of one year," he said.

Viswanand said that Max Life had, in June/July, in association with KANTAR, conducted a survey (India Protection Quotient -Express), and the findings prompted the launch of this rider. As many as 41 per cent of the respondents said they would purchase term plans due to an increase in the spread of Covid-19. Additionally, the survey also highlighted that when

V Viswanand, Deputy Managing Director of Max Life Insurance

confronted by the thought that Covid could prey on the individual and/or family, 31 per cent of the respondents in metros and 20 per cent in Tier 1 cities said they bought a life insurance with Covid-19/ critical illness rider.

Keeping these insights in mind, the Covid-19 rider by Max Life seeks to help customers protect their financial future by enabling them to continue investing in life goals, while also protecting their immediate future by attaching the one-year rider to their base plan, he said.

On the business performance of Max Life during the first quarter this fiscal, Viswanand said that the market share of the company in the private sector improved to 11 per cent with Rs. 660 crore of annualised premium equivalent.

"Growth came from our proprietary channel. While agency channel saw 5percent growth, ecommerce saw 31 per cent growth year-on-year. The demand for pure terms plans and protection fuelled the performance.

"While the private sector witnessed 23 per cent degrowth, we saw 4 per cent degrowth in new business premium in Q1. Our degrowth was marginal when compared to the entire private sector," he said.

Crisis will increase awareness on need for Cover: HDFC Life

Covid-19 has put the spotlight on the need to insure lives, and the pandemic could well be the "penny drop" moment for an industry that had hitherto struggled to sell protection products in a country with one of the lowest rates of insurance penetration among large economies.

"There is now a slow realisation dawning that if you start early, the policies don't cost much,"Vibha Padalkar, CEO of India's biggest private sector life insurer HDFC Life NSE 0.64 % , told ET in an interview.

"This is a penny-drop moment for life insurance, especially for term products," she said. "We always compare how Chinese insurers have over 50% share of term protection while for India on a weighted premium basis, it is in single digits. This could change with the pandemic and we are definitely feeling a pull."

While demand for life insurance has picked up due to the pandemic, there is also the question of the economic impact of the virus on the spending power of consumers.

The penetration of India's life insurance market at 3.7% is quite low against the global average of nearly 7%, pointing to significant growth prospects for low-premium protection covers. Padalkar said that the industry would also have to realign financial strategies and innovate to stay on top of consumer behaviour shifts brought about by the pandemic.

"Endowment plans give topline, and other products contribute to the bottomline," she said. "Protection, for example, if done sensibly, can be quite a high profitable business. However, three protection policies need to be sold to match the premium that a single endowment product brings. Therefore, we have to balance the mix."

August saw a 15% growth in new premiums for life insurers. This was after four consecutive months of contraction. For HDFC Life, the growth in new premiums for August was 44%, data from IRDAI showed. Meanwhile, HDFC Life has processed 235 coronavirus death claims worth 22 crore in the financial year.

It had set aside a pandemic-provisionary fund of 41 crore. Padalkar said that the impact of the virus on the life insurance industry on claims was not as adverse as its non-life counterparts as the mortality rates are low. "Studies have shown that the overall deaths in general have gone down," she said. "This could be because of reduced accidents, which to an extent has had a neutralising effect on the impact of coronavirus."

On the impending listing of the Life Insurance Corp of India (LIC), Padalkar said that it was a "welcome move" as it would bring about more transparency on the insurance sector's valuations.

"The listing of LIC is of utmost importance as it's the largest financial institution in the country. It's not a welcome situation, even for India Inc, where the largest FI is unlisted," said Padalkar. "Like it did for us, the listing will bring more vigour to LIC as well.

Internet businesses rush in as the pandemic widens insurance market

India's burgeoning internet economy is slowly warming up to the potential of its massively underpenetrated insurance market.

The country's largest consumer internet platforms - from Flipkart to Paytm - are scaling up insurance businesses with the promise of low cost, low commitment and fully digital services as demand for risk coverage rises amid the Covid-19 pandemic.

Ecommerce giants Flipkart and Amazon, ride hailing startup Ola, fintech players Paytm, PhonePe and Freecharge are selling diversified sets of policies -- ranging from health, life, motor, and business risk -- for customers and merchants through tie-ups with traditional insurance firms.

Others such as Facebook-owned WhatsApp and Google are also learnt to be conducting pilot projects to gain expertise.

Companies are currently shoring up partnerships, investing in technology and building resources to make a more informed foray into the insure-tech space, according to industry executives.

"E-commerce recently enjoys a pan-India reach, reliability and efficiency - factors that are major drivers for any insurance product," said Smrithi Ravichandran, Business Head - Payments, Consumer & Commercial Lending and Insurtech, Flipkart.

The homegrown e-commerce giant partners with leading insurers on the backend, such as Bajaj Allianz, New India Assurance, Aegon Life and Go Digit to sell life, health, liability, and business covers.

"There is a wider acceptance of consumers opting for these products on e-commerce as it offers them convenience and comfort, considering they rely on these digital platforms for their daily requirements as well," Ravichandran said.

Amazon, which sells insurance on its platform, has applied for an insurance brokerage licence, which will allow it to become an online aggregator and distributor of products.

The Jeff Bezos-owned company currently partners with Infosys founder NR Narayana Murthy-backed general insurance startup Acko to sell a host of insurance products in the motor and liability segments.

"We have seen a sea-change in how retail customers are approaching buying products and that will reflect in financial products too," said Ruchi Deepak, co-founder of Acko.

HDFC Life joins hands with Yes Bank to sell insurance policies

HDFC Life Insurance on Tuesday said it has joined hands with corporate agency agreement with Yes Bank to offer a comprehensive bouquet of life insurance solutions to the bank's customers across the country.

As part of the agreement, HDFC Life's diverse range of life insurance products will be offered to the customers of Yes Bank through the bank's branches spread across the country. HDFC Life's insurance products include solutions for protection, savings and investment, retirement and critical illness.

Commenting on the agreement, Suresh Badami, executive director, HDFC Life said, "There is a huge potential for insurance coverage across life and health protection, savings and annuity products in our country. With our bancassurance experience, we aim to offer a comprehensive suite of product solutions and best in class servicing, leveraging our investments in technology."

"We are extremely excited to partner HDFC Life to offer our growing customer base access to HDFC Life's comprehensive and innovative product suite - through a shared commitment to make a difference in their lives by addressing their unique insurance needs," said RajanPental, global head - retail banking, Yes Bank.

"In addition to the strength of the products, HDFC Life and Yes Bank will continue to focus on strengthening the digital and technology platforms to provide differentiated customer experience," he further sai.

HDFC Life's extensive product portfolio coupled with the bank's digital capabilities and widespread presence will ensure easy accessibility of life insurance to the customers. "HDFC Life's claims intimation process is available online. Customers and claimants can avail the services without having to step outside their homes," the insurer mentioned.

Kidney donor gets right to insurance after PMO prod

Nagpur: In 2009, Dr Ravi Wankhede, a well-known activist in the field of organ donation and former general secretary of Zonal Transplant Coordination Centre (ZTCC) in Nagpur, had donated one of his kidneys to his friend Dr SalimChimthanwala. This altruistic kidney donation had won accolades for him then as Dr Wankhede had saved a life. In 2020, no company was ready to give him health insurance cover for not having two kidneys.

Finally, he wrote to Prime Minister Narendra Modi a month ago, and on September 24, the same insurance company, which had earlier denied him cover, called him and offered policy. "I got two calls from the company that it has received a communication from the PMO. The company said it would insure me if my kidney function test (KFT) reports are good.

For me, it's a big success for organ donors in the country," said Dr Wankhede. When Dr Wankhede turned 65 two years ago, the insurance company told him that his policy could not be renewed as it does not offer cover to people above 65. Dr Wankhede approached another private company, which specifically offers health insurance for elderly people. To his dismay, this company also rejected his request. "I had disclosed in my application that I was a kidney donor, which worked against me," said Dr Wankhede.

After three companies denied him insurance cover, Dr Wankhede lodged a complaint with Insurance Regulatory and Development Authority of India (IRDA). "As nothing happened even after repeated follow-up, I finally wrote to Prime Minister Narendra Modi with all details," he said. Within a month, he got a call from the company.

After facing rejections from multiple companies, Dr Wankhede, who has been working for the cause of organ donation throughout his life, feared that people may be discouraged from donating organs, if they find out that insurance companies are not going to provide them with health coverage after donating organs. "Insurance cover for me was not a big deal, but all live donors must be given this protection was the issue.

As per IRDA rules, no company can deny insurance to live donors and there has been no exception to this," said Dr Wankhede. A senior official from National Organ and Tissue Transplant Organization told TOI that number of live donors for kidney and liver is increasing and they must get health insurance cover. "Companies have to understand that an organ donor is a healthy individual and there is no literature to suggest that organ donors are at higher risk of any medical complication as a result of donating the organ. They must get insurance cover," he said.

Bharti AXA launches new unit linked individual insurance plan

Bharti AXA Life Insurance, announced the launch of Bharti AXA Life Wealth Pro, a unit linked individual insurance plan. This offers triple benefits of regular savings, enhanced protection and market linked returns, it said in a statement. "The new and value-loaded ULIP helps customers plan and achieve their financial milestones as per the changing life-stages along with financial security for their families," it said.

The plan provides protection and wealth creation benefits from an early age of 91 days up to the age of 99 years by paying premiums either for a limited duration or once at the commencement of the plan. The plan has two variants Growth and Legacy. In the Growth variant, the customers have three policy term choices, ten, 15 or 20 years, and can pay premium once or for five, seven, ten, 15 or 20 years.

While the customer chooses to pay premium once, he/she can opt for higher life insurance coverage of 10 times life insurance cover, it was stated. The Legacy variant also provides the policyholder with a life insurance cover of 10 times the annualised premium throughout the policy term up to 99 years of age and a legacy fund for his/her loved ones. Under this, the customer has to pay premiums for five, seven, ten or till 60 years of age, the statement added. ❑

International News

Saudi insurers struggling with solvency and decline in policy sales due to COVID-19

The ongoing consolidation in the insurance industry is likely to accelerate due to COVID-19 as the insurers continue to struggle. With lower profit margins and heavy losses, the pandemic is expected to add to the woes in the solvency position of the Saudi insurers, says GlobalData, a leading data and analytics company.

GlobalData expects the general insurance market to increase gross written premiums (GWP) at a compound annual growth rate (CAGR) of 1.6% in 2020, down from the pre-COVID-19 expectations of 5.2%. Similarly, the forecast growth of 3.6% in 2021 is down from the previously expected rate of 5.1%. However, losses are likely to be almost recovered by 2023 with the expected growth rate to be 5.2%, which is marginally less compared to 5.4% that was previously estimated.

Deblina Mitra, Insurance Analyst at GlobalData, comments: "The government has made COVID-19 related medical care free of charge for all residents, including foreign populations who have overstayed their visit. This will ease the burden on the insurance industry. Along with the motor industry reporting a decline in accidents and claims during the lockdown, there has also been a strong decline in the policy sales."

However, insurers have utilized digital channels to keep the industry moving throughout lockdown.

Ms Mitra concludes: "Saudi insurers are continuing their business via virtual ad online channels. Live chat on the company's website, Twitter and WhatsApp are among the key digital initiatives to stay connected to customers."

General insurance business in India to contract by 9% in 2020 due to COVID-19

General insurance business in India is expected to contract by 9% in 2020 due to COVID-19, a sharp decline from the 10% growth witnessed in 2019, according to GlobalData, a leading data and analytics company.

GlobalData has revised India's insurance forecast in the aftermath of COVID-19 outbreak. As per the latest data, India's general insurance market is expected to register a compound annual growth rate (CAGR) of 4.7% over 2019-2024, as compared to the pre-COVID forecast of 11.9%, primarily due to the ongoing economic uncertainty and the imposition of country-wide lockdown restrictions.

Pratyusha Mekala, Insurance Analyst at GlobalData, comments: "The Indian economy is projected to contract sharply by 4.5% in FY2021, primarily due to the economic impact of the pandemic. With businesses coming to a grinding halt and consumer spending on a decline, the general insurers are expected to witness lower premium collection."

The impact of economic slowdown is most evident in motor insurance, which accounted for one-third of general insurance premiums in 2019. During January to July 2020, motor insurance premiums registered year-on-year decline of 19.2%, according to the Insurance Regulatory and Development Authority of India (IRDAI).

The recent regulatory changes are expected to further affect motor insurance premium. In March 2020, to provide relief to policyholders during the pandemic, IRDAI postponed planned premium hike ranging between 2-10%, on third-party liability insurance.

Similarly, stagnation is expected in property insurance as construction industry grappled with supply chain disruptions and shutdowns due to lockdown restrictions.

The construction industry is expected to register a decline in spending as government will look to divert planned capital expenditure on construction activity towards healthcare and public welfare activities. As a result, property insurance is now expected to register a CAGR of 6.0% during 2019-2024, against pre-COVID forecast of 10.8%.

Insurers are capitalizing on the increased demand for health insurance policies to compensate for the negative impact from other business. Health insurance premiums grew by 18% year-on-year in July 2020, as insurers revamped product portfolio to meet consumer demand.

Ms Mekala concludes: “The spike in COVID-19 infections across the country has dampened the prospects of quick recovery in general insurance business. While pick-up in health insurance business is an encouraging sign, the revival in general insurance business activity is expected to be a protracted one.”

Travel insurance policy changes promising COVID-19 cover will help the sector to recover

The spread of COVID-19 forced many providers in the travel insurance market to pause the sale of new policies and adapt their wording in order to minimize losses. This is a significant move that will give consumers more confidence in traveling and allow the travel insurance market to recover from the effects of the pandemic, according to GlobalData, a leading data and analytics company.

Saga is now the latest provider to include some COVID-19 cover. Saga was the 16th most popular travel insurance provider in 2019, according to GlobalData’s UK Insurance Consumer Survey, which is a strong position given that the company’s policyholders are exclusively over 50s. The announcement that Saga will now protect policyholders against trip cancelation claims, should they have a positive COVID-19 test result within 14 days of travel or whilst abroad, will help set the bar for the rest of the market.

Daniel Pearce, Senior Insurance Analyst at GlobalData, comments: “Prospective travelers will welcome the change to policies as the fear of being unable to go on a trip due to quarantine rules will have been limiting the number of trips booked and stifling growth in the travel insurance market. The change to the policy wording is of particular significance given the greater impacts COVID-19 has on the older population.

“However, despite the policy going further than others currently available, it will still not be enough to spur growth in the travel insurance market. Globally, the spread of COVID-19 appears to be on the resurgence, with local lockdown measures being implemented and changing quarantine rules becoming increasingly common. Despite this, policy wording must continue to be adapted to provide some element of cover against COVID-19 in order to allow the travel insurance market to recover from its greatest ever shock.

“If interest in international travel remains well below pre-COVID-19 levels for some years then the travel insurance market may have to look towards marketing policies for staycations. The popularity of staycations has increased drastically this year and although such policies need not cover the same perils as they do for international travel, this segment could be a hotbed for future growth.”

AXA XL named to the diversity best practices inclusion index

Diversity Best Practices (DBP), a division of Working Mother Media, unveiled its fourth annual Inclusion Index. The index helps organizations understand trends and gaps in demographic representation, creates a road map to drive internal change, and identifies diversity, equity and inclusion (DE&I) solutions to close the gaps. Organizations provided data and were measured in three key areas: best practices in the recruitment, retention and advancement of people from under represented groups—women, racial/ethnic minorities, people with disabilities, and LGBTQ people; inclusive corporate culture, including leadership accountability; and demographic diversity for women and racial/ethnic minorities.

AXA XL was among the 98 organizations that earned a score of at least 60 percent (AXA XL’s score was 70%) and a place on the index. This year, 185 organizations participated in the Diversity Best Practices Inclusion Index, a 25 percent year-over-year increase. Twenty of those listed on the 2020 DBP Inclusion Index are recognized for superior achievement by receiving an 81 percent or higher score and qualifying as a Top 10 Percent Inclusion Index Company. Nine of those listed achieved at least 75 percent of the available points to qualify as a Leading Inclusion Index Company. Completed applications were collected online from December 2019 through March 2020. Results reveal opportunities for all organizations to target their diversity and inclusion efforts for greater effectiveness.

“Diversity, equity and inclusion continues to be a topic of critical importance, especially in these times of heightened racism and social injustice,” says Deborah Munster, vice president, Diversity Best Practices. “The good news is that corporate America is paying closer attention to its D&I practices, and I am proud to recognize the work our Inclusion Index companies are doing to elevate their efforts to drive a more equitable future.” ❑

GLOBAL (RE) INSURANCES IMPACTED BY VIRAL PANDEMIC STORM EVENTS OF COVID-19

A) Introduction

The COVID-19 PANDEMIC is a Man Made Viral Catastrophe Globally impacting around 200 countries and paralyzing social as well as Economic lives of people of all ages. This is an Unparalleled Pandemic which is like a COVID-19 Pandemic Storm which has sudden sweeping and surging impacts on social life style of all everywhere. These unique Viral Pandemic Tragedies are occurring for over 9 months since December 2019. Remedial Vaccines are still in experimental stages and all affairs of individual and group life are stagnated by Distancing and Isolation as only way out to minimize its deadly impacts.

When WTC Attack losses of 11th September, 2001 occurred the Insurance Industries losses were slightly below US₹ 90 BLNS - the highest Insured Losses since known history of Insurance and Reinsurance World.

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But COVID-19 Pandemic is the worst Man Made Viral Catastrophe which impacts Global Economies of almost every country of the world! The Loss of Lives and the Loss of Economies by sudden Breaks applied to the Super-Fast Train of Economic activities has caused GFC Global Financial Crisis in every field of life.

Natural Catastrophes of Seismic Perils and STIF Perils have Local - Zonal - International and Intercontinental impacts e.g. Japanese Tsunami, US Hurricanes, Thai Flood etc. Even Locust swarms impacts regionally only. Manmade Catastrophes of Cyber Terrorism, Piracies and epidemics are all confined to Locations Zonally / Regionally. But COVID-19 Pandemic is a GLOBAL PANDEMIC STORM caused by Man-made virus incepting from Wuhan in China!

B) COVID-19 Causes Global Recession which can be compared to Global Recession of 1930s

The Global Insurance Premium are with a 'ROBUST

GROWTH' up to the year 2019 but COVID-19 Recession will impact 'Stagflations' till 2021. Thus World Insurance and Reinsurance will witness unprecedented 'Halting' of all economic activities resulting from Lockdown for long term and Isolation / Distancing of People everywhere in the world, paralyzing Global Contacts by transportation through Rails, Roads, Aircrafts and Cyber Links.

A New World Economic Order seems to be in making and we live in 'Transition Periods' up to 2021.

Global Reinsurance Premiums for the year 2019 are selectively listed for the First 15 major economics of 2019 which cover almost 83% of Total Insurance Premium of Life and Nonlife business.

Statement A

Macroeconomic Indicators 2019

2019 Premiums US$ BLNS

Sr. No	Country	MLNS Population	US$ BLNS GDP	%	Life	Non-Life	Total	%
1	U.S.A	328	21.532	24.75%	629	1832	2461	39.11%
2	P.R. China	1435	14.346	16.49%	329	288	617	9.80%
3	Japan	127	5103	5.87%	341	118	459	7.29%
4	Germany	83	3862	4.47%	102	142	244	3.88%
5	U.K.	67	2829	3.25%	264	102	366	5.81%
6	India	1368	2824	3.25%	80	27	107	1.70%
7	France	67	2709	3.11%	168	95	263	4.18%
8	Italy	60	2001	2.30%	124	44	168	2.67%
9	Brazil	211	1840	2.11%	41	33	74	1.18%
10	Canada	38	1736	2.00%	53	80	133	2.11%
11	Russia	146	1698	1.95%	6	16	22	0.35%
12	South Korea	52	1618	1.86%	94	80	174	2.76%
13	Spain	47	1393	1.60%	32	40	72	1.14%
14	Australia	25	1387	1.59%	22	48	70	1.11%
15	Mexico	128	1260	1.45%	14	16	30	0.48%
Total		**4182**	**66138**	**76.03%**	**2299**	**2961**	**5260**	**83.60%**
World Total		**7693**	**86982**	**100%**	**2916**	**3376**	**6292**	**100%**

Source : SIGMA Reports 4/2020

Statement B

Marketwise Non-Life Premium of 2019 Impact of COVID-19 Claims

Class	US$ BLNS Non-Life Premium	Estimated Reinsurance Premium	Remark
Personal Motor Commercial Motor	600 180	20	1. Claims will be increase for longer lasting COVID-19 Viral Pandemic events up to 2022

Class	US$ BLNS Non-Life Premium	Estimated Reinsurance Premium	Remark
Personal Property Commercial Property	210 220	60	2. Reinsurers pay 2019 claims covered in Reinsurances but from 2020 renewal COVID19 Pandemic Risk are excluded or covered with restrictive and prohibitive coverage
Liability W.C.A Engineering	200 60 20	40	3. Impacts of economic lockdowns on Investments incomes of Insurers and Reinsurers.
Marine	30	15	
Aviation	5	4	
Medical	1400	55	
Accident & Health	270	46	
Others	234	35	
	3376	**275**	

Source : SIGMA Reports 4/2020

C) COVID-19 Pandemic Storm Impacts

- Global GDP will be reduced by around 4% in 2020 and further reduced in 2021.
- On an average global Premium are likely to reduce by 3% up to 2021. 2019 levels are likely to be resumed by 2021 end.
- Global Financial Crisis - GFC will generate Recessionary Effects which may reset up to two years
- Life sector will be hit hard by COVID-19 both in terms of COVID-19 and drastic reduction in Investment returns on all funds of life Insurance available for investments
- Longer Periods of Economic Lockdowns have already paralyzed Manufacturing Industries, Entertainment Industries, Tourism, Hotels, Religious and Social congregation an specific occasion, Rail, Road, Air, Traffic Lines and Revenue of State by Economic Lockdowns, increasing Unemployment, Labor unrest Trade Wars among Giant Economies and so on.
- Insurance Industry's profitably is likely to be supported by hardening of Rates acceleration of New Risks in all growing in economies.
- Global Economies may be contracting by around 4%. EURO currencies traders may be hit hard. US₹ may remain static in International Trades.
- China may suffer gradually closing down of outsourcing units of Western Economies. China loses TRUST of all countries and may suffer declines in all fields of economy
- Around 20 largest economies may be able to recover from COVID-19 impacts but may be able to regain capacity by 95% over 2019 level.
- Emerging Economies of Asia Pacific, African Middle Eastern and Latin American Economies will suffer drastically due to COVID-19 impacts. The Task of Economic Recoveries will be very difficult due to Lockdown and rising unemployments.
- Lowering Interest rates will be for large periods on Investments by Insurers. Political, Economic and Military Tensions will increase between Western economies rising in the world like India, Hong Kong, Taiwan etc.
- COVID-19 Virus impacts are likely to be longer lasting even beyond 2022.
- Recessionary Trends may give way to STAGFLATION. Scenario i.e. Weaker Recovery in 2021 due to stagnated

Premium incomes and increasing claims Ratios combining Natural Catastrophic losses along with COVID-19 Pandemic losses.

- Global Life Premiums are likely to fall annually by 1.50% till 2021 as against 2.2% growth up to 2019.
- Global Non-Life premium are likely to grow marginally on an average during 2020-21. Emerging Markets Non-life premium are likely to be better.
- Personal lines business may grow but commercial line business may suffer downturns.
- COVID-19 Losses will imply increase in Premium with highest rates and greater penetration.
- Nat Cat Losses on an average ₹ 75 BLNS per year from 2001 to 2017. They were US₹ 93 BLNS in 2018, US₹ 60 BLNS in 2019.
- Worldwide AOG Perils losses in 2019 are US₹ 176 BLNS. Ongoing COVID-19 events losses may be more than ₹ 300 BLNS by 2022.

D) 7 Major Markets Total Insurers Premium as compared to 1980, 2019, and forecast for the year 2030 consequent to COVID-19 Events.

Market Share Forecast *Amounts in US$*

	COUNTRY	1980	2019	2030	1980	2019	2030
1	USA	48%	39%	36%	229	2460	3660
2	China	-	10%	18%	-	617	1777
3	Japan	15%	7.3%	6.1%	75	459	621
4	U. K.	6.9%	5.8%	4%	35	366	404
5	Germany	8%	3.9%	3.5%	40	244	320
6	S. Korea	0.3%	2.8%	2.5%	2	175	258
7	India	0.4%	1.7%	2.3%	2	106	234

Source : SIGMA Reports 4/2020

E) Conclusion:

COVID-19 Pandemic's Viral Storm is still ongoing and is likely to disappear by 2022. All people of the world have to learn to live with Isolation, Distancing and Sanitization in all Social, Political and Economic activities individually as well Asian congregation.

The only great advantage is Pollution Free Environment everywhere! We all breathed polluted air in all metropolitan cities in the world so far.

Now man-made pollution is cleared by COVID-19 events! ❑

Struggling insurers face another threat as Amazon gears up to enter motor insurance market

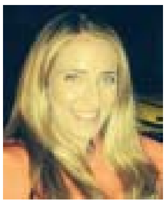
Insurers around the world have endured an extremely tough 2020 due to the significant fallout from COVID-19, and they appear to face another unwelcome threat in the form of Amazon selling car and motorcycle insurance, says GlobalData, a leading data and analytics company. Ben Carey-Evans, Insurance Analyst at GlobalData, comments: “The tech giant is launching it in India, but has an enormous global reach, and could eventually make it a strong competitor for incumbents around the world. Motor insurance has been one of very few product lines relatively unaffected by COVID-19 so far, with claims largely declining, due to people traveling less. However, insurers will not welcome the extra competition as vehicle sales are expected to decline in the wake of the pandemic, as consumers continue to work from home.”

Amazon’s entry into the insurance market will help shift consumer expectations about buying insurance products from non-traditional players. Large global tech companies such as Google, Amazon, and Facebook have enormous customer bases that they can leverage when selling insurance. However, consumers are still hesitant to purchase insurance from them. GlobalData’s 2019 UK Insurance Consumer Survey found that 62% of consumers would prefer not to purchase an insurance product from Amazon. Likewise, 63%, 66%, and 78% of consumers would not purchase insurance from Google, Apple and Facebook, respectively. Yasha Kuruvilla, Insurance Analyst at GlobalData, comments: “Since customers are reluctant to purchase insurance from tech companies, partnering with a third-party provider is the better strategy, at least until they become recognized names in insurance. Amazon’s partnership with insurtech Acko rather than an incumbent also highlights the retailer’s desire to work with digital and agile companies.”

PANDEMICS & PRIVACY: MANAGING CYBER RISKS CONNECTED TO COVID-19

As businesses in all 50 states reopen or consider reopening, they are facing another challenge: how to reopen safely. What safely reopening entails will vary from business to business. As the COVID-19 pandemic continues to be a significant concern, employers are looking for ways to keep up operations while keeping employees safe.

Fortunately, guidelines do exist to help with at least part of those safety measures. The Centers for Disease Control and Prevention (CDC) provides businesses with industry-specific guidelines or various industries, as has the American Industrial Hygiene Association (AIHA). Such guidelines help companies further maintain compliance with the Occupational Safety and Health Administration's (OSHA) personal protective equipment (PPE) requirements. Also, OSHA has released guidance for preparing workplaces for the return of employees during the pandemic.



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In keeping with OSHA requirements for maintaining a safe workplace, a recent trend among businesses is to monitor the health of employees. In a number of instances, employees entering the workplace are being monitored as they arrive for work. Wellness checks, temperature checks, and observation of an employee's use of PPE and adherence to physical distance guidelines are measures that many employers consider to be essential.

However, the balance between maintaining safety and maintaining employee privacy is a delicate one. As with any procedure that falls outside of standard operations, such measures could be placing companies at increased risk of privacy issues, not to mention cyber risks.

Where the risks lie

Depending on the industry, companies may not be aware of the privacy risks associated with complying with OSHA guidelines in the time of COVID-19. As employers strive to reduce employees' exposure to COVID-19, the way in which they attempt to do so could be putting the business at risk for privacy violations.

Prior to COVID-19, most businesses were aware of what employee information they could collect, and guidelines for storage security and duration. Amid the current crisis, the lines have blurred. Additional collection of employee information, no matter how temporary the need, could involve regulations that protect employee privacy, such as the Health Insurance Portability and Accountability Act (HIPAA).

Even something as basic as asking employees to reveal their temperature or current health status could be a privacy exposure. This is a particular risk for companies that do not normally conduct any kind of health screening, since employers inadvertently could be gathering data that is not relevant to the current pandemic. Questions about employee health history that stretch beyond whether the employee has traveled recently, or been exposed to people who have or are suspected of having COVID-19, could be problematic.

Another potential exposure: how the data is gathered. For example, a company might screen its employees before allowing them to enter the premises. As employees are turned away because of fever or other visible signs that may indicate illness, other employees in the vicinity are now aware that these employees have been sent home - a potential violation of an employee's right to keep personal health information private.

To avoid such violations, companies should be setting up private screening areas to protect workers' health information. Some companies are using wellness apps that allow employees to self-report their health conditions. Moving the screening process online could alleviate some privacy issues, though there are still concerns that the data collected may go beyond what is necessary.

Information gathering tools may also cause issues. If an employer conducts thermal imaging for temperature checks, it is important to be mindful of regulations surrounding collection of biometric data. Even a small change such as monitoring employees as they work to ensure proper distancing and PPE use could be a violation of employee privacy if proper policy precautions are not taken.

Balancing privacy with protection

Fortunately, there are ways companies can balance the need for employee privacy with the need to provide a safe workplace. Start by reviewing current policies and procedures regarding privacy and handling of personally identifiable information. The policies should specify what data is being collected, and how it is being stored and for how long.

A review of policies against the regulations in the jurisdiction where the business is located can help to determine if current policies need to be changed to address any regulatory changes at the local level.

Policies must be updated to address additional data collection associated with COVID-19. A company should be specific in describing the need for the additional data, what will be gathered, how it will be stored, and for how long it will be retained.

Next, communicate the changes to every member of the organization. Full disclosure provided to every employee allows employees to give meaningful consent to those changes, allowing employers to gather data that protects employees while on the job.

In order to avoid over-collecting data, companies should consider these points: Is the company collecting all the information that is needed to maintain workplace safety? Is there more information being gathered than is needed to comply with safety regulations? Are the questions being asked remaining specific to the current pandemic?

It is important for employers to remember: Any change in the data collected and the way in which employee privacy is handled may change the company's potential exposures and, consequently, the insurance needs of the company.

Moving forward safely

The goal of any COVID-19 health check should be to ensure your company is complying with safety requirements while not gathering or storing more data than is necessary. While there are no one-size-fits-all checklists that reveal the exact steps your business should be taking, resources do exist that can help your organization put together a program that can reduce your employees' exposure to COVID-19 and help you comply with workplace safety and privacy regulations.

Talk with your insurance carrier and risk management professionals to determine the best process for your organization. Review your insurance policies to ensure your business is covered for any additional exposures. Reasonable efforts to do the right thing, along with a plan that fits your organization, can help you keep your employees safe and the business up and running. ❑

COMPARATIVE METHOD AND THE NON LIFE INSURANCE SECTOR A FEW RANDOM THOUGHTS

Abstract

Insurance, particularly non-life insurance, is an economic activity, which because of its complexity, is difficult to properly comprehend. Rather, is easily susceptible to misunderstanding. It has endowed itself with some kind of mystery, very often evoking a negative attitude to-wards the sector. Therefore, the sector has comparatively limited acceptance in the society. Viewed in the light of its potential the sector seems comparitively less developed amongst the financial services. Therefore increased awareness by demystification and highest level of transparency are need of the hour to set it on an equal footing with other economic activities. Mass insurance awareness / education will not only go a long way in demystifying the sector but also portraying properly, its true value as an essential service. Simplification and transparency of the highest standard are the sin-qua-non for a decent beginning in mass insurance education. Simplification is required not only in products, processes, policy wordings and information availability, but also in the manner and format of the information presentation to the target audience. A gordian knot to unravel. The article attempts to present some views on the comparative method as a tool for proper understanding of this economic activity. It emphasises the importance of the manner and format of information presentation to make it intelligible. The views can be a basis for fruitful deliberations and further initiatives by all stakeholders. It is hoped that, it will act as trigger for fresh ideas.

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Societies keep on changing. The nature and the pace of changes may vary from time to time and from society to society. Twenty first century changes are dominated by huge developments in the areas of financial inclusion and information & communication technology. This has led to wider participation of members of society in the corporate life. Such participation has heightened the need for increased intelligence and vigilance, particularly in the light of several corporate failures witnessed in the past. It is a repeatedly proven fact, that no amount of oversight can guarantee what a culture and conduct of self discipline and selfregulation can offer. The repeated failures across the sectors, as well as across the countries has created a greater thirst, for sound and reliable as well as intelligible knowledge, amongst members of the society.

Understanding the environment around us, reacting / responding to its dynamics and proactively initiating changes to adapt it to suit our self interest, are unique attributes of all living beings. For understanding a subject / phenomena, there is no method better than the method of comparative study. Amongst all methods of acquiring and enhancing knowledge and understanding, comparative method is the king. Contribution of comparative method to the human wisdom has been huge and immeasurable. For study of certain dimensions this may be the only method. And in others it is used to confirm or contradict the knowledge and understanding gained by other methods.

This method is inherent in all spectrums of human life – social, political, economic, cultural and scientific. All of us are aware of it and are naturally conditioned to employ this method in our day to day life, consciously or unconsciously. The purpose of this write up is to examine different facets and dimensions of this comparative method in gaining knowledge and understanding of matters relating to insurance, particularly non-life insurance. While doing so, the write up looks at a few past and present practices and their efficacy. In addition, it attempts to flag the deficiencies in such practices for exploring future modifications / improvements.

In our industrialised, technology driven society, though life has become more comfortable, it has not become riskfree and is not totally devoid of life crippling risks. On the other hand over the years, it has grown riskier than what it was, a few hundred years ago. Though earlier day's life was characterised / marked by subsistence economy, yet it was sustainable and otherwise was no less rich and less profound than the one of today’s advanced and developed societies. Risks were and are inherent and integral to living and they will continue to be so.

They might see / reflect drastic mutations with changing times and environment. So do our perceptions about the risks. There is no magic wand to ward them off. It appears, errors in our developmental efforts, driven by highly materialistic interests, have lead to geometric aggravation of risks. We are all familiar with the climate change induced heightened frequency of storms, floods, tsunamis, increased frequency and magnitude of seismic activity, currently raging covid-19 pandemic and menacingly spreading terrorist activities, all of them testimonise the said risk aggravations. Human curiosity in exploring the universe too is fraught with huge unknown risks. Risks and rewards go together is a simple fact with no exaggeration. If we wish to progress we have to take calculated risks and manage them. Therefore insurance, a risk management tool, in all its forms, plays a crucial role and occupies an important position in the economic activities of today's society irrespective of the nature of its socio-political structure.

Hence understanding correctly, the different dimensions of the role of insurance in socio-economic life, is a matter of interest to all planners, administrators, academicians and leaders across the society. As said above, the common man too is very much interested in such understanding, as today, he is not immune to adverse effects of such socio economic set-ups. It seems, there is a need for upgrading the current practices which facilitate the knowledge and understanding of working and efficiency of insurance sector. I think current practices in this regard, evolved over the years, can be improved to a great extent in the following four areas.

1. Measurements in Nominal vs Real Terms,
2. Inevitable Comparison of Apples with Oranges,
3. Use and Misuse of Aggregation, and
4. Acceptable Standards / Benchmarks of Right Kind.

Before we dwell upon each one of the above areas, let me attempt to prove, with few examples, the premise of gap

or deficiency in the present practices, felt by an average person in understanding the sector.

Over the years, societies have developed two primary indicators to facilitate understanding and judgment on the role of insurance in the economy and the stage of its development. First, indicator is called "insurance penetration" and the second one is known as "insurance density". While insurance as a percentage of country's GDP is an indicator of penetration, the insurance premium per citizen represents insurance density.

In India penetration is little less than 1.0 % for general insurance and is about 3.7% for insurance (Life and Nonlife together) and Indian Insurance (nonlife) density works out approximately to Rs 1241/- (2019-20). These two indicators on their own, I do not think, make any sense to an average person. However, if these indicators are presented along with, say the corresponding penetration indicator of South Africa (or any other country/ies), which is 13.77%(2017), or insurance density in South Africa to be approximately 15 times that of India, or along with the corresponding figures of the previous year (or any other earlier point of time/s or periods), it starts making some sense to the reader. Similarly if the insurance penetration of non life insurance of 0.99% is presented along with corresponding indicator 7.7% of banking industry it will make some sense.

Yet, in both cases it is not an adequate and complete understanding. It does not convey the clear picture even to the well read ones. Will such information enable the reader to decisively conclude that the high South African indicators stand for better insurance awareness and capacity of Africans and they do not stand for the poor and riskier environment prevailing in that country ?

Similarly can it be rightly concluded that role of insurance is secondary to that of banking because of the low figure of insurance penetration compared to that of banking ? This dilemma is true of / for many insurance parameters. Let us examine another parameter. Expense ratio. If an average reader is presented with the expense ratios of organisations in different sectors (Insurer, Banker, Mutual fund, Manufacturer.......) will he be able to make any sense of true efficiency from such figures ? Definitely not. In an annual report of a leading banker, the operating expenses were expressed as a percentage of net interest income (Interest earned on loans and advances less interest paid on deposits).

This measure may be good and meaningful for an intra-sector comparison. But when it comes to intersector comparison, it has no value. Correct revenue on which expense ratio is to be calculated for inter-sector sector comparison has to be an addition of both inward and outward interests and not the net of them. Because banks render service to both segments of customers (Borrowers as well as depositors). Net interest income as a revenue is unique to banking. Similarly there is no corresponding item in banking comparable to claims cost in insurance.

Thus making inter-sector comparison a nonsense. May be, the outward interest can represent the same. Similarly there are no readily available items in manufacturing industry comparable to the claims cost of insurers. In two leading manufacturing organisations the cost of material with related expenses of power, freight, wages and manufacturing over heads amounted to 65-70 percentage of the total cost. This may well correspond to the claims cost of insurers. Re-organising such factors would definitely facilitate some meaningful inter-sector comparison. At times even intra-sector comparison will be confusing.

Take an example relating to insurance commission as a percentage of premium. This ratio of a leading insurer used to be unreliably very low compared to other comparable insurers, thereby confusing the reader in their judgment. Take another instance where a trainee participant from a neighbouring country, when asked about the Motor TP claims ratio of his country, replied, that the ratio is around 30 to 35%. Being used to ratios ranging from 150% to 250% observed in my country, I was confused and left struggling to comprehend the comparative status, like a computer keeps hanging.

These examples, which constitute only the tip of the iceberg, suggest that the best and safe thing for an average person is to avoid any attempt to understand insurers and insurance. Something similar to throwing the baby out with the bath water. No surprise, society's attitude towards insurance sector is ice cold. Precisely it is this dilemma, which provoked me to think of improvements in comparative method of study, so that a beginning can be made towards presenting the facts in the understandable realm of average reader.

Comparison normally takes three forms. First, comparing the same subject / phenomenon over a period of time, second, comparing same subject or phenomenon amongst the peers, and the third, comparing the subject or phenomena with other subjects / phenomena. Context could be the additional dimension of comparison. The logic and rationale behind these comparisons, is not only to review and assess past performance, plan future progress and prepare for improving efficiency but also to gain knowledge and understanding of all dimension of the economic activity and its role in our life. Now let us examine possible scope for up-gradations, in each one of the four areas mentioned above.

Measurements in Nominal vs Real Terms.

The day, human beings gifted themselves with money as a means of exchange and bid good-bye to the barter system, unknowingly they introduced themselves to a novel concept of nominal value. Over the years this concept percolated and spread across all dimensions of human life, so that even so called invaluable life today gets assigned with some nominal value. Thus, it has become a norm to measure and assess all economic activities / events in nominal values. It is so ubiquitous and common, so much so that, when some one refers to the most popular indicator of economic activity, the GDP of a country, the reference is for nominal GDP unless otherwise mentioned / qualified. Measuring and assessing them in real terms is an exception and occupies a secondary place. This is true of many economic activities, including insurance.

Ease and convenience are the hall marks of this practice. Developing and maintaining measurements in real terms is difficult and inconvenient. It is this tendency of avoiding the inconvenience and the difficulty, is behind the failure to realise the organisational slide into problems to which past generations have been the witnesses. Yes, nominal comparisons are also meaningful and useful. But at times they may not convey true and complete story. Also, the smart and clever ones, in the absence of measurements in real terms, can use the same for misleading the reader. Hence comparisons in real value terms along with the nominal value comparisons, are necessary to know the true, correct and complete facts as well as status. Slowly we have to evolve and adopt such parameters.

The basic insurance value (Gross Domestic Premium) is a product of number of policies issued / number of persons insured / sum insured (persons/property/income) / indemnity offered and the rates of premium charged. Except for some internal analysis in performance reviews, the interplay of these factors in the final value rarely gets presented to the general readers. Falling rates of premiums may fail to disclose the service expansion in terms of increased coverage and vice-versa. Similarly rising rates of premium may conceal the contraction or lack of growth in the service and vice-versa.

Therefore sum-insured, number of persons covered, number of policies issued and derivative parameters based on such factors should necessarily form part of the reportage. Even if some of them are available today, they are not presented in a manner and format in which they should be. The format and manner of their presentation should be such that it facilitates easy and intelligible reading. Such a step will also take the operational transparency to the next level. In India life insurers use sum insured as one of the service parameters and general insurers have not been using it to the same extent, despite being making lot of noises about the gap in insured and uninsured values (Under insurance).

Similarly one of the leading banker predominantly discloses the number of customers served. Yes there are practical problems in operationalising some such disclosures, but they are not insurmountable. Economists, long back, recognised the weaknesses of depending merely on nominal values and for better comprehension, they started presenting the GDP of a country at current prices as well as constant prices with reference to a base year. We need to explore the possibility of such a measure for reporting insurance values.

Inevitable Comparison of Apples with Oranges

Being part of Indian insurance industry, I was always curious to know the value of its contribution to our society. Following questions kept on popping up regularly. Is it, as good as that of bankers? How does it compare with that of a manufacturing industry ? Where do we stand in comparison with other services and particularly with other financial services ? Satisfying answers to quench the curiosity were not simply available, though some rough measures could have been used to facilitate some judgment of approximate kind. But definitely beyond the capability of an average man. Moreover a few drops of water given to a highly thirsty creature instead of quenching the thirst, is more likely to increase the emotional and psychological gravity of the thirst.

No two human beings are exactly alike, nor are two organisations. That is not an excuse for avoiding peer comparison of economic activities of such entities, because all of them use same economic inputs and society is entitled to know, where these inputs are used best. This argument definitely holds good for organisations operating in a particular sector. Can this argument be used, with equal force, to compare organisations engaged in dissimilar economic activities ? Will such comparison not yield absurd results ? Comparison of an insurance entity, with a manufacturing entity, or other service organisation like a telecom company can only land us in a realm of confusion.

Even comparison with another service organisation in the financial field like a bank or a mutual fund too would take us no-where. This is equally true of the comparison involving two insurers, one a life insurer and another a non life insurer. In all such cases we are attempting to compare oranges with apples. In other words we are comparing the incomparables. While acknowledging the absurdities which may crop-up in such primary comparisons, we can not ignore the need for and utility of such comparison for the purpose of assessing efficiency in use of scarce economic inputs. Therefore it is necessary to develop tools and mechanisms for meaningful inter-sectoral comparison.

Only, these tools and mechanisms of comparison may have to be slightly different from the ones used for intra-sectoral comparison. It is possible to evolve such tools of higher level / grade to facilitate the comparison of dissimilar organisations / organisation which are significantly different / engaged in significantly different activities. All organisations use the same inputs (Land, labour, capital and entrepreneurship). The difference is only in the proportion of these inputs. The proportion of land / material will be relatively high in a manufacturing organisation. If all organisations irrespective of its nature, develop measurements based on the input factors or common factors, meaningful inter-sectoral comparison gets facilitated. Current practices may also have to be modified to some extent to facilitate such comparison.

For example : while manufacturing organisations, separately present the marketing and sales expenses as part of their reporting, the same is not the practice in insurance industry. Wages paid to the workers in manufacturing industry are separated from the compensation given to other employees. But in some sectors including financial sector such practice does not exist.

Thus hampering the process of comparison. May be comparable and the corresponding cost of blue collar equivalent employees of such organisations have to be segregated. If a comparison has to be facilitated suitable modifications have to be adopted. There could be several such areas, which only an open mind can identify, where synchronisation amongst reporting of different sectors is required and possible.

Use and Misuse of Aggregation

No doubt insurance is a business of aggregation. This unique business attribute of the insurance sector does not liberate the sector from the concept of segmental reporting. Concept of segmental reporting is a financial tool developed by accountants to assess the segmental performance and it is an anti-dote for deficiencies of aggregation. Segmental report is part of the annual reporting for the insurers too. It endows insurers' reports with high level of transparency. The reporting practice in this regard so far, has been on product based segments. A better and scientific segmentation has to be peril based.

It can also be based on the subject matter of insurance - person, property (-passive at rest, active at rest, passive in transit, active in transit), liability and income. Often statistics is compared to a bikini. It conceals the vital. Similarly current product based segmentation though provides detailed breakups, it does not bringout the vital intelligence to guide right decision making. This is a radical suggestion, but is based on logical and rational thinking. It is not the insurance product which decides the outcome. It is the frequency and severity of the peril and / or the nature and susceptibility of the subject matter insured that decides the outcome.

We need to establish the linkage of outcome with the peril and / or with the nature of subject matter insured. This should improve not only the quality of reporting but also the quality of rating. It will also significantly upgrade the transparency of the industry. The opposition / resistance to this suggestion can only be due to the difficulty involved in achieving such segmentation. It is challenges of this kind, which afford opportunities and prove to be the turning points in the course of creative history. Apart from its value in facilitating true and objective assessment of performance, its role in comparative analysis by synchronised reporting needs to be realised. It carries in it the most potent seeds of product simplification too.

Acceptable Standards / Bench Marks

'Single digit', 'double digit', 'negative' are some of the growth adjectives frequently observed in the reports of business correspondents of media organisations informing the readers on business growth of insurers. Similarly claims ratio, expense ratio, profitability, and solvency are other parameters on which such reports often speak eloquently. Very often they are compared with those very performance parameters in the previous / previous corresponding period.

Comparison with the similar performance parameters of the peer organisations is another dimension on which they try to report. Concerned Regulator too, at periodic intervals report such performance parameters. Managements of the organisations do the same reporting, with a difference that the positive ones getting highlighted and the negative ones getting downplayed. All this is very fine to get some idea about the performance of the organisation.

Those few in the relevant field who are familiar (being reasonably literate in the relevant activities) do make some sense (if not complete) out of such reportage. But for others and the common man who may not be so literate, these reporting mean nothing. They do not make much sense. It is said and literally true that you can take the horse to the water but you cannot make it drink. Though making sense out of reading, requires a real thirst in the reader, yet otherwise also it is possible to make reporting more meaningful to every one.

Reporting the performance by comparing it with some benchmarks is one such way. The best example in this regard is the reportage on rainfall. In addition to the annual variation, it is always compared with the longterm average. In view of this, readers understanding becomes more meaningful than its mere comparison either with previous period or with that of peer/s. The period comparisons have a limited purpose of flagging the performance of some specific period. Peer comparison is effective only in an intensely / fiercely competitive market.

On the other hand comparison with the benchmark / standard has a much broader and general purpose. Equally enlightening / illuminating example in this regard is the practice of checking the BP or sugar level against the more scientifically set benchmarks. Therefore developing standards and bench marks and presenting the performance against those standards or benchmarks can add substantially to the reporting quality.

Currently this exercise of setting benchmarks exists in a limited way in organisational target setting exercise. In addition, some kind of bench marks set by the regulator, are found with regard to 1. Expense ratio, and 2. Solvency. There are also some benchmarks in the citizens charter commitments / regulatory prescriptions (Service standards for policy issuance, claim settlement, grievance redressals). It is necessary to raise this exercise to the next level.

Objectivity of all these benchmarks have to be regularly reviewed and reaffirmed. In the past it has been observed that only crises drive the changes or improvements.

Mostly reactive and rarely proactive. Organistaional planning does involve setting targets and these targets do act as benchmarks. But they are mostly for internal consumption. Unrealistic approach towards target setting and wide off the mark performance, frequently observed, is a reflection of scant regard shown for such standards. Benchmarks / standards are always dynamic varying from time to time and place to place. To a great extent they emerge from the past performance achieved somewhere.

Technological developments do set the ground for new standards. Short term, medium term and long term standards may be different. But there has to be consistency amongst them. Whether the growth has to be in double digits or single digit, depends on the stage of development it has already achieved. Expecting double digit growth in a well developed market is not rational. Similarly low growth rate is a crime in an underdeveloped market. Initially expecting high growth in a startup is not rational, but an adolescent startup can grow in leaps and bounds.

Mature adult organisation may not have the kind of growth displayed by a start-up. But it has the muscles to withstand all vicissitudes to deliver sustained growth. Standards of margins depend on the client base. High margins are not ethical in an organisation serving a poor clientele. Appropriate standards / benchmarks have to be developed based on various general factors mentioned herein above (and there could be many more). By their very nature the standards cannot be static, hence a mechanism has to be in place to regularly keep the developed bench marks updated.

Elements of operational items for which standards are needed have to be constantly monitored. Un-monitored standards are no standards. The goals an organisation wishes to pursue may be the prerogative of each organisation. When we are talking of the standards or benchmarks we do not mean to interfere with organisational prerogatives. But we are talking about some guide posts meant for higher purpose having community interest at core and for enhancing readers understanding.

In each one of the above areas, “how much is too much ?” is question whose answer, can never have consensus. The issue is of quality over quantity. Very often deluge of information (repeated presentation of the same set) confuses the reader and puts him off. Most of it is routine stuff. The significant one, if any, either remains hidden or gets crowded out by the routine. Therefore the manner and method of presentation is extremely important and needs, not only be thoroughly thought out but also regular follow up for incremental improvements. Standards / benchmarks should help in identifying the significant ones by easily locating deviations / exceptions, to make them the focus of reporting.

To sum up, the hustle and bustle of day to day corporate life focused more on the immediate needs, has no scope for looking back, nor does it leave any scope for finer aspects of commoner's interest. Yet, self interest calls for some real introspection at regular intervals. No opportunity, how so ever small, which enhances the simplification of processes and systems and increases transparency, be wasted. It is several such small incremental improvements in retrospect, represent / constitute the achievement of some thing which once was deemed unachievable / impossible. Irrespective of the outcome, some churning of ideas is always a welcome sign of life. Let us try to live.

Some action points :

1. Start to disclose readily available real term service measures / parameters (To begin with number and type of customers, or sum insured) and simultaneously start developing mechanisms to extract as many such additional parameters measures as possible over a specified period and make their disclosure a routine affair.
2. Review the manner and format of reporting to increase the intelligibility and transparency. Inter-sector comparison of key factors should also be the focus of such revision. appropriate comparison. Report on performance, and Report on state of affairs / status should focus on exceptions /deviations and exclude the routine.
3. A broader institutional frame work (may be Institute of Chartered Accountants of India, has to work towards evolving practices which can facilitate inter-sector comparisons. Simultaneously organisations have to ensure the necessary flexibility in their systems, so that it becomes easier to adapt to changes.
4. Performance analysis, and review by an independent, authoritative body other than regular overseeing authorities. Such a body should have right kind of people.
5. A body representing the industry has to examine and work on the theme of evolving benchmarks / standards / norms against the backdrop of which the performance needs to be reviewed. ❑

Report of the working group to study and make recommendations on formation of an India

PANDEMIC RISK POOL

September 2020

EXECUTIVE SUMMARY

Background

The world has witnessed several disease outbreaks and epidemics in the past years such as Spanish Flu, H1N1, SARS, Ebola etc., among which some have taken the form of a pandemic as well. This has affected both human life and economies across the globe. The COVID-19 pandemic is no exception, albeit this being on a much larger scale and followed by a worldwide lockdown has unsettled an overwhelming proportion of society at an individual and group level.

Impact of Covid-19 in India

- ❖ All business houses suffered immense fnancial setbacks which will take years to recover.
- ❖ The Medium, Small and Micro Enterprises, who were unable to handle the fnancial burden were forced to make tough decision like furlough staff or close their business altogether. As per CMIE Reports, Unemployment rate saw a steep rise from 8.75% in March to 23.52% in April 2020. The spike in unemployment rate has been unprecedented in the months of April and May. With businesses shuttered causing a huge wave of reverse migration, the country's overall unemployment rate rose as high as 27.11% for the week that ended May 7, 2020.
- ❖ The daily wage earners, who are often migrants, lost their livelihood due to lockdown which led to limited access to basic facilities like food, accommodation and health.
- ❖ The economy has faced a huge fnancial loss and our growth rates have been revised down by various international agencies. Though Government introduced provisions of extended moratoriums on loan, it hasn't served enough. Government also announced a major fnancial stimulus equivalent of 10% of India's GDP amounting to Rs. 20 lakh Crore. However, this one-time stimulus was ad-hoc and took a huge toll on the Government's coffers. Possibility of occurrence of such future pandemics can no longer be ruled out. Doling out one-time ex gratia packages is not a viable long-term solution to such occurrences.
- ❖ Though business groups have suffered huge losses due to business interruption, they can't get insurance claims as most of their policies exclude pandemic cover.
- ❖ One-time stimulus by Government equivalent to such huge proportion of GDP is not economically viable each time a pandemic occurs.

Thus arises the need for systematically designed well-structured pandemic pool.

Need for a Pandemic Pool

There are estimates that current business interruption premiums in some markets would need to be collected for over 100 years to cover two months of COVID-19-related business interruption costs. The lock-down measures, by which national or local authorities have restricted movement of (parts of the) population, have augmented the risk of business interruption. On the demand side, inability to insure has signifcant wider economic and social consequences such as businesses and individuals being unable to obtain loans and mortgages. For example, small businesses may fnd it harder to obtain cover ("availability) or only at an extreme price ("affordability"). Moreover, business interruption insurance for small business is not common in Indian market. Thus in circumstances such as the current COVID-19 crisis there are at least in the future likely to be market failures in respect of the provision of private insurance of both supply and demand necessitating the need of a far larger public-private partnership approach. The pandemic risk exhibits accumulation potential across several lines of insurance business, for example life and health, travel, liability, credit and others. Moreover, the asset side of an insurer's balance sheet is also affected by the adverse market conditions caused by the economic impact of the response to a pandemic. According to the Insurance industry these factors constrain the supply of insurance. Therefore, it is evident that cover for pandemic risk cannot be provided solely by private commercial insurance and reinsurance systems. If the further availability of this

Coverage for Pandemic Risk

- Insurers/Re-insurers - Insurance and Re-insurance works well and remains affordable when a relatively small number of claims are spread across a broader group, however, in the current pandemic situation, business across all geographies have been hit at the same time.
- Government - Due to massive economic disruption, governments also struggle to provide the effective and timely assistance by introducing aid programs on ad hoc basis to most needed section of the society.

Proposed Solution for India

Pandemic risk being a systemic risk it is too large to be taken on by the public and /or private insurance sector or governments alone. To protect individuals and the economy from suffering because of business failure due to such epidemic/pandemic events in future, it was considered appropriate to explore the option of risk sharing by public, private insurers with the Government of India in form of an Indian Pandemic Risk Pool. Mechanism of sharing this risk would provide a lowcost product. Countries across the globe are in the process of forming similar pools. Further, it has been seen that making the product accessible is not suffcient. More often than not covers that are made optionally available are not taken by the intended benefciaries.

Therefore, a working group with members representing the Indian Insurance/Re-insurance industry was constituted by the Authority to examine the requirement and rationale for setting up a pandemic pool.

The working group took views of various other insurance industry participants including but not limited to Insurers, Re-insurers, Intermediaries and Multilateral organisations. After extensive discussions, the key recommendations of the working group are summarised below.

Core Recommendations

Core Recommendations

The Working Group recommends formation of the proposed Indian Pandemic Risk Pool to address losses and unsettlement caused to the informal and low income sectors of the society and serve as a medium of providing relief to these sectors by the Government in case of any such pandemic or epidemic events in future.

1. **Formation, Structure and Administration of the Pool**
   The quantum of loss due to an epidemic/pandemic risk event is huge and hence is beyond the capacity of public and/or private companies and/or government alone. Hence a risk pooling mechanism with public-private-government participation would be an appropriate resolution to address this similar concern in future. Indian Reinsurer, GIC Re, who has experience of managing the Indian Terrorism Pool and Indian Nuclear pool in India shall be an apt administrator for the proposed pandemic pool.

2. **Participation**
   The participation shall be mandatory for the sectors which have been covered under the pool. This can be with as a Standalone Product providing coverage for the event or as an add-on with the existing products.

3. **Trigger & Claim payment**
   Multiple trigger mechanism shall be set separately for an epidemic and a pandemic event. Claim payment shall be parametric in nature.

4. **Size and Financial capacity**
   An ideal size to start the pandemic pool could be designed to cater approximate 4 crore MSME workers which would lead to a pool capacity of appx INR 75,000 crores wherein a capacity of approximate INR 2000 crores could be expected from the industry participants and a substantial part coming from government in the form of backstop. The pool premium collection is proposed to be invested in government securities or specifcally designed bonds by Indian government. The premiums accumulated over the years and the

Investment surplus would help in gradually reducing the government backstop.

5. **Government backstop**

The Working Group believes that for pandemic pool to have an adequate purpose, it needs to cover at least 4-5 crores MSME workers in frst phase and to accomplish that, the assurance from government to provide a backstop is necessary. It is pertinent to note that the backstop triggers only at the event of pandemic striking and the total loss payouts are higher than the capacity garnered by the local insurance/reinsurance and international market. Globally all pandemic pool (including USA, France, Germany) proposals are heavily hinged on their national government's support in form of similar backstop and are at different stages of approval. The Working Group has proposed a government backstop of appx. INR 75000 crores at the initial stages.

6. **Coverage**

The pool shall provide coverage in a phased manner. As MSME and the unorganized sector are the worst affected segments of society during the current COVID-19 pandemic in India, frst phase of the pool shall cover Income losses due to non-damage business interruption resulting from a future pandemic event and subsequent lockdown. Pandemic losses are covered under presently available health insurance products, hence the coverage for losses in health segment caused due to a Pandemic event, beyond a threshold, may be covered under the Pool in the second phase. The coverage under the pool may be expanded to life insurance segment also in the later phases.

RECOMMENDATIONS & NEXT STEPS

7.1 Recommendations

The current situation has illustrated the potential harm that a pandemic can have on our people, business, society and economy with the current limitation of insurance coverage available to provide protection. Hence Public-private pandemic pool with participation from insurers and government support as a backstop can be a best suitable option to prepare us better from similar future events.

7.1.1 Need of National Pandemic Risk Pool:

COVID-19 is affecting business indiscriminately and sparing none. Subsequently, lockdown has created the need for a cover against an epidemic or pandemic cover for non-property business interruption losses. Most of these losses are absorbed by the policyholders as policy excludes business interruption losses arising out of pandemic. Some enterprises may sustain during initial period; however, they are undergoing fnancial setbacks and some business which can't sustain are forced to make tough decisions like reduce the staff strength or close their business altogether. The covers for these losses are not provided by the market as it is beyond the risk appetite of the insurance and re-insurance market. If insurance companies are required to cover such claims, such an action would create substantial solvency risks for the sector, signifcantly undermine the ability of insurers to pay other types of claims, and potentially exacerbate the negative fnancial and economic impacts.

7.1.2 Formation and administration of the Pool:

The best way to address this is a pooling or sharing mechanism with all the stakeholders. Pool will help to provide forward looking coverage for business during the pandemic event which is currently not available in Indian market. Pandemic risk exists, and it is not going anywhere. So, pooling of all resources is optimum solution to create something from nothing.

GIC Re is recommended as the pool administrator as they have prior experience in handling similar pools in Indian Market like Indian Terrorism Risk Insurance Pool (ITRIP) and Indian Nuclear Insurance Pool (INIP). Their experience in managing Indian pool will help to manage the pandemic Pool of the country effciently at the lowest cost since setting up a new entity for pool administration will involve higher overheads.

7.1.3. Pool Capacity:

An insurance pool can be formed to offer cover for the epidemic and/or pandemic by the various stake holders with the expectation of capacity in the range of INR 1500-2000 crores from industry through its own and external capacity. The rest of the capacity in the form of government backstop, which triggers only in the event of a pandemic and if the payouts to policy holders exceed the industry and its arranged capacity.

7.1.4. Pool Structure:

Category	Details
Structure	Public Private partnership backed by govt support as backstop
Internal Capacity	(i) Internal capacity through premium collection
	(ii) Capacity from Insurers, Indian Reinsurer and FRBs
	(iii) Interest earning from prior year surpluses
Outside Capacity	(i) Government of India in form of backstop to be triggered only in case of event
	(ii) Pandemic Bonds

7.1.5. Pool Size and Backstop:

The actual pool size will depend on the risk covered and its estimated potential losses. So far, experts say that business interruption losses caused by COVID-19 pandemic will be huge and unprecedented and it is hardly an estimate which can be the basis of formation of insurance pools and backstops. During frst phase of Pandemic pool implementation, business interruption focusing wages of MSME sector and Migrant workers were given priority. With assumption of 4 Cr employee and workers gets benefted and pay out limited to 3 months maximum then the total pay-out will be INR 78,000 cr.

Since, pandemic pool of this size is not feasible during its frst year of operations. As per recent Indian Nuclear Insurance Pool (INIP) it is recommended to start with pandemic pool of INR 5000 Cr. The remaining amount of INR 75, 000 Cr will be required as backstop guarantee from the Government of India. During the subsequent phases the pandemic coverage will be extended to other lines of business then the exposure will go up and the government backstop requirement will peak upto INR 125 000 Cr and then it will start gradually reducing. Approximately 20 to 25 years will be required to grow the pool size to make it as self-suffcient.

7.1.6. Product Recommendation:

Category	Details
Customer segment	Micro & Small-to-Medium Enterprises (MSME)
Product	Type Business interruption
Coverage	Salary protection up to 3 months or actual lockdown period whichever is lesser. INR 6500 per month for a max of 3 months and for max of 10 employees
Trigger	Multiple trigger (WHO declaration of pandemic + Lock down by state/ central govt.)
Exclusion	The franchise of 15 days, current pandemic COVID-19
Participation	Mandatory
Event Limit	Single event with exclusion of Covid19
Pricing	INR 999 per employee
Claim payment	Parametric

7.1.7. Phase Wise Coverage:

The pool is intended to cover all the affected segments of general insurance, Health & Life, over a period. However, looking at the current capacity and need, the pool will frst cater to the most vulnerable segments of MSME to cover salary charges. As the capacity of the pool will build up, the pool will be extending to SME segment & increased coverage for MSME segment. The pool would like to cover Health insurance in next phase and in the later phases, it would also like to incorporate life insurance risks.

Phase	Coverage	Details
Phase 1	Business interruption GI	To cover salary charges up to 10 employees MSME.

Phase	Coverage	Details
Phase 2	Health insurance & Enhancement of no. of employees of MSMEs	Health insurance to be covered on excess of loss basis when overall losses crosses a threshold basis. Cover salary charges for MSME >10 employees, SME, other add on covers and standing charges coverage
Phase 3	Life Insurance & Enhancement of min. salary reimbursement for employees of MSMEs	Over a period of time once the impact of pandemic is established on morbidity and mortality, considering the overall exposure separate pool for Life insurance. The increase in capacity and surpluses could also support increase in compensation amount to MSME employees.

7.1.8. Roles & Responsibilities

Category	Role
Pool Administrator	Overall administration of pool. To manage the Pool Funds on behalf of the participating companies
Technical Committee	capacity management, product fling process, investment modalities, accounting setup, claims processes
Investment Committee	To set up investment process for the ceded pool reinsurance premium in govt. securities and pandemic bonds, review of investment guidelines
Pool accounts	Render Quarterly statement of premium from insurers, Pool administration cost, ceding of quota share premium

7.2 Next steps

- Pool formation to be formalised by the Authority by drafting a regulation
- Announcement of pool administrator and technical committee constitution with inclusion of Working Group members to set up the pool
- Technical committee to fnalise the product structure, evaluate retrocession capacity and multilateral organization support for Bonds to augment capacity (or reduce govt. backstop), capacity build up and fle the product with the Authority
- Representation by WG to National/State Government for following support:
  - National Government: backstop discussions
  - State government(s): Subsidy for premium discussions
  - GST Council for waiver of GST for pool premium collection
  - National government: for Pandemic pool bond discussion with fxed coupon rate for investment of surpluses
- Press-release on pool structure post pool set up and Government support on backstop, GST waiver, subsidy on premium

Courtesy: IRDAI

Lloyd's India unveils risk cover products

Lloyd's the world's biggest reinsurance market, has developed products to help India companies of all sizes to mitigate their exposure to a number of risks involving Covid-19 pandemic. Shankar Garigiparthy, country manager and CEO, Lloyd's India arm, said the rirm is developing tailored products and committing resources to help organisations mitigate their exposure to risk and speed up economic recovery.

RMAI Certificate Course on Risk Management

Join Today

Introduction

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

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

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

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

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

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

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

Course Modules

Module -1- Introduction to Risk Management

Module -2- Understanding Environment and Stakeholders

Module -3- Risk Strategies and Corporate Governance

Module -4- Risk Management Framework

Module -5- Risk Management Process

Module -6- Emerging Risk

Module -7- Types of risks

Module -8- Models for Estimation of Risk

Module -9- Project and Assessment

Course Details

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

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

Course Methodology

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

ii) 8 Modules of three hours each Plus Project

iii) Quiz during each module to check understanding

iv) Query Management Sessions by Experts

v) Individual Project and Guidelines

vi) Course Completion Assessment

vii) Final Exam by Remote Invigilation

More about AICP London

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

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

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

Value-added Benefits

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

Payment Options:

1. You can remit the payment by NEFT in our Bank Account details below
   Bank Details of Association :

   Risk Management Association of India

   Bank of India Account Number: 402110110007820

   Branch: Vivekananda Road Branch

   Type of Account: Savings

   IFSC Code : BKID0004021

   MICR Code: 700013048
2. Companies who want to enroll their employees in bulk can request for a invoice at info@rmaindia.org

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

EMail: info@rmaindia.org

Phone: 9073791022/8232083010

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

LEGAL

Insurer is liable to pay for loss due to defective packaging

Dujodwala Products, a company engaged in manufacturing chemicals for local as well as export markets, received an order for products from Saudi Rook Wool Factory at Riyadh. As the product was sensitive to atmosphere, the temperature had to be maintained at 5°C or less. Dujodwala hired a container from Maersk India, which had a built-in refrigeration system. The consignment was packed in 109 metal drums and placed in the container, which was examined by National Insurance before issuing a policy covering all risks. The container was loaded on a motor vehicle for transportation to JNPT, Nhava Sheva Port for shipment.

On October 18, 2006, Maersk informed Dujodwala that the container should not be shipped as it had failed to maintain the requisite temperature due to technical problem in the refrigeration system. Dujodwala tried to save it from damage by getting the container back to its factory at Raigad. Despite this, the consignment got damaged, so it lodged a claim.

The insurer appointed a surveyor who assessed at Rs. 12,22,869, after deducting 5 per cent towards salvage value. Despite the favourable survey report, the insurer repudiated the claim attributing the damage to change in temperature due to improper packing, which was not covered under the policy.

Dujodwala filed a complaint before the District Forum. This was contested by the insurer. A technical defence was raised that the complaint should be dismissed since Maersk was not impleaded in the proceedings, even though it was a necessary party, as the loss had occurred because of the defective container.

The Forum overruled the objection, holding that the claim would be payable as the policy covered all risks. It held the insurer liable for deficiency in service and ordered it to pay Rs. 12,94,731 (inclusive of salvage), along with 12 per cent interest from February 10, 2008 onwards. Additionally, Rs. 50,000 was awarded as compensation and Rs. 5,000 towards litigation costs.

National Insurance appealed against the order to the Maharashtra State Commission. The latter observed that even though the policy covered all risks, it excluded damage caused due to packing. So, it concluded that the insurer could not be held liable for Maersk's fault in supplying a defective container and dismissed the complaint.

Dujodwala then filed a Revision Petition before the National Commission. The latter observed that the policy excluded defects in packaging from inception. In Dujodwala's case, the packaging was done professionally by Maersk, checked by the insurer's representatives and found to be in order. The defects occurred later due to failure of the refrigeration system. So the Commission held that the claim would be payable as the policy covered all risks.

Accordingly, by its order of August 31, 2020, delivered by Justice R K Agrawal presiding over the Bench along with Dr S M Kantikar, the National Commission allowed the revision, set aside the order of the State Commission, and restored the order of the District Forum, holding the insurer liable to pay Rs. 12,94,731 towards the entire value of the damaged consignment.

Claim payable if bariatric surgery is medical necessity

Generally, bariatric surgery is performed for cosmetic purposes, or to lose weight to prevent an illness that may occur in the future. In such cases, the insurer is not liable to pay a claim for that surgery. However, in a unique twist, Advocate Ami Mandani argued that the maintainability of the claim would have to be considered from the angle of necessity of performing bariatric surgery. In a significant ruling, the South Mumbai District Consumer Forum agreed with the argument and held the insurer liable.

Naresh Makani had purchased a mediclaim policy from New India Assurance. Makani underwent a lap sleeve gastrectomy and liver biopsy in Saifee hospital, for which he incurred a total expenditure of Rs. 3,80,524. When he lodged a claim under the policy it was repudiated by M.D. Healthcare Services, the third-party administrator (TPA). The reason for rejecting the claim was that obesity treatment was not covered under the policy. Makani filed a complaint before the District Consumer Forum for South Mumbai. The insurer and the TPA jointly contested the case, arguing that repudiation was justified as treatment for morbid obesity was excluded under the policy.

The Forum noted that Makani and his wife were first made to undergo several medical tests, and after being satisfied a policy was issued for Rs. 5 lakh. Subsequently, in January 2013, Makani developed medical problems. After he underwent several medical tests, he was diagnosed as suffering from a liver problem. Due to the bad liver, Makani was putting on weight, which was in turn affecting his heart. Since he weighed 142.5 kilogram (kg) and had a height of 164 centimetre, his body mass was computed to be 48.5 kg per metre square.

Since his morbid obesity could not be brought down within a short span through diet and exercise, Malkani was advised to undergo a Lap Sleeve Gastrectomy and Liver Biopsy. He was operated at Saifee Hospital.

Makani's advocate Ami Mandani argued that simply obesity was excluded under the policy, but morbid obesity arising out of medical conditions was not excluded. She contended that there can be no straightjacket formula for repudiating all claims for bariatric surgery, and that a claim ought to be paid when the surgery is performed specifically for the treatment of an ailment covered under the policy.

The Forum concurred with the submissions and noted that the medical evidence revealed that Makani was suffering from hyperuricemia, dyspnea, obstructive sleep apnea, and fatty liver, some of which are life threatening conditions. The Forum also relied on Makani's doctor's clarification that his condition was such that it had to be treated quickly and aggressively through a bariatric lap sleeve gastrectomy.

Accordingly, through its order of February 5, 2020, delivered by Presiding Officer Sneha Mhatre for the Bench along with D S Paradkar, the complaint was allowed. Since the claim was within the coverage limit of the policy issued by New India, the Forum held the insurer liable to pay the entire claim of Rs. 3,50,412 along with 9 per cent interest from the date of repudiation. In addition, Rs. 15,000 was awarded as compensation and Rs. 10,000 as cost. ❑

Vital Launches Next-Gen Group Health Plans for SMEs at Monthly Premium of INR 199

India’s leading online health and wellness marketplace and insurance provider Vital today launched its group health insurance plans (in collaboration with leading insurers) that provide next-gen employee health benefits packaged into Comprehensive Health Plans. These plans are specifically designed to cater to small and medium business owners in India who are looking to secure their employees’ health with affordable and all-inclusive healthcare packages. At a time when health concerns have taken the front seat in our lives, health plans like these are a great way for organizations to give their employees one less thing to worry about for sure.

Vital’s Group Health Insurance plans also have convenient payment options that include monthly premiums starting from INR199 per employee. The company also said that it has signed up several next gen employers, including Tripoto, Little Black Book (LBB), TrulyMadly, Rusk Media, Falcon Brick,Zypp and Skylo, for its new plans.

The group health insurance plans from Vital not only include comprehensive health insurance benefits, but also offer access to Vital’s curated healthcare marketplace for offers on doctor consultations, pharmacies, mental health packages, dental packages and even maternity benefits.

For employers, a digital dashboard lets them track and maintain their employees' plan details with instant policy issuance, single-click addition and removal of members and easy tracking of payments. Employees, too, have a seamless experience on the mobile web app from where they can manage their coverage and benefits, by their ecard and policy anytime as well as a marketplace with offers from leading health & wellness brands curated just for them.

“We have created truly next generation group health insurance packages platform with comprehensive features and benefits for both business organizations and their employees. These plans are specially designed to protect cash flows for smaller organizations and are further accessible seamlessly to both employers and employees via an all-digital, mobile-first experience,” said Jayan Mathews, Co-Founder and Chief Product Officer of Vital.

IRDAI Circular

Solvency Margin for Crop Insurance business

IRDA/ACT/CIR/SLM/220/08/2020

Date:27-08-2020

1. This circular is issued in accordance with the power vested under section 14(2)(e) of the IRDA Act, 1999 read with section 34(1) of the Insurance Act, 1938.
2. Reference is drawn to the Circular No. IRDA/ACT/CIR/SLM/066/03/2017 dated 28th March, 2017.
3. The provision of Para-6.1.1is revised as under:
   3.1 Premium receivables related to State / Central Government sponsored schemes for the Q1 and Q2 of the FY 2020-21 to the extent they are not realized within a period of one year should be placed with value zero.
   3.2 Premium receivables related to State / Central Government sponsored schemes for the Q3 and Q4 of the FY 2020-21 to the extent they are not realized within a period of 270 days should be placed with value zero.
4. The provisions of Para-6.2, Para-6.3 and Para-6.3.1 shall remain effective for one more financial year, that is, for the period from 1st April, 2020 up to 31st March, 2021 and the situation will be reviewed accordingly.
5. This Circular comes into force with effect from 1st April, 2020.
6. This is issued with approval of the Competent Authority.

General Manager (Actuarial)

Guidelines on Wellness and Preventive Features

IRDAI/HLT/REG/CIR/233/09/2020

Date:04-09-2020

1. Reference is invited to Chapter VII of the Consolidated Guidelines on Product Filing in Health Insurance Business issued vide Circular Ref: IRDAI/HLT/REG/CIR/194/07/2020 dated 22nd July, 2020 specifying norms on Wellness features. In supersession of these Guidelines on wellness features / benefits, under the provisions of Sec 34(1) of the Insurance Act 1938, read with Regulation 8(d) and 19 of IRDAI (Health Insurance) Regulations 2016, the following norms are prescribed:
   a. Any wellness and preventive feature shall be designed only with the objective of maintaining and improving good health, thereby enabling affordable health insurance.
   b. As part of promoting wellness and preventive regime, insurers may offer reward points to those policyholders who comply with or meet the set criteria of wellness and preventive features.
   c. No Wellness and preventive feature shall be offered without it being filed or incorporated as part of the product in terms of the Product Filing Guidelines. The methodology and criteria to be used for arriving at the reward points and corresponding reward points to be awarded need to be filed.
   d. Wellness and preventive features under a policy may also be offered either as optional or add-on cover.
   e. There shall be no discrimination in providing any of

the wellness and preventive features offered and in granting the reward points thereunder to the same or similarly placed categories of policyholders of the underlying health insurance product.

f. Every Insurer shall assess the pricing impact of wellness and preventive features offered, if any, and the same shall be disclosed upfront in the File and Use or Use and File application, as may be the case, as specified in the Product Filing Guidelines.

g. Based on criteria stipulated for wellness and fitness, insurers may endeavor promoting wellness amongst health insurance policyholders by offering the following services:

   i) Health specific services provided by Network providers or other empanelled hospitals / service providers for the following (in addition to any such benefits already offered):
      a) Outpatient consultations or treatments
      b) Pharmaceuticals
      c) Health check-ups/diagnostics

   Including discounts on all the above.

   ii) Redeemable vouchers to obtain health supplements.

   iii) Redeemable vouchers for membership in:
      a) Yoga centers
      b) Gymnasiums
      c) Sports clubs
      d) Fitness centers for participating in fitness activities.

   iv) Discounts on premiums and/or increase in sum insured at the time of renewals based on wellness regime followed by policyholders in the preceding policy period; provided increase in sum insured shall be independent and shall not be linked to the cumulative bonus offered, if any.

   v) Coverage of cost of treatment of any admissible claim in respect of non-payable items that are specified under the terms and conditions of the base policy.

   Provided, where more than one reward is offered, choice shall be given to the policyholder to choose as per his/her requirement or need.

h. Insurers shall not publish the trade names or trade logos of third party merchandize in any of the insurance advertisements, but may refer the services in generic term. However, Insurers shall disclose the specific items of services in their website with necessary details and may provide a link to this in their insurance advertisement and policy contracts.

   Provided insurers shall not promote products or services of any particular third party service provider.

   Provided further, where multiple service providers are engaged by the insurers for providing benefits / services, the policyholders shall be allowed to choose a service provider of their choice for availing the wellness benefits / services.

i. Insurers shall endeavour to engage multiple service providers for providing benefits / services under wellness and preventive features and the list of service providers may be constantly expanded by the Insurers. Insurers shall not accept any liability towards quality of the services made available by third parties and shall specify upfront that the said third party is responsible for providing the services stipulated under the wellness features and insurer is not liable for any defects or deficiencies on the part of the service provider. Insurers shall monitor the quality of service offered by service providers under wellness / preventive programs and ensure that they have put in place appropriate mechanism to discharge their obligations provided under wellness program of the applicable health insurance product.

j. Other than the monetized value of the reward points redeemed by the policyholders, no payments shall be made by insurers to the third party merchants.

k. Insurers shall not receive any consideration amount for offering the third party services.

l. The operational costs, if any, for administering wellness and preventive features shall be factored into the pricing of the underlying health insurance product and costs factored shall be disclosed in the prospectus or sales literature (invitation to contract) wherever wellness and preventive features are offered.

m. In case of Family Floater Plans, Insurers shall clearly define and disclose in policy document, the manner in which accrual and redemption of rewards is considered in respect of all members covered.

n. Insurers shall clearly specify in the policy contract as to whether the accrued rewards can be carried forward or not when the policy is renewed with the Insurer and the period of validity of the accrued rewards under both the scenarios. In case of expiry of policy, the accrued rewards may be carried forward for a period not exceeding three months.

o. The rewards accrued shall be at periodic intervals at rates/amounts declared upfront at the commencement of the policy and shall not be linked to any dynamic factor such as interest rate. The same shall be specified in the Policy Document.

p. Insurer shall notify the rewards accrued to the credit of a Policyholder and entitlements of the policyholders under the wellness and preventive features at periodic intervals, at least once in a year.

q. Insurer shall specify in the policy contract and prospectus, the mode of communication that the Insurer adopts for notification of various services offered under the wellness and preventive features.

r. Insurers shall specify the manner of redeeming the rewards accrued under the wellness and preventive features in the prospectus, policy wordings and shall disclose updated information in their website.

s. Insurer shall be responsible for any errors or omission in calculation of accrued rewards and shall address the same through their in-house Grievance Redressal Mechanism.

t. Information gathered, if any, during the process of offering the wellness and preventive features of the policy, shall be kept confidential and shall not be used for purposes other than what it is meant for.

2. The Authority reserves the right to reject wellness and preventive features proposed by the insurer if they are against policyholders' interests and are not in line with fair market conduct notwithstanding the fact that they may broadly meet with the above guidelines.

3. The Authority reserves the right to instruct the insurers to withdraw any wellness and preventive feature which is not in compliance with any regulations or guidelines issued by the Authority or which is found to be prejudicial to the interests of the policyholders or not in line with fair market conduct. The Authority also reserves the right in such cases to take appropriate action as deemed fit.

4. Existing products may be modified either as per Clause (C) of Chapter III or Clause III (2) of Chapter IV of Consolidated Guidelines on Product Filing in Health Insurance Business (Ref. No: IRDAI/HLT/REG/CIR/194/07/2020 dated 22nd July, 2020) for offering wellness and preventive features in compliance to these guidelines.

5. These Guidelines shall come into force with immediate effect.

6. This has the approval of the competent authority

DVS Ramesh
General Manager (Health)

Implementing RFQ platform for Investments in Corporate Bonds / Commercial Papers

IRDAI/F&I/CIR/INV/246/09/2020

Date:25-09-2020

1. With a view to enhance and coalescing the fragmented liquidity in Corporate Bonds, SEBI has implemented Request for Quote (RFQ) Platform through Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The RFQ platform seeks to replicate the OTC market albeit on an electronic platform in a move to bring more transparency, centralization in protecting investor interest apart from having enough liquidity in Secondary Market.

2. To achieve the above, SEBI, vide Circular: SEBI/HO/IMD/DF3/CIR/P/2020/130 Dated 22nd July, 2020 has mandated all Mutual Funds (MFs) to undertake 10% of their total Secondary Market trades of Corporates Bonds through RFQ to start with. As this is likely to bring transparency and liquidity in the Corporate Bond segment, the Authority, in consultation with the Life and General Insurance Councils directs all Insurers as follows:

   a. On monthly basis, the Insurers shall undertake at least 10% of their total Secondary Market trades in the Corporate Bonds in Value place / seek Quotes through one-to-many mode on RFQ platform available on BSE/NSE. The 10% limit shall be reckoned on the average of Secondary Market Trades by Value, in the immediately preceding 3 months on rolling basis.

   b. Concurrent Auditor of the Insurer in his Quarterly Audit Report shall confirm that the Insurer has complied with the directions of this Circular.

3. The above procedure will be followed by all Insurers with effect from 1st Nov, 2020.

(SN Jayasimhan)
HOD-Investments

4th BIMTECH INSURANCE COLLOQUIUM

23rd October, 2020

Insurance 4.0 Resilience in Risk Society

Online Platform

Background

COVID-19 has posed the greatest humanitarian challenge of all time on government, business, and individuals around the world. Enormous energy is being expended day in and day out in repressing the deadly virus and saving the lives of millions with demanding social measures.

It has become increasingly diffi cult to predict the consequence of many economic activities given the volatile nature of the pandemic. Only certain thing is that it has grievously hit the already depleting balance-sheet of many industries including insurance. The global life, health, and property and casualty (P&C) sectors are up for a difficult time.

One cannot navigate the emerging challenges with resilience alone –the response has to be staggered systematically with resolve, reimagination, and reform playing important roles. Insurers are all over the world have been resolving to face the emerging challenge of working from home using the technology platform but still have been grappling with the preparation of IT for critical-services capacity and building resilience to sensitive cybersecurity norms. Most of the insurers have been found wanting in their IT and building up WFH capabilities.

The COVID-19 crisis is not showing any sign of abating, on the other hand, continues to affect insurance distribution and operation around the world. Insurers must gird up their loins by designing a strategy focused on near- and long-term implications.

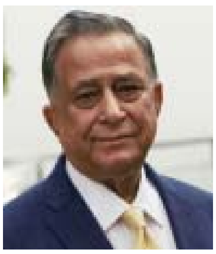
The industry has to respond and adapt itself well in the face of this adversity, trauma, tragedy, threats, and unsurmountable amount of emotional and financial stress.

Resilience in Risk Society

1. Challenges from COVID-19 to Health Insurance Industry - Way Out.
2. Business Continuity: Can Insurance offer the necessary succour?
3. Hastening InsurTech adoption in Insurance Business: Status and Appraisal

Objective

We at BIMTECH believe, it is time to cogitate on these issues and initiate a conversation among the stake holders of all the three areas mentioned above through this BIMTECH INSURANCE COLLOQUIUM. The Colloquium is expected to illumine all aspects of the relevant issues and may also perhaps throw up possible ways forward.



Honoring

Mr. Nasir A Choudhury

Founding Managing Director & Advisor of Green Delta Insurance Company Limited with

BIMTECH Life Time Achievement Award - 2020

For his outstanding contributions to the growth of Bangladesh Insurance Industry

BIMTECH INSURANCE COLLOQUIUM-2020

Indian Insurance: Steps Ahead
October 23rd, 2020 (Friday)

Inaugural Session

Welcome Address	**Dr. H. Chaturvedi,** Director-BIMTECH
Theme Address	**Mr. Sakate Khaitan,** Senior Partner-Khaitan Legal Associates, Member- BOG (BIMTECH)
Keynote Address	**Ms. Alamelu T. Lakshmanachari,** Member (Non-Life), IRDAI
Theme Introduction	**Prof K. K. Krishnan,** Professor, PGDM-IBM (BIMTECH)

Theme-I: Challenges from COVID-19 to Health Insurance Industry-Way Out

Panel-1: Moderator **Dr. Abhijit K. Chattoraj,** Professor &Chairperson, PGDM-IBM, BIMTECH

Panel Members

1. **Mr. D V S Ramesh,** General Manager-IRDAI
2. **Ms. Farzana Chouwdhary,** MD & CEO Green Delta Insurance Co. Ltd. (Bangladesh)
3. **Ms. Malti Jaswal,** Senior Consultant, World Bank and Advisor, National Health Authority
4. **Dr. S. Prakash,** Managing Director, Star Health & Allied Insurance Co. Ltd.

Theme-II: Business Continuity Can Insurance Offer the Necessary Succour?

Panel-2: Moderator **Prof Pratik Priyadarshi,** Associate Professor, PGDM - IBM, BIMTECH

Panel Members

1. **Mr. Girish Kulkarni,** Managing Director & CEO, Star Union Dai-ichi Life Insurance Co. Ltd
2. **Mr. Rakesh Jain,** CEO, Reliance General Insurance Co. Ltd.
3. **Mr. Sanjay Datta,** Chief - Underwriting, Reinsurance, Claims & Actuarial, ICICI Lombard
4. **Mr. Sanjeev Jha,** Managing Director & CEO, Fairfirst Insurance Co. Ltd. (Sri Lanka)
5. **Mr. Tapan Singhel,** Managing Director & CEO, Bajaj Allianz General Insurance Co. Ltd.

Theme-III: Hastening InsurTech Adoption in Insurance Business: Status and Appraisal

Panel-3: Moderator **Prof Manoj K Pandey,** Associate Professor , PGDM-IBM, BIMTECH

Panel Member

1. **Mr. Anirban Roy,** Co-Founder & CEO, Pentation Analytics
2. **Mr. Rohan Kumar,** Co-Founder & CEO, Toffee Insurance
3. **Mr. Sourabh Chatterjee,** President & Head Technology/Digital Sales/Travel, Bajaj Allianz General Insurance Co. Ltd.
4. **Mr. Vijai S. Raghunathan,** Consulting & Transformation Leader Customer Success Team, L&T InfoTech.

Life Time Achievement Award : **Mr. Nasir A. Choudhury,** Founding MD & Advisor of Green Delta Insurance Co. Ltd.

Valedictory & Vote of Thanks: **Prof. Manoj Pareek,** Assistant Professor, PGDM-IBM, BIMTECH

GROSS DIRECT PREMIUM INCOME OF GENERAL INSURERS (WITHIN & OUTSIDE INDIA)

Insurers	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
ACKO	--	--	--	--	0.92	141.89
BAJAJ ALLIANZ	4516.44	5229.84	5832.15	7633.28	9445.22	11059.41
BHARTI AXA	1423.15	1457.06	1274.41	1314.09	1753.58	2258.05
CHOLAMANDALAM	1855.11	1890.43	2452.00	3133.28	4102.57	4428.16
DHFL	--	--	--	--	141.07	243.07
EDLEWEISS	--	--	--	--	1.30	92.55
FUTURE GENERALI	1262.55	1438.24	1555.26	1815.50	1906.37	2553.94
GO DIGIT	--	--	--	--	93.74	894.82
HDFC ERGO*	2906.98	3182.2	3379.55	3964.45	--	--
HDFC ERGO General Insurance Co. Ltd. (Earlier known as L&T General Ins. Co. Ltd.)**	253.78	331.71	473.39	2224.17	7289.97	8612.85
ICICI LOMBARD	6856.16	6677.79	8090.71	10725.20	12356.85	14488.23
IFFCO TOKIO	2930.92	3329.96	3691.33	5563.70	5631.89	7001.84
KOTAK MAHINDRA	--	--	3.71	82.05	185.39	301.11
LIBERTY VIDEOCON	129.81	283.85	408.72	584.59	816.53	1125.16
MAGMA HDI	424.93	473.59	403.94	419.49	526.69	970.11
RAHEJA QBE	23.23	21.62	28.76	58.92	83.45	115.96
RELIANCE	2388.82	2715.83	2791.56	3935.35	5069.08	6191.03
ROYAL SUNDARAM	1437.04	1569.2	1694.12	2188.78	2623.44	3172.57
SBI	1187.57	1576.9	2039.85	2604.49	3544.20	4706.55
SHRIRAM	1510.59	1496.51	1712.27	2102.42	2100.76	2356.34
TATA AIG	2362.71	2714.13	2958.56	4167.97	5435.92	7742.66
UNIVERSAL SOMPO	540.44	701.1	903.79	1287.23	2310.86	2830.87
PRIVATE SECTOR TOTAL	**32010.30**	**35089.96**	**39694.07**	**53804.96**	**65419.82**	**81287.16**
	(14.52)	**(9.59)**	**(13.12)**	**(35.55)**	**(21.59)**	**(24.25)**
NATIONAL	10260.96	11282.62	12018.98	14282.36	16243.68	15179.94
NEW INDIA	13727.6	15480.35	17763.31	21597.92	25159.31	26607.99
ORIENTAL	7282.53	7561.92	8611.59	11117.02	11736.84	13484.75
UNITED	9708.93	10691.73	12250.36	16062.81	17429.95	16420.47
PUBLIC SECTOR TOTAL	**40980.06**	**45016.62**	**50644.24**	**63060.11**	**70569.78**	**71693.15**
	(10.54)	**(9.85)**	**(12.50)**	**(24.52)**	**(11.91)**	**(1.59)**
PUBLIC & PRIVATE TOTAL	**72990.36**	**80106.58**	**90338.31**	**116865.07**	**135989.59**	**152980.31**
	(12.12)	**(9.74)**	**(12.77)**	**(29.36)**	**(16.36)**	**(12.49)**
AIC	3395.00	2739.69	3521.22	6979.56	7893.39	6900.88
ECGC	1303.72	1362.39	1320.73	1267.62	1240.42	1247.54
SPECIALISED INSURERS TOTAL	**4698.72**	**4102.08**	**4841.95**	**8247.18**	**9133.81**	**8148.42**
	(5.48)	**(-12.7)**	**(18.04)**	**(70.33)**	**(10.75)**	**(-10.79)**
ADITYA BIRLA HEALTH INSURANCE Co. Ltd.	--	--	--	54.04	243.17	496.80
APOLLO MUNICH	692.47	803.12	1022.18	1301.93	1717.51	2194.44
CIGNA TTK	0.33	21.82	143.82	221.80	346.40	484.82
MAX BUPA	308.85	372.65	476.01	593.93	754.47	947.02
RELIANCE HEALTH	--	--	--	--	--	4.09
RELIGARE HEALTH	152.30	275.80	503.32	726.07	1091.61	1825.57
STAR HEALTH	1091.07	1469.19	2007.34	2960.05	4161.11	5401.29
STANDALONE HEALTH INSURERS TOTAL	**2245.02**	**2942.58**	**4152.67**	**5857.83**	**8314.28**	**11354.04**
	(30.05)	**(31.07)**	**(41.12)**	**(41.06)**	**(41.93)**	**(36.56)**
GRAND TOTAL	**79934.14**	**87151.24**	**99332.93**	**130970.09**	**153437.68**	**172482.77**
	(12.26)	**(9.03)**	**(13.98)**	**(31.85)**	**(17.15)**	**(12.41)**

Note: Figures in the bracket represents the growth over the previous year in percent. -- represents business not started. 'NA'

* Erstwhile HDFC Ergo General Insurance Co. Ltd. merged with L&T General Insurance Co. Ltd. w.e.f. 01.01.2017.

** L&T General Insurance co. Ltd. is renamed as HDFC Ergo General Insurance Co. Ltd.

CHANNEL-WISE GROSS DIRECT PREMIUM INCOME - GENERAL INSURANCE

(₹ Crore)

Type of Channel	INDIVIDUAL AGENTS						CORPORATE AGENTS - BANKS					
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Fire	1776.50	1618.71	1751.00	1869.37	1900.90	2053.27	1195.44	1328.75	1478.00	1441.05	1725.37	1993.69
Marine (Cargo)	685.26	640.25	648.00	653.15	689.56	736.11	24.07	20.31	23.00	11.59	12.77	11.78
Marine (Hull)	49.08	36.64	49.00	38.95	36.22	87.44	2.41	2.32	2.00	1.79	2.90	2.12
Aviation	5.65	0.69	13.00	9.42	12.49	3.25	0.18	2.42	3.00	1.30	0.16	0.15
Engineering	588.89	486.20	516.00	517.48	588.03	620.58	47.74	48.08	45.00	34.98	28.84	27.04
Motor Own Damage	8020.03	8357.40	8533.00	8113.27	8678.29	7853.79	842.44	704.72	695.00	831.70	856.64	946.66
Motor Third Party	9191.14	9352.86	12127.00	14544.33	18463.91	19442.08	687.54	681.99	722.00	985.54	1084.74	1456.23
Liability Insurance	351.00	353.17	447.00	550.19	549.96	608.83	18.44	18.74	28.00	10.11	12.64	14.19
Personal Accident	413.52	425.05	513.00	551.45	898.25	---	617.30	884.88	990.00	1219.24	1547.90	---
Health Insurance	5980.89	6221.18	8027.00	9627.52	11784.33	---	1047.77	1336.27	1653.00	2310.81	2954.95	---
Overseas Medical Insurance	87.22	93.47	104.00	117.58	139.29	---	17.69	17.72	19.00	17.88	24.46	---
Crop Insurance	58.50	1818.08	62.00	315.36	0.01	19.45	7.19	11.46	10.00	31.09	26.87	77.39
Credit Insurance	3.69	-25.09	3.00	5.33	8.92	10.58	2.74	3.05	5.00	5.12	0.96	0.96
Miscellaneous	1311.30	1287.25	1170.00	727.03	1003.03	1125.39	606.47	562.47	625.00	601.93	738.74	851.13
Grand Total	**28522.68**	**30665.86**	**33965.00**	**37640.43**	**44753.19**	**32560.76**	**5117.42**	**5623.19**	**6298.00**	**7504.11**	**9017.93**	**5381.33**

Note: *Excluding Personal accident, Health and Overseas medical Insurance

Performance STATISTICS - LIFE INSURANCE

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

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crore					No. of Policies / Schemes				
		Month of Aug-2020	Upto Aug-2020	Month of Aug-2019	Upto Aug-2019	YTD Variation in %	Month of Aug-2020	Upto Aug-2020	Month of Aug-2019	Upto Aug-2019	YTD Variation in %
1	**Aditya Birla Sun Life Insurance Co. Ltd.**										
	Individual Single Premium	12.28	42.41	5.73	48.79	-13.06%	135	730	168	1405	-48.04%
	Individual Non Single Premium	128.73	572.32	138.14	565.01	1.29%	18492	91391	21084	93014	-1.74%
	Group Single Premium	170.20	947.95	136.65	419.44	126.00%	4	21	6	27	-22.22%
	Group Non Single Premium	1.00	8.63	0.50	2.24	286.02%	0	1	0	0	---
	Total	**320.44**	**1612.12**	**287.84**	**1065.11**	**51.36%**	**18665**	**92381**	**21298**	**94692**	**-2.44%**
2	**Aegon Life Insurance Co. Ltd.**										
	Individual Single Premium	0.04	0.22	0.00	1.08	-79.53%	3	12	-1	22	-45.45%
	Individual Non Single Premium	3.70	16.96	5.89	29.54	-42.56%	1691	7019	2248	10283	-31.74%
	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	**4.39**	**24.33**	**6.71**	**36.13**	**-32.65%**	**1702**	**7062**	**2256**	**10355**	**-31.80%**
3	**Aviva Life Insurance Co. Ltd.**										
	Individual Single Premium	1.72	6.18	0.48	3.72	66.01%	17	103	15	80	28.75%
	Individual Non Single Premium	9.93	47.07	7.96	37.56	25.34%	1555	7745	1484	6706	15.49%
	Group Single Premium	0.14	0.66	0.15	0.96	-31.65%	0	0	0	0	---
	Group Non Single Premium	0.31	0.69	0.08	0.55	25.51%	0	0	0	0	---
	Total	**15.45**	**78.74**	**20.92**	**74.11**	**6.25%**	**1581**	**7913**	**1503**	**6800**	**16.37%**
4	**Bajaj Allianz Life Insurance Co. Ltd.**										
	Individual Single Premium	3.59	18.91	4.56	25.82	-26.78%	67	327	44	227	44.05%
	Individual Non Single Premium	171.49	679.68	152.23	621.20	9.41%	29857	154930	23478	105384	47.01%
	Group Single Premium	170.72	941.64	209.35	1001.73	-6.00%	3	20	10	30	-33.33%
	Group Non Single Premium	0.00	0.00	0.00	0.00	-442.07%	0	0	0	0	---
	Total	**355.88**	**1700.27**	**374.88**	**1728.41**	**-1.63%**	**29931**	**155298**	**23535**	**105663**	**46.97%**
5	**Bharti AXA Life Insurance Co. Ltd.**										
	Individual Single Premium	50.80	57.70	6.15	18.97	204.12%	2168	2251	49	5118	-56.02%
	Individual Non Single Premium	31.06	160.12	50.43	221.43	-27.69%	6823	36877	20285	97919	-62.34%
	Group Single Premium	11.81	37.16	20.24	102.30	-63.68%	0	8	0	2	300.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**93.67**	**254.97**	**76.82**	**342.70**	**-25.60%**	**8991**	**39136**	**20334**	**103039**	**-62.02%**
6	**Canara HSBC OBC Life Insurance Co. Ltd.**										
	Individual Single Premium	32.86	159.54	5.35	33.17	380.92%	292	1625	60	187	768.98%
	Individual Non Single Premium	58.55	203.69	82.19	311.62	-34.64%	13348	50537	12575	47530	6.33%
	Group Single Premium	90.87	298.30	4.96	193.28	54.33%	0	2	1	2	0.00%
	Group Non Single Premium	0.40	1.22	0.64	2.82	-56.70%	0	0	0	0	---
	Total	**196.30**	**788.59**	**95.09**	**613.04**	**28.64%**	**13655**	**52192**	**12636**	**47723**	**9.36%**
7	**Edelweiss Tokio Life Insurance Co. Ltd.**										
	Individual Single Premium	0.12	2.56	0.56	2.40	6.77%	3	55	18	969	-94.32%
	Individual Non Single Premium	28.52	112.96	24.29	95.46	18.33%	5395	29272	6206	25567	14.49%
	Group Single Premium	0.77	3.28	1.10	9.68	-66.07%	0	0	1	2	-100.00%
	Group Non Single Premium	0.00	0.85	0.09	1.37	-38.29%	0	0	0	0	---
	Total	**29.68**	**121.85**	**28.13**	**112.52**	**8.29%**	**5399**	**29341**	**6229**	**26559**	**10.47%**
8	**Exide Life Insurance Co. Ltd.**										
	Individual Single Premium	8.32	31.78	10.91	54.09	-41.24%	102	461	255	1150	-59.91%
	Individual Non Single Premium	39.13	153.56	58.46	215.78	-28.83%	11457	48102	17803	70537	-31.81%
	Group Single Premium	0.06	0.15	0.03	0.12	26.44%	0	0	0	0	---
	Group Non Single Premium	1.68	5.84	2.16	4.80	21.61%	1	11	3	10	10.00%
	Total	**55.17**	**203.17**	**76.47**	**299.49**	**-32.16%**	**11560**	**48574**	**18061**	**71697**	**-32.25%**
9	**Future Generali India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.26	0.66	0.76	2.57	-74.42%	16	31	32	146	-78.77%
	Individual Non Single Premium	19.52	93.63	28.36	110.90	-15.57%	3922	19016	6377	21934	-13.30%
	Group Single Premium	1.31	2.38	6.59	27.98	-91.48%	1	4	0	3	33.33%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**26.05**	**119.04**	**65.83**	**284.50**	**-58.16%**	**3944**	**19065**	**6413**	**22102**	**-13.74%**
10	**HDFC Life Insurance Co. Ltd.**										
	Individual Single Premium	292.92	1239.12	170.15	1150.28	7.72%	3618	14678	2700	16601	-11.58%
	Individual Non Single Premium	512.86	2075.80	459.08	2204.12	-5.82%	71560	343266	67213	332649	3.19%
	Group Single Premium	1081.03	3164.32	655.52	3161.05	0.10%	10	64	21	66	-3.03%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**1903.96**	**6532.89**	**1315.42**	**6700.21**	**-2.50%**	**75199**	**358061**	**69970**	**349428**	**2.47%**
11	**ICICI Prudential Life Insurance Co. Ltd.**										
	Individual Single Premium	201.45	674.91	142.05	522.67	29.13%	2092	7965	1323	6721	18.51%
	Individual Non Single Premium	385.73	1374.82	558.78	2415.39	-43.08%	49690	216775	61514	287141	-24.51%
	Group Single Premium	254.23	427.41	178.49	750.62	-43.06%	5	21	11	52	-59.62%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**892.31**	**3240.53**	**1043.62**	**4213.72**	**-23.10%**	**52052**	**225853**	**62974**	**294501**	**-23.31%**
12	**IDBI Federal Life Insurance Co. Ltd.**										
	Individual Single Premium	21.23	81.02	10.64	44.63	81.53%	536	2699	395	1796	50.28%
	Individual Non Single Premium	18.55	55.01	29.65	106.71	-48.45%	2468	8585	4495	19290	-55.50%
	Group Single Premium	6.51	19.57	12.34	51.94	-62.31%	0	0	0	1	-100.00%
	Group Non Single Premium	0.00	0.00	0.05	0.23	-98.54%	0	1	0	0	---
	Total	**46.29**	**155.60**	**52.67**	**203.51**	**-23.54%**	**3004**	**11285**	**4890**	**21087**	**-46.48%**

Performance STATISTICS - LIFE INSURANCE

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

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crore					No. of Policies / Schemes				
		Month of Aug-2020	Upto Aug-2020	Month of Aug-2019	Upto Aug-2019	YTD Variation in %	Month of Aug-2020	Upto Aug-2020	Month of Aug-2019	Upto Aug-2019	YTD Variation in %
13	**IndiaFirst Life Insurance Co. Ltd.**										
	Individual Single Premium	2.31	6.24	2.42	8.76	-28.72%	94	295	1204	12690	-97.68%
	Individual Non Single Premium	64.82	196.93	59.92	237.88	-17.21%	16363	54781	12775	55583	-1.44%
	Group Single Premium	67.19	503.04	45.46	398.34	26.28%	20	77	26	66	16.67%
	Group Non Single Premium	0.05	0.22	0.04	0.14	56.34%	0	2	0	1	100.00%
	Total	**134.37**	**706.44**	**107.84**	**645.12**	**9.50%**	**16477**	**55155**	**14005**	**68340**	**-19.29%**
14	**Kotak Mahindra Life Insurance Co. Ltd.**										
	Individual Single Premium	78.30	292.50	51.92	188.29	55.34%	2887	12473	1042	15183	-17.85%
	Individual Non Single Premium	100.79	430.59	103.10	422.77	1.85%	20175	93975	20465	82944	13.30%
	Group Single Premium	58.00	189.12	83.47	474.53	-60.15%	14	70	23	89	-21.35%
	Group Non Single Premium	0.02	0.17	0.16	3.25	-94.75%	0	8	3	15	-46.67%
	Total	**297.75**	**1173.90**	**394.76**	**1687.75**	**-30.45%**	**23129**	**106853**	**21565**	**98491**	**8.49%**
15	**Max Life Insurance Co. Ltd.**										
	Individual Single Premium	118.95	499.20	81.37	358.39	39.29%	506	1803	146	589	206.11%
	Individual Non Single Premium	361.94	1284.72	327.98	1291.21	-0.50%	51326	227443	47636	210862	7.86%
	Group Single Premium	30.21	64.63	19.77	104.79	-38.32%	0	1	7	84	-98.81%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**524.33**	**1893.48**	**439.34**	**1793.49**	**5.58%**	**51890**	**229573**	**47852**	**211920**	**8.33%**
16	**PNB Metlife Life Insurance Co. Ltd.**										
	Individual Single Premium	4.22	31.95	1.06	6.29	407.65%	75	433	45	213	103.29%
	Individual Non Single Premium	96.93	379.97	120.59	457.86	-17.01%	17611	78396	17099	73120	7.22%
	Group Single Premium	19.72	66.61	29.98	126.20	-47.21%	0	0	1	4	-100.00%
	Group Non Single Premium	0.05	0.23	0.03	0.18	26.07%	5	45	7	83	-45.78%
	Total	**123.82**	**494.22**	**156.97**	**616.48**	**-19.83%**	**17691**	**78874**	**17152**	**73420**	**7.43%**
17	**Pramerica Life Insurance Limited.**										
	Individual Single Premium	0.23	0.66	0.48	6.21	-89.38%	1092	1119	34	231	384.42%
	Individual Non Single Premium	9.05	47.08	13.95	67.99	-30.75%	2388	8900	3343	16963	-47.53%
	Group Single Premium	3.47	7.01	27.30	129.21	-94.57%	1	6	1	11	-45.45%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**21.79**	**72.88**	**51.69**	**252.42**	**-71.13%**	**3499**	**10143**	**3435**	**17495**	**-42.02%**
18	**Reliance Nippon Life Insurance Co. Ltd.**										
	Individual Single Premium	3.26	14.02	3.91	16.88	-16.91%	132	528	103	589	-10.36%
	Individual Non Single Premium	65.29	274.77	64.83	332.39	-17.33%	14596	66008	16202	84993	-22.34%
	Group Single Premium	0.00	0.00	0.00	0.71	-100.00%	0	0	0	0	---
	Group Non Single Premium	1.60	8.34	2.64	17.25	-51.62%	1	5	1	7	-28.57%
	Total	**70.56**	**299.57**	**79.93**	**378.96**	**-20.95%**	**14733**	**66553**	**16311**	**85605**	**-22.26%**
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	202.20	756.61	145.00	591.28	27.96%	3814	14397	2784	11858	21.41%
	Individual Non Single Premium	700.01	2409.91	824.38	3240.38	-25.63%	122868	435723	127900	548936	-20.62%
	Group Single Premium	870.99	3453.85	451.08	2021.85	70.83%	7	31	11	25	24.00%
	Group Non Single Premium	0.00	9.24	1.63	2.62	252.74%	0	1	0	0	---
	Total	**1805.77**	**6773.14**	**1432.40**	**5928.76**	**14.24%**	**126724**	**450308**	**130763**	**561158**	**-19.75%**
21	**Shriram Life Insurance Co. Ltd.**										
	Individual Single Premium	3.92	15.25	3.53	14.76	3.28%	134	546	204	823	-33.66%
	Individual Non Single Premium	35.76	135.07	35.41	148.57	-9.09%	20318	71213	21020	89752	-20.66%
	Group Single Premium	11.24	21.42	17.46	83.65	-74.39%	0	0	0	4	-100.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**52.29**	**174.33**	**58.66**	**253.30**	**-31.18%**	**20452**	**71761**	**21227**	**90587**	**-20.78%**
22	**Star Union Dai-Ichi Life Insurance Co. Ltd.**										
	Individual Single Premium	13.01	41.52	4.28	22.57	83.94%	295	902	108	568	58.80%
	Individual Non Single Premium	40.65	131.45	37.01	149.34	-11.98%	6058	19915	5631	23317	-14.59%
	Group Single Premium	9.22	26.01	4.97	18.35	41.73%	0	0	0	0	---
	Group Non Single Premium	0.18	0.61	0.13	0.51	20.24%	0	0	0	0	---
	Total	**66.25**	**257.01**	**50.78**	**208.08**	**23.52%**	**6355**	**20821**	**5740**	**23893**	**-12.86%**
23	**TATA AIA Life Insurance Co. Ltd.**										
	Individual Single Premium	45.80	256.37	36.86	191.58	33.82%	372	1566	143	1187	31.93%
	Individual Non Single Premium	237.81	977.60	177.32	809.39	20.78%	33521	161921	35322	147750	9.59%
	Group Single Premium	1.93	4.05	4.53	18.87	-78.55%	0	1	0	0	---
	Group Non Single Premium	2.25	12.32	2.37	9.40	31.07%	3	28	6	39	-28.21%
	Total	**289.06**	**1269.06**	**223.87**	**1042.63**	**21.72%**	**33909**	**163615**	**35488**	**149032**	**9.79%**
	PRIVATE										
	Individual Single Premium	1097.79	4229.31	688.18	3313.20	27.65%	18450	64999	10871	78353	-17.04%
	Individual Non Single Premium	3120.84	11813.71	3359.94	14092.47	-16.17%	521482	2231790	552155	2452174	-8.99%
	Group Single Premium	2859.61	10178.59	1909.43	9095.61	11.91%	65	326	119	468	-30.34%
	Group Non Single Premium	7.54	48.37	10.51	45.35	6.65%	10	102	20	155	-34.19%
	PRIVATE TOTAL	**7325.58**	**27946.14**	**6440.65**	**28480.43**	**-1.88%**	**540542**	**2299817**	**563637**	**2533587**	**-9.23%**
24	**Life Insurance Corporation Of India**										
	Individual Single Premium	5429.57	12390.76	6543.35	12678.31	-2.27%	121379	327755	149089	404009	-18.87%
	Individual Non Single Premium	2169.91	8865.82	2002.04	9156.01	-3.17%	1216604	4159086	1614012	6382201	-34.83%
	Group Single Premium	11730.48	46602.95	8044.86	35912.00	29.77%	20	67	99	496	-86.49%
	Group Non Single Premium	318.18	3420.72	469.15	19325.25	-82.30%	606	1928	235	960	100.83%
	Total	**19714.21**	**71415.18**	**17114.32**	**77220.97**	**-7.52%**	**1340738**	**4495055**	**1766062**	**6796389**	**-33.86%**
	GRAND TOTAL	**27039.79**	**99361.32**	**23554.97**	**105701.40**	**-6.00%**	**1881280**	**6794872**	**2329699**	**9329976**	**-27.17%**

Glossary

Incurred Claims

Paid claims plus amounts held in reserve for those that have been incurred but not yet paid.

Incurred Losses

Sustained losses, paid or not, during a specified time period. Incurred losses are typically found by combining losses paid during the period plus unpaid losses sustained during the time period minus outstanding losses at the beginning of the period incurred in the previous period.

Indemnity, Principle of

A general legal principle related to insurance that holds that the individual recovering under an insurance policy should be restored to the approximate financial position he or she was in prior to the loss. Legal principle limiting compensation for damages be equivalent to the losses incurred.

Poll

Do you think IRDAI's new regulation on rewards for wellness in health insurance with help in growth of heath insurance market in India

Yes

No

Can't say

Results of Poll in our August 2020 Issue

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

Yes	80
No	20
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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Total Assets
₹116,196 Crore as on 31.03.2020
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