The First Monthly Journal on Insurance in India in service since 1981

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THE INSURANCE TIMES

VOL.XXXXI - NO.07- July 2021 - ISSN-0971-4480

In this issue

FOUR DECADE IN PUBLICATION
41 YEARS SINCE 1981
DEDICATED SERVICE TO THE NATION

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Executive Director and CEO
Edelweiss General Insurance

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Managing Director and CEO
Bharti AXA General Insurance

"Insurance companies have settled about 80 per cent - over 15.39 lakh - of health claims exceeding an amount of Rs 15,000 crore as on June 22. Over 19.11 lakh Covid health claims have been reported as on June 22 as far as medical insurance or hospitalisation is concerned."

T L Alamelu
Member (non-life)
IRDAI

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Single Copy ₹ 85/-
Annual Subscription : ₹ **990/-** (Ordinary Mail)
₹ **1340/-** (Regd.) Foreign air mail US$ 125

Payment may be made online by NEFT/ Credit card online or by cheque / DD favouring Sashi Publications Pvt. Ltd.

Publisher Sushil Kumar Agarwala, 31/1, Sadananda Road, P.S. Kalighat, Kolkata - 700 026, India.
Printed by Satyajug Employee Co Operative Industrial Ltd, 13, Prafulla Sarkar Street, Kolkata - 700 072.

Editor-in-Chief's Desk

Ram Gopal Agarwala
B.Com, LLB, FCA.

LIC is planning for IPO and may be it may be launched next year. The Chairman of LIC has been given extension till next year to oversee the process of successful launch of IPO. LIC IPO would be one of the biggest IPO considering the brand value of LIC.

The merger of PSU general insurance companies has been put in back burner as of now. Government seems to have priority of privatizing PSU banks instead.

The Covid 19 has helped the country to upgrade its health infrastructure within a quick time. Post Covid this will help the common citizens to avail better quality healthcare. Health Insurance portfolio will also grow eventually and the reach all over the country will also widen. With sand box products we will witness small ticket size products which will help to expand the health insurance industry.

Term Insurance has also gained traction during the covid regime as more and more people are understanding the needs of life insurance and want to secure the future of their family. Particularly the millennial population is more interested in term insurance which is a good sign.

IRDAI should think of opening Regional Offices in major metros so that it is more accessible to insurance industry. IRDAI must also be more proactive in responding to consumer grievances and creating confidence in their mind.

Covid has resulted into adoption of digital technology at a fast pace by the Insurance companies as well as the intermediaries. This will ultimately benefit the consumers in terms of faster service, easy accessibility, increasing reach of insurance products, faster underwriting and claims settlement. Hopefully the technology will help to bridge the penetration gap in the insurance industry.

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General Insurance News

SBI General Insurance to use drones for fast claim settlement in cyclone-hit states

SBI General Insurance said it will use drones to carry out surveys and assess damage caused by cyclone 'Yaas' in parts of Odisha, West Bengal and Jharkhand in a bid to speed up the claim settlement process for its customers affected by the natural disaster.

The insurer has also set up a task force to manage queries and claims on a fast-track mode, a company official said. "The company has reached out to a panel of surveyors to avoid any loss of time in the claim settlement process," he said.

The team at SBI General has set a standard operating process in motion, and instant settlement will be done for small claims, he said.

Additionally, the insurer follows a process of fast- track settlement for losses of up to Rs. 10 lakhs, the official said.

"These initiatives will help claim processing and settlement in the cyclone-affected areas in West Bengal and Odisha," he said.

Most of the damage has been reported in coastal villages and farmlands, the official said.

Cyclone 'Yaas', packing winds of up to 130-145 kmph, whiplashed the country's eastern coasts, dumping heavy rain, damaging houses and farmlands, and leaving at least four persons dead - three in Odisha and one in West Bengal.

Central Government announces family pensions, insurance benefits for dependents of Covid-19 victims

The central government announced financial assistance for families who have lost their earning members to Covid-19. The assistance includes a family pension and insurance benefits.

Prime Minister NarendraModi said these measures will help the affected families mitigate financial difficulties faced by them.

In a statement, the Prime Minister's Office (PMO) said in order to help these families live a life of dignity and maintain a good standard of living, the benefit of the Employee State Insurance Corporation (ESIC) pension scheme for employment-related death cases is being extended to even those who have died due to Covid-19.

PUC certificate mandatory for all vehicles

The Ministry of Road Transport and Highways has issued a notification to make the PUC (Pollution Under Control) certificate for all vehicles uniform across the country and also to link the PUC database with the National Register.

After the changes in the Central Motor Vehicles Rules 1989 by the road ministry, the QR code shall be printed on the PUC form and will have details of the vehicle, owner and the status of the emission.

"The Ministry of Road Transport and Highways has issued a notification dated 14th June, 2021, for a common format of the PUC Certificate to be issued across the country, under Central Motor Vehicle Rules 1989," an official statement said.

According to the statement, the new PUC will have vehicle owner's mobile number, name and address, engine number and chassis number.

"The owner's mobile number has been made mandatory, on which an SMS alert will be sent for validation and fee," it said.

The statement said the concept of rejection slip is being introduced for the first time.

"A common format of rejection slip is to be given to the vehicle owner in case the test result value is more than the maximum permissible value, as mandated in the concerned emission norms," the statement said.

It added that this document can be shown at the service centre for getting the vehicle serviced or can be used, in case the PUCC centre device is not working properly when tested at another centre.

As per the statement, if the enforcement officer has reason to believe that a motor vehicle is not complying with provisions of emission standards, he may communicate in writing or through electronic mode to direct the driver or any person in-charge of the vehicle to submit the vehicle for conducting the test in any one of the authorised PUC testing stations.

Central Government refuses Rs. 4 lakh ex-gratia compensation for covid victims

Govt has ruled out the grant of ex-gratia compensation of Rs. 4 lakh for each of the nearly 3.85 lakh persons who died because of covid-19 in the country.

The finances of both the Centre and states are under severe strain as a result of reduced tax revenues and increased expenditure on health infrastructure because of the pandemic, the Centre said in an affidavit filed late in the Supreme Court.

"Already the finances of state governments and the central government are under severe strain because of the reduction in tax revenues and increase in health expenses on account of the pandemic. Thus, utilization of scarce resources for giving ex-gratia may have the unfortunate consequence of affecting the pandemic response and health expenditure in other aspects and hence cause more damage than good," stated the affidavit filed by Govind Mohan, additional secretary, ministry of home affairs.

Bharti AXA General Insurance reports Rs. 120 crore PAT

Bharti AXA General Insurance recorded a net profit of Rs. 120 crore on a gross written premium of Rs. 3,183 crore during financial year 2020-21.

The insurer had recorded a net loss of Rs. 243.63 crore on a gross written premium of Rs. 3,157 crore in FY20.

Bharti AXA General Insurance achieved a lower combined ratio at 110.5 per cent during FY21 compared to 120.7 per cent in FY20 on account of improved profitability. Market ranking of the company in the private General Insurance sector also improved to 10th from 11th position in previous year despite the pandemic.

Sanjeev Srinivasan, Managing Director and CEO, Bharti AXA General Insurance, said in a statement, "Owing to the Covid-19 pandemic, FY21 has been a challenging year for the industry and especially for us at Bharti AXA General Insurance.

While the overall demand for goods and services across the economy has been relatively low, consumers felt an evident need of insurance on the back of the uncertainty the pandemic has brought. This changing consumer behaviour helped us respond with required solutions and agility through tech advancements. Further, the year demanded realignment with focus on the health and commercial lines segment, and we managed to drive growth in these lines of business on account of increased awareness and launch of new products."

While the health segment saw a 11 per cent growth at Rs. 457 crore in FY2020-21 against Rs. 410 crore last year, Retail health grew by 48 per cent driven by launch of new products and increased awareness due to the pandemic.

Payout from EPFO insurance scheme is tax free

In a bid to support employees affected by the coronavirus pandemic, the Employees' Provident Fund Organisation (EPFO) raised the maximum benefit available under the Employees' Deposit Linked Insurance (EDLI) scheme from Rs 6 lakh to Rs 7 lakh (35 times the basic salary), according to a gazette notification dated April 29, 2021.

The minimum death benefit under the scheme has been fixed at Rs 2.5 lakh, with effect from February 15, 2020. A bonus is also available under the scheme. The maximum is Rs 1.75 lakh.

Prashant Singh, business head, compliance and payroll outsourcing, TeamLease Services, said, "The insurance amount is paid to the family of the EDLI scheme subscriber if the latter dies while in employment."

Covid crisis to weigh on earnings of non-life insurers

General insurance sector in India which grossed around Rs 2 lakh crore of total premium - might have faced the Covid-19 disruptions in a positive manner, but rating agencies have given the industry thumbs down.

International rating agency AM Best

has maintained its negative market segment outlook on India's non-life insurance industry as the ongoing pandemic is likely to exacerbate pressure on non-life insurers' underwriting and investment performance. Factors supporting AM Best's negative outlook on the non-life insurance market include competitive market conditions, persistently poor pricing discipline and reliance on investment activities for profitability, which have been prevalent for a number of years.

In its report on 'India Non-Life Insurance', AM Best stated that historically, India's economic growth fundamentals have spurred non-life insurance market expansion. However, in fiscal 2021, despite India's GDP contracting by nearly 8 per cent, the non-life insurance market achieved a positive, albeit muted, growth rate of over 5 per cent.

Prospectively, AM Best expects the trajectory of non-life insurance premiums to continue to be one of growth over the long-term, with rising consumer awareness and accessibility of insurance products.

More-recent market dynamics also include heightened economic uncertainty and Covid-19 implications, which are expected to weigh further on non-life insurers. Although the segment consists of a diverse range of insurance companies, the general operating environment in India over the short-term will present clear challenges for non-life insurers' earnings and capital positions, it said.

Additionally, AM Best expects regulatory and market advancements to continue to drive investment in digital infrastructure, which will likely support India non-life insurers' online sales, operations and risk management.

It said the non-life market is likely to face several headwinds over the medium-term. Factors that could lead AM Best to revise its segment outlook to stable from negative include evidence of sustainable improvement in underwriting performance, supported by better pricing discipline, as well as an improved balance of overall earnings and stabilised economic indicators.

India saw the onset of the Covid-19 pandemic, which led to a nationwide lockdown for 2 months, and additional local lockdowns thereafter, Icra said. This led to a slowdown in growth to 4 per cent, at Rs 1.85 lakh crore (excluding premiums mobilised by specialised general insurers) in FY21.

Road accident claims may be settled faster

The roads ministry, insurers and state police departments are working on a plan to slash the time needed for claims' settlement for accident victims from an average of five years now to just three months, two people aware of the plan said.

Road accident victims or their families will also be eligible to get immediate monetary relief based on a formula developed by the Supreme Court, Motor Accident Claims Tribunal (MACT) and high courts, the people said on condition of anonymity. The aim is to reduce legal disputes over claims and make the process of claiming money from insurers simpler for road accident victims or their families.

"Every year, claims worth at least Rs. 10,000-12,000 crore are raised by road accident victims. Of this, insurers pay at least Rs. 5,000 crore on average. The rest of the amount remains disputed, and the court cases go on for years, which increases the distress for victims' families," said one of the two people cited above.

"The settlement should be completed within a month. Right now, it often takes 5-10 years. The aim is to make settlements faster and more acceptable for the victim's family," he added.

According to the plan, a website is being developed by the General Insurance Council (GIC) for real-time reporting of accidents. The police or the victim's family will need to report the accident immediately on this portal and call on a 24x7 phone number to intimate the insurer.

The Supreme Court, on 15 March, directed that the police will have to submit the formal accident report electronically to GIC and MACT within 48 hours, explaining the cause of the accident. "This will be implemented as a general norm, and insurers have agreed. The detailed accident report (DAR) has to be submitted by police within a month, and MACT will have to accept the applications and reports via email. MACT will need to send the summons via emails and conduct a hearing via video conferencing. Within a month, MACT will have to conclude the case, and then the insurer needs to send the money electronically to the deceased's family," said the first person.

Edelweiss General Insurance registers 49% growth in FY21

InsurTech startup, Edelweiss General Insurance (EGI), registered a robust growth of 49 percent in premiums in FY21 over last year, while the private general insurance industry grew at an average of 5.1 percent in the same time period.

EGI's growth is primarily driven by its choice of segments - private car and retail health insurance, according to a company press release. Private car YoY growth rate for EGI stood at 46 percent while the industry motor segment average is at (-)2%. Likewise, in retail health, EGI had a YoY growth rate of 182 percent, against an industry average of 29 percent. EGI has more than doubled its customers in just 3 years of operations. Its retail business now has 1.6 million active customers.

Commenting on the performance, Shanai Ghosh, Executive Director & CEO, Edelweiss General Insurance, said, "Our digital operating modelheld us in good stead, ensuring smooth business continuity and efficiency in operations."

Edelweiss General Insurance to focus on health, motor segments

Edelweiss General Insurance has tied up with a number of Internet economy firms, and small and medium enterprises (SMEs) for group health policies and believes that there is much more demand from the segment, especially for Covid care covers.

"We have identified a target segment for our group health policies, which are smaller start ups and SMEs. International trends show that large companies manage it themselves as the numbers are so large. The segment we are going after is SME and start up companies with less than 1,000 employees," said Shanai Ghosh, Executive Director and CEO, Edelweiss General Insurance.

Ghosh said the segment is not only profitable but also needs support to manage its group policies. The insurer is also seeing a lot of demand from companies for Covid care insurance. It has tied up with Ola and Dunzo to provide such policies for their driver partners and delivery personnel.

"There are several such internet economy startups where we have partnered with them to provide health cover for their employees and associates," Ghosh said.

The insurer offers its own group corona policies and also has options such as a fixed benefit plan for such companies. Meanwhile, Ghosh said the insurer will continue to focus on health and motor segments despite the challenges seen in them in the last one year.

"Health is a focus for us since day 1," she said while noting that the Covid-19 pandemic will continue to challenge our profit and loss and pricing.

In the motor segment, apart from private vehicles, Edelweiss General Insurance is also selectively getting into some commercial vehicles and 2 wheeler space also.

The general insurer registered a 49 per cent growth in premiums in 2020-21, which was led by private car and retail health insurance. Private Car insurance grew by 46 per cent on a year on year basis in 2020-21 for the company while retail health expanded by 182 per cent last fiscal.

SBI General Insurance enters into bancassurance tie-up with IDFC FIRST Bank

SBI General Insurance, has signed a corporate agency agreement with IDFC FIRST Bank for distribution of non-life insurance solutions.

Under this strategic agreement, SBI General Insurance will offer insurance products such as health, personal accident, home, motor and travel along with the commercial line of insurance products such as property, marine and engineering insurance to the bank's customers.

Amar Joshi, head of emerging business lines, SBI General Insurance, said, "We are happy to further strengthen our distribution network through this partnership and look forward to achieve new milestones. This will help us extend our range of products to a larger customer base. Our overall aim continues to remain the same; i.e., to enhance insurance penetration in the country by ensuring access to all."

Amit Kumar, head of retail liabilities, IDFC FIRST Bank, said, "We are pleased to associate with SBI General Insurance and bring more value-added products and services to our customers. The expansion of our non-life insurance portfolio could not have come at a better time as it provides our customers both health and wealth protection and complements our existing wealth management offering."

General insurance industry to grow at 7-9% in fiscal 2022, says ICRA

The general insurance industry is expected to register 7 to 9% growth in gross direct premium income during FY22, investment information firm ICRA has said. This will be supported by growth in health segment and uptick in motor segment.

"Despite underwriting losses, the sector is expected to report marginal return on equity (3 to 4.5 per cent) largely supported by investment income which is highly regulated by the Insurance Regulatory and Development Authority of India (IRDAI)," said ICRA.

In FY21, the industry witnessed a 4 per cent year-on-year growth to Rs 1.85 lakh crore. Public sector undertaking (PSU) entities were slower to adjust to an online mode of growth and the reliance on physical meetings was higher.

This resulted in a 2 per cent y-o-y decline in business at Rs 71,800 crore while the private sector reported 8 per cent y-o-y increase in gross direct premium income to Rs 1.13 lakh crore, said ICRA.

The health and personal accident business saw a growth of 12 per cent in FY21. PSU entities had a muted growth in FY20 at negative 2 per cent but saw a pick-up in growth during FY21 at positive 2 per cent.

The motor insurance segment has traditionally been the biggest segment for general insurance industry but its share has gradually declined from 46 per cent in FY16 to 37 per cent in FY21.

For FY21, the total motor business had a growth of 2 per cent to Rs 67,800 crore due to Covid-19 lockdowns in CY2020 and lower new vehicle sales.

The fire insurance products accounted for 11 per cent of the overall gross direct premium income during FY21. The total premium rose 27 per cent in FY21 compared to a growth of 35 per cent in FY20.

The growth in FY20 was strong for both PSU and private sector players which increased market share in FY21.

Shriram General Insurance appoints Viswas Srivastava as COO and Ashish Goyal as CMO

Shriram General Insurance Company (SGI), announces the elevation of Viswas Srivastava as chief operating officer (COO) and Ashish Goyal as chief marketing officer (CMO), with a motive to revitalize its activities in the Insurance sector. With the new appointments of chief operating officer and chief marketing officer, Shriram General Insurance expects to re-energize SGI's channel strategy to give partners more midmarket muscle and enterprise sales commitment.

On this occasion, Neeraj Prakash, managing director, Shriram General Insurance said, "It gives me an immense pleasure to welcome Viswas and Ashish on their new roles. The board is hopeful that the company can deliver substantial, strategic and operational progress under their able leadership."

Viswas Srivastava, who takes over as the role of COO of Shriram General Insurance, is an accomplished Insurance leader and believes in creating value by enabling technology that is focused on outcomes. He is a graduate in Economics & English Literature from Lucknow University and holds a Post-Graduation in Business Administration.

Directors and Officers liability cover become costlier as directors' liabilities rise

D&O liability cover, which compensates key administrative executives of a company against legal action due to their negligence, has become costlier in India due to the rising number of bankruptcy and financial irregularities cases. The premium rates have gone up by fifth and can go up further as the impact of the pandemic gets assessed.

D&O policies cover legal costs along with regulatory fines and penalties which are civil in nature. It has been seen that stakeholders can face regulatory actions if any negligenceis found during the insolvency process. D&O coverage in such cases extended not only for current actions but also for past actions of directors and key officials provided it has been purchased in advance.

Anup Dhingra, managing director, Marsh India Insurance Brokers Pvt Ltd, was quoted as saying, "Premium tariffs have already climbed up to a fifth for large D&O buyers having tie-ups with global reinsurers and could rise further as the financial ecosystem assesses the impact of the pandemic.

In the wake of the increased liabilities of directors during bankruptcy cases, the demand for D&O cover has risen leading to rising in premium rates. The recent bankruptcy cases such as of Videocon and Dewan Housing Finance (DHFL) has shown how directors can face significantly increased liabilities.

The Insolvency and Bankruptcy Board of India has resolved big cases like Essar Steel, Jaypee Infratech, Bhushan Steel and Alok Industries. Statistics reveal, as of 31 December out of the 2,422 cases, while 1,126 were settled through liquidation, only 317 underwent a successful resolution plan. Experts say a number of cases are might go up as the country comes out of the Covid-19 pandemic.

Another reason for the rise in demand has been the modification of the Companies Law, say experts. Under the new provisions, key officials can be held accountable without any liability limit.

D&O covers are designed to cover defence, including extrajudicial settlements. However, experts say, most companies prefer to settle them out of court because of the time involved while going through the court route. ❑

IRDAI News

Mandatory to continue offering standard Corona policies: IRDAI tells insurance companies

After receiving multiple complaints of some insurance companies not issuing the Corona Kavach and Corona Rakshak policies, the Insurance Regulator and Development Authority of India (IRDAI) on Monday reiterated that it is mandatory for all general and health insurers to offer these standard Covid-19 policies to policyholders.

In the wake of the first wave of Covid-19 last year, IRDAI had directed all non-life insurance companies to roll out these two standard Covid-19 policies by July 10, 2020. This was mainly targeted at people who did not have any health insurance cover. These policies were earlier permitted to be offered till March 31, 2021, and with second wave hitting the country, the regulator allowed insurers to offer and renew these standard Covid policies up to September 30, 2021.

An industry expert pointed out that the rising Covid claim ratios have been pinching insurers. He pointed out that the pricing of standard Covid products, that were fixed last year by insurers, do not seem viable anymore in the face of rising Covid claims. "When we priced it and launched these policies, no one had the visibility of the numbers... but at the same time, no one had predicted that the numbers could go so bad within a year...we took a hit last year, but it is difficult to continue like this. Therefore, many insurance players are no longer pushing this policy," another industry source said.

Besides he added that revising the premium of such policies, where sum insured is not very high, does not make sense even for sellers of the policy as well as buyers. While Corona Kavach is an indemnity-based product, Corona Rakshak is a benefit-based product. While benefit policies pay a fixed amount following a claim, indemnity plans provide either cashless or reimbursement for the money spent on medical treatment. Both are offered for a tenure of three and half months, six and half months or nine and half months. While the sum insured in Corona Kavach ranges between Rs 50,000 to Rs 5 lakh, in Corona Rakshak, it ranges between Rs 50,000- Rs 2.5 lakh.

Industry people and bureaucrats lineup for IRDAI top Post

Many retired Insurance executives and serving bureaucrats are vying for the post of IRDAI chairman.

BVR Subrahmanyam (1987 batch) who recently joined as Secretary, Ministry of Commerce after serving as the Chief Secretary of Jammu and Kashmir (J&K) since 2018; Manoj Parida (1986 batch); who has recently been appointed as Chairman of the National Authority of Chemical Weapons Convention; VP Joy (1987), Chief Secretary, Kerala, Chhabilendra Roul (1985), former Secretary, Department of Fertilizers; Preeti Sudan, (1983 batch) who had retired as the Union Health Secretary in July 2020; and Anup Wadhawan, who retired as Secretary, Ministry of Commerce in May-end are among the serving and retired IAS officials who have applied for the top position at IRDAI, said a source.

The name of Injeti Srinivas, currently Chairman of International Financial Services Centres Authority (IFSCA), located in GIFT City, Ahmedabad, is also doing the rounds for the IRDAI post. MR Kumar, Chairman, Life Insurance Corporation (LIC) is the lone candidate from the public sector insurance sector. Although he had applied for the IRDAI job, he may not be in the race now as he has been given an extension as the Chairman of the Corporation till March 2022.

Not surprisingly, from within IRDAI, TR Alamelu, Member, Non-life, and K Ganesh, Member, Life, have put in their applications though they are in the rank of additional secretary.

There are two candidates from the private sector insurance industry. Rajesh Relhan, former MD & CEO, PNB Metlife India and S Gopalarathnam, former MD of Cholamandalam MS General Insurance have applied.

The last date for the application was May 29. While the IRDAI post has fallen vacant after Subhash C Khuntia, a former chief secretary of Karnataka, ended his three-year term on May 6, the selection process is likely to take a couple of months.

According to sources, there are no applications from the public sector companies as none of the managing directors of LIC and CMDs of the non-life companies are eligible to apply due to the eligibility criteria that only officials in the rank of Secretary, Government of India, are eligible to apply.

However, industry observers have pointed out that eligibility criteria has been favourable to private sector professionals as any CEO of a private sector financial institution with 30 years' experience can apply for the top IRDAI job while an MD of LIC or a CMD of public sector general insurer can't do that as he/she is not a secretary-rank official.

Insurance companies settle over 15.39 lakh Covid health claims as on June 22: IRDAI member

Insurance companies have settled 80 per cent or 15.39 lakh Covid-19 health claims amounting to Rs 15,000 crore as on June 22, an member said.

Insurance players have received about 19.11 lakh Covid-19 health claims so far.

"Of the 19,11,384 Covid health claims reported as on June 22, 15,39,434 have already been settled for an amount over Rs 15,000 crore. This represents about 80 per cent of the claims getting settled as far as medical insurance or hospitalisation is concerned," Insurance Regulatory and Development Authority of India (IRDAI) member (Non-life) T L Alamelu said.

She was speaking at the 13th Global Insurance e-summit organised by Assocham. As far as death claims are concerned, which are handled by the life insurers, about 55,276 claims have been intimated. Of that, around 88 per cent or 48,484 claims amounting to Rs 3,593 crore have already been settled, she said.

Alamelu said the repudiated claim for health insurance is around 4 per cent and in life it is nearly 0.66 per cent.

Speaking on the occasion, ministry of finance joint secretary Saurabh Mishra said that digitalisation is one factor that has contributed to the resilience of non-life as well as to a great extent in life businesses in every sphere of activity from distribution and sales to post-sales.

"In the new normal of technology, it is not just an important element for us to drive it out but is going to play pivotal role in transforming the insurance businesses to make them more digital and customer-centric, cutting across every sphere of customer experience - claims efficiency, fraud proofing etc," Mishra said.

According to Alamelu, life and non-life insurers have managed well despite the pandemic as they ended the year 2020-21 with a growth of about 9 per cent. In April and May this year, the industry has seen a growth of about 7 per cent, she added.

"In the next five years, the industry can easily grow well at 40-50 per cent, to be extremely optimistic if things settle down. And even if they have not settled down, it should grow at 25-30 per cent," she said.

The insurance industry and the sector regulator have worked together during the pandemic to design new policies to cater to the demand of new and unprecedented situations, Alamelu said.

The insurance industry has a tremendous responsibility to offer protection plans, Alamelu said, adding that sector players need to be aggressive in selling insurance products because the Covid-19 pandemic has proved that having insurance cover is no longer an option. Addressing the summit, Managing Director Vipin Anand said the insurance industry has helped the country's economy stay afloat during the current times.

"The overall growth rate of 9.2 per cent in new premium, including a healthy growth of 11.2 per cent in the life insurance sector has demonstrated the resilience of the industry," he said.

The industry has shown great agility in adopting technology extensively during the pandemic, he said. Anand said with large uninsured population in the country, there is a need for three million more agents to provide life insurance over a period of five years.

In response to a question on listing of LIC, Anand said insurance is a capital-intensive industry and funds are very important for the sector's expansion.

"For solvency margin requirements, it is necessary that capital should come in. Also the government, as the only shareholders (of LIC) for so many years, has constantly supported us. There are expectations of the Indian government and, through them, that of the Indian public to be a part of this success and benefit from it," Anand said.

Commenting on increasing of foreign investment limit in the insurance sector to 74 per cent, Kotak Mahindra Life Insurance Managing Director and CEO Mahesh Balasubramanian said the step will definitely open up one more option and opportunity for getting capital into the country. ❑

LIC of India News

LIC launches web portal for group business ops

Life Insurance Corporation (LIC) has launched a new centralized web-based work-flow-based IT platform, e-PGS, for its group business operations.

M R Kumar, Chairman of LIC, inaugurated the project e-PGS at the Central Office, Mumbai in the presence of Managing Directors Vipin Anand, Mukesh Gupta, Raj Kumar and S Mohanty. Rakesh Sharma, Managing Director and Chief Executive Officer of IDBI Bank received the first digital receipt, generated on new IT platform to the bank as Master Policy Holder in one of its group policies from M R Kumar.

The new technology platform is designed to provide for centralized collection and payment accounting with high level of bank integration through host to host connectivity and provide very innovative features of seamless and integrated banking with automatic reconciliations. The new system, e-PGS, is capable of providing comprehensive self-servicing capabilities through customer portal where corporate customers will be able to view their data, initiate actionable processes, lodge and track claims.

"The new technology platform is designed to cater to the expectations of technology intensive corporate customers and will change the face of customer servicing on group business platform. The new system is capable of high-level integration with customers' technology systems for seamless transfer of data and services," said Vipin Anand, Managing Director, LIC.

LIC will soon launch a customer awareness campaign for new IT system capabilities so that the benefits can be reaped by all customers to save time and energy, Anand added. Some of the services will be launched on green channel with end-to-end processing at customer level itself without manual intervention from insurer's office. All the features and services will be launched in a phased manner spread over next three months.

LIC looks to raise up to Rs. 25,000 crore from anchor investors

The government plans to bring in a clutch of anchor investors to invest up to Rs. 25,000 crore in the shares of Life Insurance Corp. of India (LIC) in its planned mega initial public offering (IPO), said two people, including a top central government official.

The country's largest insurer will also undergo a change in its board structure and adopt new accounting norms before the IPO, the two said on condition of anonymity.

"We will invite anchor investors after the embedded valuation exercise is done and the pricing for the IPO is ready," the government official said.

"There may be more than two dozen anchor investors in LIC's IPO," the other person said.

Anchor investors are essentially brought in to enhance the confidence of investors and gauge the demand for the IPO in the market. Having anchor investors may be critical for LIC because of the size of the state-run insurer and the changes being adopted by it, which may make IPO investors concerned about the ability of the insurer to sustain its growth under the restructured avatar of LIC. A mere 10% stake in the company is estimated to be worth at least Rs. 1 trillion, which is unconventionally high for the Indian equity market.

"Anchor investors will buy LIC's shares to help measure market demand. They will buy a portion of the shares meant for qualified institutional buyers (QIBs). If anchor investors pay a certain amount and the market is ready to pay more than that on the day of IPO, the anchor investors will have to bring in the extra amount to match the market price. If the market shows a demand of less, we don't have to refund the extra amount to anchor investors. This is the benefit of having anchor investors," the official said. ❑

Health Insurance News

New therapies not covered under Covid specific policies

New therapies for the treatment of Covid-19 may not covered by general health and even coronavirus-specific insurance policies.

Several private hospitals are using these new therapies and drugs in view of their 'efficacy'. However, some of these therapies are expensive - costing patients anything between Rs. 60,000 and Rs. 5 lakh, depending on the patient's level of infection, according to information provided by hospitals.

A senior official of a leading private general insurer that the monoclonal antibody therapy and cocktail treatments, for instance, are not covered under the health policies. "This is because most of these treatments do not involve hospitalisation and also are not on the list of drugs/treatments advised by the Indian Council of Medical Research," he said.

Health insurers may not rise soon

A hike in health insurance premium may not be on the cards, at least for now, with the Insurance Regulatory and Development Authority of India (IRDAI) not in favour of such a move.

"With claims and losses mounting, some insurers were looking at the possibility of revising the premium on health insurance this year. However, the IRDAI is not keen on a rate hike in the middle of a pandemic," said the CEO of an insurance company, adding that the focus now is to clear claims.

"As of now, there has not been any increase in the premium rates for health insurance this fiscal. A number of insurers had hiked rates last year and some were considering doing so this year," said another industry expert.

Insurers want Corona Kavach, Corona Rakshak policies re-priced

Insurers have approached the insurance regulator IRDAI for re-pricing of Corona Kavach and Corona Rakshak policies.

Insurers point out that these low-ticket policies were expected to be for a short duration, but with the pandemic continuing, they are turning out to be expensive and hitting their balance sheets.

"The industry as a whole has asked for repricing of Corona Kavach and Corona Rakshak. We priced it around June 2020, and the actual peak has been five to 10 times the expected. These products are a guaranteed loss of money," said a source privy to the development. Sources said general insurers discussed the issue with IRDAI recently and shared data on losses.

"Insurers too have to report to their shareholders. These schemes were supposed to be for a short duration and no one had thought that Covid cases and claims would rise to such an extent," noted another insurer.

The Corona Kavach and Corona Rakshak policies were launched last year by all insurers based on IRDAI guidelines to provide Covid-specific cover to customers.

Corona Kavach is a family health insurance policy for Covid-19 with sum insured between Rs. 50,000 and Rs. 5 lakh available with a term of three and-a-half months, six-and-a-half months and nine-and-a-half months. Premiums are as low as Rs. 150 in some cases.

Corona Rakshak is a defined benefit policy with a sum insured between Rs. 50,000 and Rs. 2.5 lakh.

Many insurers are now advising

customers to move to Aarogya Sanjeevani, a standard health policy that will provide a more comprehensive health cover. Some insurers said that customers, too, are preferring to shift to a full-fledged health cover.

Black fungus (mucormycosis) covered by Star Health

Claims for black fungus or mucormycosis are fully covered under health insurance covers, said S Prakash, Managing Director, Star Health and Allied Insurance.

"Black fungus has to be 100 per cent settled by insurance. Insurance has to pay for any infection, bet it viral, bacterial or fungal and such claims have to be fully approved by all insurance companies and all policies," said Prakash, adding that the insurer is honoring all such claims.

Mucormycosis has emerged as one of the significant complications of Covid-19, although it happens in other cases, too.

The medical costs for treating the disease are high and there is also need for prolonged hospitalisation.

Prakash said insurers are now trying to track Covid-19 complications based on the International Classification ofDisease or ICD code. "We have created a separate ICD code, WHO has also given an ICD code for Covid complications. With this, we should be able to track more and more complications related to Covid in the days to come," he told in an interaction.

The standalone health insurer has incurred Covid related claims of Rs. 1,530 crore in 2020-21 and worth Rs. 990 crore this fiscal.

Prakash said that the demand for health insurance is increasing, but families now prefer to take a comprehensive cover rather than opt for the Covid specific Corona Rakshak or Corona Kavach policies.

"Star Health is still offering Corona Rakshak and Corona Kavach policies. But these were designed with the expectation that the pandemic would be contained in a few months. Now, people are preferring to buy a standard mediclaim cover, as they feel that short term covers are not enough or really meaningful," he said.

The average sum insured for families has also increased to Rs. 5 lakh, he noted.

He also said the insurer is not differentiating among customers who have had Covid-19 for medical insurance policies.

Insurers receive 790,136 Covid claims in 2 months

The second wave of the pandemic might have slowed down but the Covid-related claims for general and health insurers have remained at elevated levels.

As of June 11, more than 1.8 million claims have been reported to the insurers amounting to Rs 24,397.35 crore, of which 1.46 million claims have been settled worth Rs 14,060 crore, thus resolving 81 per cent of the claims received.

In the past two months (April 10-June 11), Covid-related claims have gone up by 790,136. This is almost 48 per cent of the total claims received so far since the onset of the pandemic. But, the settlement of claims is also in sync with the rise in claims being reported as in the past two months, the insurers have settled 595,988 claims.

Insurers ask hospitals to facilitate faster settlement of claims

With the Delhi High Court and insurance regulator IRDAI directing insurance firms to complete settlement of Covid claims within an hour after discharge, the General Insurance Council - the representative body of 34 general insurers in the country - has laid down a basic framework for seeking cooperation from hospitals to implement the directives.

It has asked hospitals to submit all the patient discharge documents in one go without having to be reminded of the missing documents like cashless treatment approval reference, copy of case sheet, prescriptions, diagnostic reports, bills, discharge summary, Covid positive and subsequent Covid negative reports. They were also advised to ensure billing at pre-agreed rates and provide justification with supporting medical records for any co-morbidities necessarily treated.

According to the GI Council, when a patient's progress is good and discharge is planned for the next day, hospitals should inform the insurance company or third party administrator (TPA) of the impending discharge the soonest and submit the available documents and bills. "Balance documents and bills pertaining to the last 24 hours could be submitted at the discharge time so that the insurance company or TPA could also start working on the discharge simultaneously," it said.

Currently, insurers take up to five or six hours for settlement of hospital claims and patients are held up in the hospital during this period. Hospitals refuse to discharge patients without getting the insurer's approval.

Claims made under Covid health insurance have shot up to Rs 22,955 crore with 14.82 lakh customers submitting their hospital bills as on May 14, with the number of infections rising rapidly. While insurers have settled only claims of 12.33 lakh customers for about Rs 11,794 crore, they are yet to settle the claims of over 2.5 lakh customers and amount involving Rs 11,161 crore.

Corporates increasing medical benefits for staff and families

India Inc is stepping up measures, such as increasing health covers of staff members and assuring support to families in the unfortunate event of death, as the second wave of the coronavirus continues to claim more lives and hurt livelihoods.

Firms across sectors, especially those categorised as essential, are looking at means to offer enhanced financial security for their employees. These industries include manufacturing, banking and finance, healthcare, aviation, retails, ecommerce and media.

These measures are aimed at boosting staff morale and ensuring business continuity, especially for frontline blue-collar workers. Covid-specific health covers offer daily benefit packages to those quarantined owing to the virus, staffing executives and insurance experts told.

Companies such as Bajaj Auto, TVS Motor and Sun Pharma said that they would extend compensation to the bereaved families and support the education of their children. Bajaj Auto and Muthoot Finance said that the companies will pay the monthly salary for up to 24 months to the kin of the deceased. Sun Pharma and TVS Motor; meanwhile, would pay lump sum compensation equivalent to 2-3 years of the deceased employee's salary.

Claims throw light on insurance status: Only 14% of Covid deaths had cover

While the country reported over 3.91 lakh deaths due to Covid-19 pandemic, only 14 per cent of them - 55,276 deaths - have made insurance claims so far, indicating the poor life insurance penetration in the country.

Out of 55,276 claims intimated to the insurance firms, nearly 88 per cent - 48,484 claims - amounting to Rs 3,593 crore have already been settled, said T L Alamelu, Member (non-life), Insurance Regulatory and Development Authority of India (IRDAI).

On the other hand, insurance companies have settled about 80 per cent - over 15.39 lakh - of health claims exceeding an amount of Rs 15,000 crore as on June 22. Over 19.11 lakh Covid health claims have been reported as on June 22 as far as medical insurance or hospitalisation is concerned, Alamelu said.

The repudiated claims for health cover are just about 4 per cent while in life it is just about 0.66 per cent, which is negligible, she said.

Alamelu said these figures showcase the opportunity available for insurers. "Now we are grappling with the problem that most of these people have spent a good amount of their savings. It has even taken many below the poverty line, they have gone into debts, sold their assets, pledged their jewellery and have been pushed back to the worst times," she said while addressing an Assocham event.

She said both the insurance industry and the regulator have worked together to design new policies to cater to the demands of new and unprecedented situation. "We have also eased some processes and procedures to make it easier for servicing the policyholders," Alamelu said.

Insurers wary of offering Covid specific policies due to low premium

According to industry experts, some insurers are reluctant to offer standard Covid covers, as cases rise at an alarming rate, making such products unviable for them, especially given their low premiums. This comes a day after the regulator advised insurers to not deny such cover to consumers hit by a devastating second wave of Covid-19.

In a statement, IRDAI said all general and health Insurers are mandated to offer Corona Kavach and Corona Rakshak policies. A senior executive with a private insurance firm said when these products were introduced last year, insurers sold them to help people get cover against Covid. But they are not very enthusiastic about selling them for a second time.

Because these were short-term products, insurers priced them as such. But now they may have to revisit their stance on pricing. The loss ratio has been adverse on these products. Also, some insurers are of the opinion these policies are undercutting their comprehensive products.

He said, "The stance on coverage under such products will vary from insurer to insurer. Some may have decided to go slow on such products." ❑

Private Life Insurance News

ICICI Prudential Life Insurance optimistic about growth in FY22

ICICI Prudential Life Insurance is quite optimistic about growth opportunities this fiscal.

"Our aspiration of doubling the valueof newbusiness (VNB) growth by 2020-23 is guided by APE growth or overall topline premium growth. We need to typically grow at 25 per cent to 28 per cent on VNB annually for next two years," said Amit Palta, Chief Distribution Officer, ICICI Prudential Life Insurance, adding that margin expansion now has limited scope for growth.

According to IRDAI data, ICICI Prudential Life Insurance registered a 38.55 per cent growth in first year premium in the first two months of the fiscal upto May 31, 2021 though it declined by 3.93 per cent for the monthof May2021.

Palta said he expects growth to continue based on the additional width in distribution the insurer has set up, a positive environment and the momentum in insurance sales that was seen from the second half of 2020-21.

The insurer added over 100 partnershipslastfiscal, whichitbelieves will help distribution and spur growth.

In terms of bancassurance partnerships, it tied upwith IndusInd Bank, AU Small Finance Bank, IDFC First Bank, RBL Bank and NSDL Payments Bank. It also tied up with distributors including PhonePe and Wealth India Financial Services as well as insurance broking entities -BSE EBIX and Magnum Insurance Broking.

"These partnerships have enabled us to increase our distribution footprint. Specifically, our 23 bancassurance partnerships have enabled us to expand ourreach to 16.2 crore bank customers with a footprint of about 12,000 branches," Palta said.

HDFC Life announces Rs 2,180-cr bonus for insurance plan subscribers

HDFC Life announced a bonus of Rs 2,180 crore to its policyholders subscribing to participating insurance plans.

Under a participating plan, a policyholder is eligible to get a share in the profits of company in the form of bonus.

The eligible participating policyholders will get a share of the surplus generated in the participating fund and their benefit amount will increase with declaration of bonuses every year, HDFC Life said in a statement.

It exceeds the previous year's bonus by 44 per cent. A total of 15.49 lakh policyholders are eligible for this bonus, it said.

Out of the total amount, Rs 1,438 crore will be payable to policies in this financial year as bonus on maturing policies or as cash bonuses, said the insurer.

The remaining bonus amount would be payable in the future when policies exit on maturity, death or surrender.

HDFC Life MD and CEO Vibha Padalkar said the company remains committed to its policyholders in delivering the best in terms of products and services.

Max Life Insurance ranks 18th amongst 'India's Best Companies to Work For' in 2021

The Company has been bestowed upon this honour for the tenth time in the most comprehensive employee survey of workplace culture conducted by the Great Place to Work Institute.

Max Life has also been recognized amongst the top 30 'Best Workplaces in BFSI'; and retains its position amongst 'Top 50 Best Workplaces' for the fifth consecutive year of participation, as per the Great Place to Work Institute's ("GPTW") 2021 study. This year, the study covered more than 850 companies, out of which the Top 100 have been selected for the marquee recognition.

The recognition is a testament to Max Life's long-standing values-driven culture and 'people-first' practices around employee engagement and talent development. Scoring highly on the GPTW Institute's 'Culture Audit Framework' that evaluated the organization on parameters of human touch, variety, originality, integration, and all-inclusiveness, the Company has achieved its best-ever ranking in the latest survey.

Commenting on the announcement, Shailesh Singh, Director & Chief People Officer, Max Life, said, "We are honored to be recognized as one of 'India's Best Companies to Work For'. We are committed to maintaining an environment where the most talented people want to come to work, grow their careers and make a difference every day for our customers. This achievement is dedicated to our employees, partners, and their families, and we look forward to moving up in the ranks in the future."

Life Insurance in demand after covid crisis

Covid-19 have made people more cautious and aware of their insurance needs as more people are buying insurances now.

This, coupled with the lower base effect of the insurance business from the previous year, has shot up the sales figures of insurances during April and May 2021.

The individual life insurance rose by 27.06 per cent during the first two months of the current fiscal year. This is the highest growth in almost last five years.

"There has been a rising awareness about insurance, more so during the current pandemic times," Bikash Choudhary, Appointed Actuary and Chief Risk Officer, Future Generali India Life Insurance, told India Data Intelligence Unit.

Covid-19 hit cities with a larger population, where people are generally more internet savvy. Since pure term and health insurance products are also available digitally, it led to an increase in the take up rate of such businesses, Bikash Choudhary added.

Insurance Regulatory and Development Authority's latest figures show that 18.5 lakh individual life insurance policies were sold during April-May, which was 14.2 lakh during the same period last year.

Though the base effect is significant across all sectors, as there was a complete lockdown during April-May 2020, the growth is not similar among all the insurance sectors. Life and health insurances have shown more growth than others such as motor and fire.

Life insurance grew 27.06 per cent and health insurance grew 29.25 per cent while motor and fire insurance grew only 8.3 per cent and 3.53 per cent respectively. It is to be noted that fire insurance had grown by 34.42 per cent last year during April-May.

"The growth momentum in the insurance business for the first two months has been good. Individual WRP (weighted received premium) during April-May has grown by 23 per cent for the industry and 47% for HDFC Life." Niraj Shah, Chief Financial Officer, HDFC Life, told DIU.

While there is an increase in awareness about insurance and financial protection, the base effect of de-growth in Q1 FY21 is also playing a role, Shah added.

It is expected there still be some impact of the second wave in the next few months but prospects for FY22 at an overall level remain cautiously optimistic, he further said.

Tata Digital plans to offer loans, insurance, mutual funds on its 'super app'

Tata Digital, which will soon sell everything from groceries to electronics online through its soon-to-be-launched 'super app', is likely to offer financial services such as loans, insurance, and mutual funds.

Tata Digital has set up a neo-banking vertical and is trying to rope in industry veterans to set up this business from scratch.

The salt-to-steel conglomerate's digital entity is touted as an ambitious omni-channel commerce platform that will go head-to-head with Amazon, Flipkart and Reliance's JioMart.

Tata Digital is scouting for strategic tie-ups with licensed banks and insurance companies to offer financial intermediation. These may include services such as credit card applications, insurance distribution, micro loans and even merchant management, fintech industry sources privy of the discussions told the business daily. A 'super app' is like a digital megastore where a user can buy anything from groceries to fashion apparel and medicines. The model was first perfected by China's Ant Group and has since been emulated by Amazon, Walmart-owned Flipkart and Paytm in India.

RenewBuy raises $45 million led by Apis Partners

Insurtech company RenewBuy said it has raised USD 45 million (about Rs. 320 crore) in a Series C funding round to scale up technology, add more products and expand the digital network. The funding round led by Apis Growth Fund II, a private equity fund managed by Apis Partners LLP - a UK-based asset manager that supports growth-stage financial services and financial technology businesses, it said in a release.

RenewBuy's existing investors, Lok Capital and IIFL Wealth also participated in the funding round.

RenewBuy group, through its subsidiary D2C Insurance Broking Private Limited, enables retail customers to buy motor, health and life insurance products with a unique end-to-end digital experience.

"We are taking insurance to the remotest part of the country to those who have been traditionally under-served.

"Whilst consumers can buy directly, experience has shown that they always prefer to deal with trained advisors who can explain the product and its terms and conditions and provide assistance on future claims," said Balachander Sekhar, CEO, RenewBuy group.

RenewBuy said it has about 50,000 point-of-sale person (POSP) advisors and insured more than 2.5 million customers across 650 cities and towns.

"We believe the next 5 years will be a phase of exponential growth for the company, reaching 25 million customers through over 2,00,000 POSP advisors in India and beyond.

"I believe that Apis Partners, with its significant global expertise in InsurTech, is the right partner to help realise this target," Sekhar noted.

Kotak Life Insurance arm estimates Rs. 275 crore loss in June quarter

Kotak Mahindra Bank announced that its life insurance arm is expected to incur a loss of up to Rs. 275 crore for the quarter ended June 2021. The company said, the number of claims have increased due to high fatalities during the second wave of COVID-19 pandemic.

The company said in its regularity filing, "The second wave of the pandemic led to an unprecedented increase in fatalities in the country and consequently death claimed being reported to the company from May 2021." Kotak Mahindra Life Insurance Company said in a regulatory filing.

"Forgoing extraordinary development and its potential impact was discussed at the meeting of our board on June 16. "

In view of these Covid-related development we estimate claims for quarter ending June 21, will be significantly higher than expected.

"Due to increased claims and higher mortality related provisioning arising on account of the second wave, the company expects to incur a loss for the quarter ended June 2021 in the estimated range of Rs. 225-275 crore on shareholder's account," it added

Aviva India launches Aviva Life Shield Premium

Aviva Life Insurance, announced the launch of Aviva Life Shield Premium, a Non-Linked Non-Participating Individual Pure Risk Life Insurance Plan. It is a comprehensive term life insurance plan, can be personalized as per the needs of every individual and his/her family to ensure that one enjoys the protection of a term life cover on their own terms. The product has been designed to enable customers to choose and customize options around the sum assured, premium payment term and frequency, claim payout methods, among others.

Vinit Kapahi, Head, Marketing Function, Aviva Life Insurance says "We understand customer demands and our teams have been working to launch new and more relevant products to ensure that our customers' future is secured. Aviva Life Shield Premium plan can be personalized as per financial needs. This product will cater to the increasing demand for Term Life Insurance but will also ensure that more customers choose to enjoy the benefits of insurance by insuring themselves."

Aviva Life Shield Premium comes with a policy term of up to 62 years and provides customers with an optional payment term of a regular, limited and single premium payment term. It also offers Annual, semi-annual or monthly Premium payment frequency.

The company claims that this product allows customers to balance their financial portfolio with multiple payout methods ranging from lump sum, income and 50:50. Along with that customers get additional protection against Accidental Death and Permanent Total Disability due to an accident. ❑

International News

Insurers lose High Court challenge over business insurance COVID pandemic payouts

Australia's insurance industry has lost the latest battle in an ongoing "war of attrition" between insurers and businesses that want compensation for COVID losses.

Many Australian businesses had a type of insurance when the pandemic hit that could cover them for losses linked to an interruption to trade.

It is estimated there were roughly 250,000 policies of this ilk in Australia when the pandemic struck with a total potential liability of $10 billion.

However, the insurance industry claims these policies were never designed to cover business losses due to pandemics.

Last year its lobby group, the Insurance Council of Australia, took a test case to court to clarify that its members' policies did not cover pandemics.

But it lost the case, in a surprise judgment that came down to just a few technical words related to the repeal of the Quarantine Act and its replacement with a new Biosecurity Act.

The industry was seeking an appeal of that ruling in the High Court. Its application for that appeal was denied.

The ICA's chief executive Andrew Hall acknowledged that ruling was a disappointment.

"While we are disappointed, this decision on the first test case provides us with certainty," Mr Hall said.

Grieving wife in disbelief when she finds out she WON'T be receiving her dead husband's $200,000 life insurance payout due to a loophole

A grieving wife has been denied her late husband's $200,000 life insurance payout due to a loophole in his policy.

Nardia Vajda's life was turned upside down when her husband Jeremy, 49, and the father of her two children, suddenly died from a heart condition on March 25 last year.

The couple's 13-year-old son found him unconscious in the bathroom moments after Mrs Vadja left for work.

'The first thing I said to Jeremy was ''you told me you would never leave me''. But he was gone,' Mrs Vadja told A Current Affair.

Now, the heartbroken family have learned they will not receive a cent of his life insurance after BT Super cancelled his policy months before his death - which his family claim was done without his permission. Under new superannuation laws in 2019, insurance providers were required to cancel any accounts which had been inactive for 16 months or longer.

Members who wished to keep it were required to either 'opt in' or make a contribution. BT Super said it sent Mr Vajda two emails and a letter before cancelling his policy but he did not respond - a claim his family disputes.

The insurance provider said it had no record of a response and 'will only review the decision if additional information comes to light'.

But Mrs Vajda and her husband's brother Anthony said they found an email in Mr Vajda's sent box indicating he responded to the company.

'How could anything be in your sent mailbox if you didn't send anything? So he definitely responded to that first message,' Mrs Vajda said.

Without Mr Vajda's password, they cannot access the content of the email - but they believe it was sent to a do not reply email address and never went through.

Mrs Vadja said the pain of losing the love of her life 'will never go away', and the family's grief was compounded by Covid-19 restrictions, which meant only 10 people could attend his funeral.

The hairdresser called on BT Super to pay out the much-needed funds as she raises their children on her own.

Anthony said the compensation wasn't a big sum to the company, but would make a huge difference to the struggling family.

Canadian life insurers paid out more than $154-million from deaths due to COVID-19 in 2020

Canadian insurers paid out $154.2-million in individual and group life insurance claims from deaths related to COVID-19 in 2020.

A report released this week by the Canadian Institute of Actuaries said individual life insurance claims increased in almost every month of 2020 compared with the corresponding month in 2019, with insurers paying out $139.05-million for 3,179 individual claims where COVID-19 was identified as the cause of death in 2020.

At the same time, group insurance policies, which are typically provided through employers, paid out $15.17-million for 754 claims owing to COVID-19 deaths.

While the first reported case of COVID-19 in Canada was in early January, 2020, many Canadians were not aware of the symptoms for the virus until mid-March when the World Health Organization declared the virus a pandemic.

The institute's report said life insurance claims were also higher in the first three months of 2020 than the year prior, which could suggest there were COVID-19 deaths that were not recognized at that time.

"It is conceivable that life insurance claims in the very early months of 2020 were impacted by COVID-19 even though the specific cause of death was not recorded," the report said.

The report is based on data collected quarterly from 13 insurers, including Canada Life Assurance Co., Manulife Financial Corp., Sun Life Financial Inc. and IA Financial Group, and shows COVID-19 individual claims peaked in April, 2020, with $41.4-million in claims.

The Canadian Institute of Actuaries began to research the impact of COVID-19 on the life insurance industry in April of last year to analyze whether the overall level of life insurance claims was different than in previous years, and whether COVID-19 was a significant cause of life insurance claims in Canada.

The latest report shows December was the second-highest month for individual COVID-19 claims in 2020 as the country entered into a second wave of the virus, causing individual life insurance claims to climb. Claims in December hit $30.8-million, about 75 per cent of the peak April level.

COVID-related claims in December accounted for about 10 per cent of the total individual life insurance claims that month, down slightly from the peak in April of 12.9 per cent, but up significantly from less than 1 per cent of total claims in August.

Life insurance industry in Japan to remain below pre-COVID-19 levels until 2024

The life insurance industry in Japan is forecasted to recover from 2021 onwards and increase at a compound annual growth rate (CAGR) of 1.8% during 2020-2024. However, it will still be lower than 2019 figures, according to GlobalData, a leading data and analytics company.

GlobalData has revised Japan's life insurance forecast in the aftermath of COVID-19 outbreak. As per the latest data, Japan's life insurance industry is estimated to decline from JPY31.4 trillion (US$288.2bn) in 2019 to JPY28.3 trillion (US$264.6bn) in 2020, in terms of gross written premium (GWP).

Pratyusha Mekala, Insurance Analyst at GlobalData, comments: "Despite the economy registering an annualized 11.7% growth in the last quarter of 2020, it contracted by 4.8% in 2020. Emergency measures introduced by the government and unfavorable economic environment impacted consumer spending, including life insurance."

According to the data released by the Life Insurance Association of Japan, 6.74 million new business individual insurance policies were sold during April-September 2020, registering a year-on-year decline of 35.6%. Stringent containment measures impacted sales through broker and agent channels that mandate face-to-face interactions. Sales representatives remain the dominant channel for life insurance policy sales in Japan with nearly 50% share.

In addition, persistent negative rate in domestic market and decline in interest rate in overseas markets have created an uncertain business environment for life insurers. As a result, insurers have reduced or temporarily suspended sales of foreign-currency denominated policies.

To mitigate the impact of the pandemic, life insurers have launched online platforms to generate sales. Leading insurers such as Meiji Yasuda Life Insurance and Dai-ichi Life Holdings launched online sales of life insurance policies post the onset of the pandemic. ❑

FRAUD RISK MANAGEMENT THROUGH CONTROL MEASURES: COST V/S UTILITY

Definition of Fraud -

The term 'fraud' generally includes actions such as theft, corruption, conspiracy, embezzlement, money laundering, bribery and extortion. Fraud essentially involves using cheating to deceitfully make a personal gain for oneself and/or create a loss for another. Although definitions may vary but most are based around these general themes.

Why do people commit frauds?

There is no particular purpose behind fraud and any clarification of it needs to take account of various aspects.

Looking from the fraudster's perspective, it is necessary to take account of:

- motivation of potential offenders
- circumstances under which individuals can justify their potential crimes away
- opportunities to commit crime(s)
- perceived suitability of targets for fraud
- technical ability of the fraudster
- likely and real risk of discovery after the fraud has been carried out
- expectations of consequences of discovery (including non-penal consequences such as job loss and family stigma, proceeds of crime confiscation, and traditional criminal sanctions)
- actual consequences of discovery.

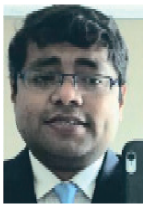
There are different views on why do people commit Frauds. As per researcher Tommie Singleton, PhD, University of Alabama:

Some individuals are honest all of the period.

Some individuals are dishonest all of the period.

Most individuals are honest some of the period.

Some individuals are honest most of the period.



About the author

Shibyanshu Sharma

CRMP, CRISC, ARM, FIII,
ALMI, ACS, ARA,
SBI Life Insurance Co. Ltd.

***Note :** With profound grief we inform our readers that Mr. Shibyanshu Sharma succumbed to Covid-19 recently. Insurance Industry has lost a bright, young & dynamic person. We pray to almighty to give courage to his family to bear this irreparable loss.*

- Editor

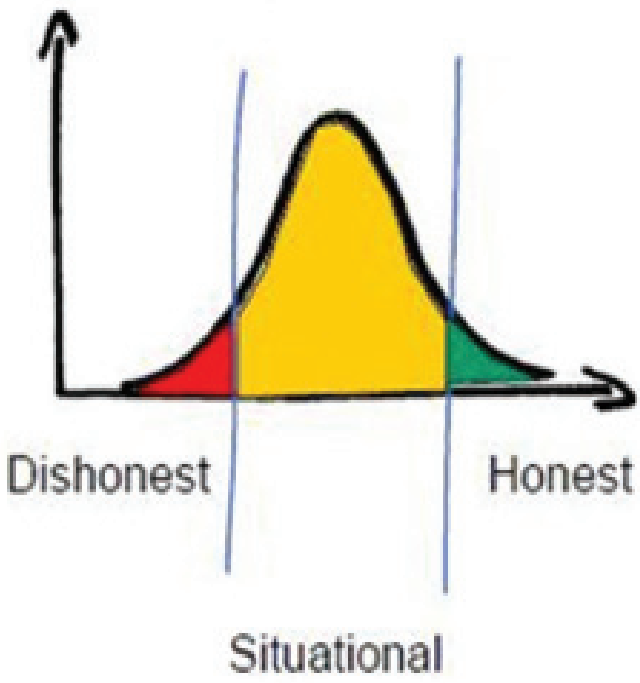


Fig: 1 - Why Do People Commit Frauds

What is "Fraud Triangle"

When studying the risk of fraud, auditors often mention to the "Fraud Triangle", explained first by sociologist Donald Cressey. The "Angles" of the Fraud Triangle are made up of three features which are existent for fraud:

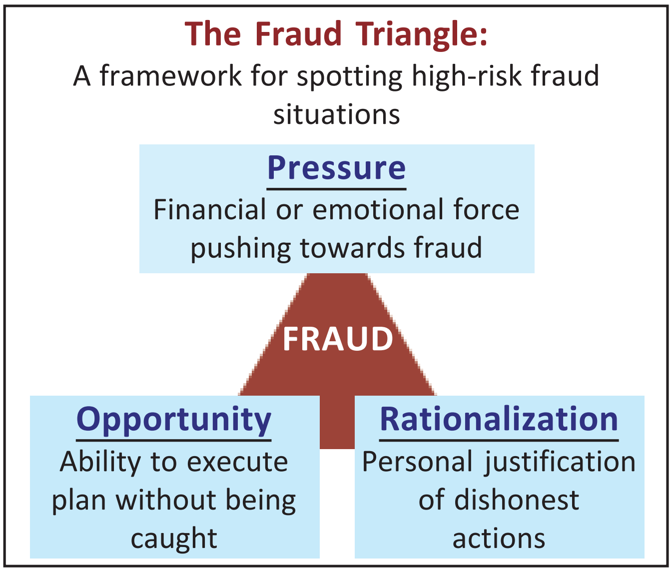


Fig: 2 - Fraud Triangle

Steve Albrecht in his book Fraud Examination further gives details on reasons behind occurrence of:

A) Pressure factors:

- o Individual financial influences that may lead to fraud:
  1. Financial difficulties (33%)
     a. High personal debts or financial losses
     b. Inadequate income
  2. Living beyond one's means (44%)
- o Individual conducts that may lead to fraud:
  1. Broad stock market or other types of speculation (starting a new business)
  2. Extensive gambling
  3. Illicit affairs
  4. Excessive use of alcohol or drugs (12%)

B) Opportunity factors:

1. Magnitude of fraud would decrease if the opportunity did not exist:
   a. Reasons for increased fraud risk:
      i. Crime requires a simple act
      ii. Chances of being detected are very slim
      iii. Punishment is very light
   b. Mitigation factors:
      i. What if security was tight?
      ii. What if comprehensive internal controls require an elaborate system?
      iii. What if the likelihood of finding is high?
      iv. What if punishment is severe?
2. Personally Created Opportunities:
   a. Familiarity with operations (including cover-up capabilities)
   b. Close association with contractors, dealers, and other key people (22%)
   c. Unwillingness to share duties (21%)
3. Organizational Characteristics:
   a. Weak internal controls
   b. Absence of periodic rotation in job duties
   c. Constantly operating under a crisis environment
   d. Little attention to details
   e. Poor morale

C) Rationalization factors:

1. How can you be proactive and know who will rationalize fraudulent behavior?
2. Embezzlers don't fit the criminal stereotypes; they appear to be trustworthy, sincere, likeable, sociable, etc.
3. Personal Emotions that may lead to fraud:
   a. Strong community or social expectations to succeed (6%)

b. Perception of being treated unfairly by the organization (9%)
c. Resentment towards superiors
d. Frustration with job
e. Insatiable desire for self-enrichment or personal gain
f. Wheeler - dealer attitude (18%)

Let us examine a case study based on the Fraud Triangle:

Case study is of the Secretary Who Stole over £4.3 million from her bosses at Goldman Sachs. We will correlate all the aspects of the Fraud Triangle in this case study.

- Incentive/Pressure, such as a financial need, is the "purpose" for compelling the fraud.

  Motivation Aspect of the Case Study:

  - o Secretary originally started down her fraudulent path because of financial difficulties she found herself in before starting work at the investment bank.
  - o The motive behind the fraud as primarily greed though, with secretary spending her ill gotten gains on a luxury lifestyle, including villas, cars, jewellery, designer clothes and first class holidays. She has even admitted that she did not steal because she needed to, but because she could. She explained that she first started taking money basically to find out if she possibly will get away with it.
  - o She says that it then developed 'a bit addictive' and that she 'got a huge thrill from knowing they had no impression what I was doing.

- Rationalization: The individual committing the fraud regularly justifies the fraud. Justifications may include, "I'll pay the money back", "They will certainly not miss the funds", or "They don't pay me adequate."

  Rationalization Aspect of the Case Study:

  - o She was able to rationalize her actions by convincing herself that she had earned the money she stole.
  - o De-Laurey believed that she earned the stolen amounts as a just prize for her dedication, discretion and devotion, and claims that she had the permission of her bosses to take money in return for her 'vital services'.
  - o She vindicated her activities through the belief that her superiors had cash to spare.

- Opportunity The individual committing the fraud sees an internal control weakness and, considering no one will notice if funds are taken, initiates the fraud with a small amount of money. If no one notices, the amount will usually grow bigger.

  Opportunity Aspect of the Case Study

  - o In terms of opportunity, her bosses trusted her and held her in high regard. She had proved herself crucial, on both professional and personal fronts, and was given access to their cheque books in order to settle their domestic bills and personal finances.
  - o A little over a year after starting at Goldman Sachs, she began forging her bosses' signatures on personal cheques to make payments into her own accounts. Realizing she had got away with it, she continued to steal money by issuing forged cheques and making false money transfers.

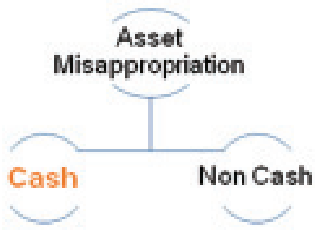
In any business, the risk of fraud can be reduced. Internal control measures can particularly reduce the "opportunity" angle of the Fraud Triangle.

- Final Conclusion on the Case Study:
  - o After four years of siphoning off vast amounts of money, she was eventually caught when her boss at the time decided to make a six-figure donation to his former college. He took a look at his bank accounts to see if he could cover the donation and was astonished to find the balance on the accounts become so little.
  - o He investigated further and realized that large sums had been transferred to an unknown account.
  - o Secretary was the obvious suspect. By this time, she had actually stolen around £3.3 million

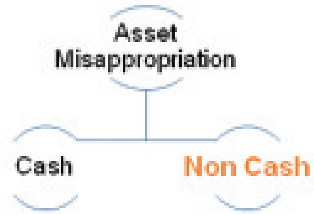
Fraud Classification/Categories:

Fraud is classified under different categories as under:

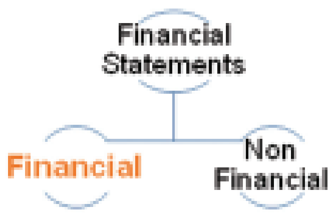
Examples of Fraud: Asset Misappropriation



- Theft of cash
- False payment requests
- Cheque fraud
- Billing schemes
- Misuse of accounts

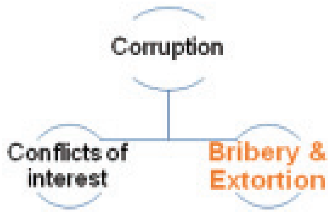


- Inventory and fixed assets
- Procurement
- Payroll



- Improper revenue recognition
- Misstatement of assets, liabilities and/or expenses
- Other accounting misstatements

- Falsified employment credentials e.g. qualifications and references.
- Other fraudulent internal or external documents
- Personal interests



- Bribery
- Extortion

Classification of Frauds in Insurance Industry:

Before we move to understand what Fraud Control measures the insurer should take, we need to understand what type of Frauds the insurer faces.

Basically, 3 types of frauds an insurer faces:

- **Policyholder fraud and/or claims fraud** - Fraud against an insurer in the purchase and / or execution of an insurance product, this also includes frauds at the time of making a claim.

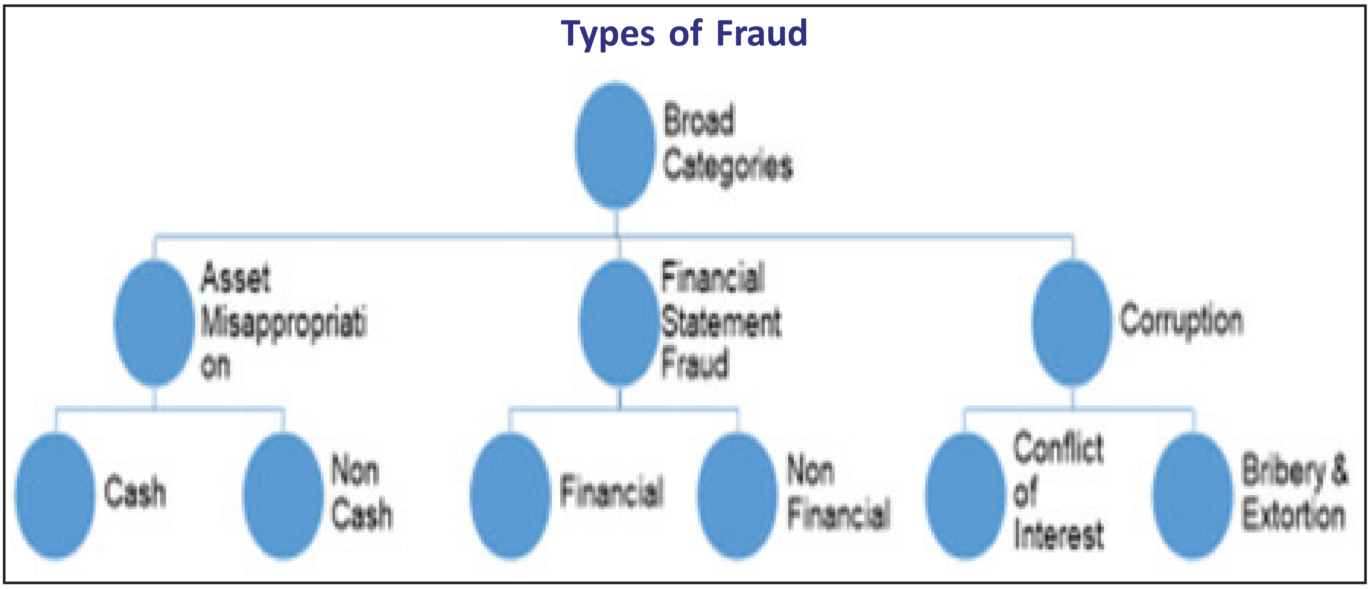


Fig. 3 - Types of Frauds

Example- Exaggerating damages/loss, Fraudulent Death Claims, Medical Claims Fraud

- **Intermediary Fraud** - Fraud perpetuated by an insurance agent / corporate agent / intermediary / Third Party Administrators (TPAs) against the insurer and/or policyholders.

  Example - Adverse selection of clients for insurance cover, Inflating the premium, passing on the correct amount to the insurer and keeping the difference

- **Internal Fraud** - Fraud / misappropriation against the insurer by its Director, Management and / or any other office or employee (by whatever name called)

  Examples - Misappropriating the funds, fraudulent financial reporting, forging signatures

These types of Frauds occur at different stages of Proposal's Life Cycle. Life Cycle of proposal to policy can be depicted as per below figure:

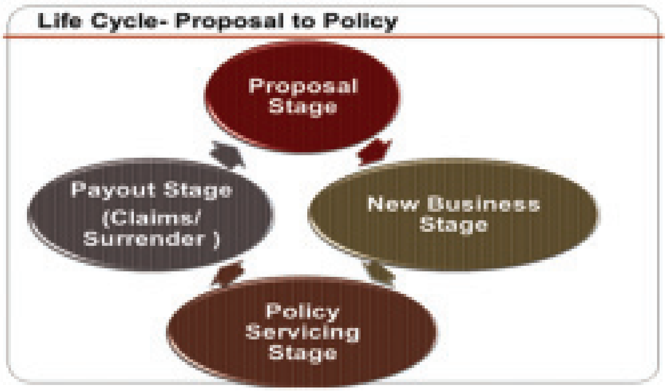


Fig. 4 - Life Cycle of Proposal Form

Major Frauds at Proposal Stage are:

1) Misappropriating Fund
2) Document Tampering/Misleading Documentation
3) Misrepresentation of Customer Profiling
4) Non-Disclosure of Material Facts
5) Bogus Business

Major Frauds at New Business Stage are:

1) Medical impersonation/Rebating business
2) Document Tampering/Misleading Documentation
3) Incorrect Information during Pre Issuance Welcome Call (PIWC)
4) Non-Disclosure of Material Facts/ Medical Condition / Health/ Confidential information

Major Frauds at Policy Servicing Stage are:

1) Falsifying and / or Damaging / Destroying Documentation
2) Signature Forgery
3) Misrepresentation of Customer Profile
4) Dishonoring of Renewal Premium Cheque

Major Frauds at Claims/ Surrender Stage are:

1) Fraudulent Death Claims
2) Fake Medical Documents at the time of Claims
3) Bogus Claim
4) Document Tampering/Misleading Documentation
5) Misrepresentation of Customer Profiling.
6) Signature Forgery

Examples of actual Frauds from the insurance industry at these different stages of Life Cycle:

At Proposal Stage:

1) Collection of cash from customer & using it for issuance of new policy.
2) Forgery or alteration of proposal form/cheque /bank draft/financial instrument/account belonging to the company or any document submitted by the customer.
3) Non-disclosure of the information provided by the customer. (Eg- Medical details /Income details etc.)
4) Providing fake KYC/confidential report of sales representative/ moral hazard.
5) Changing customer DOB/ Age proof etc. so that the customer can fit in a particular product.
6) Report with wrong declaration or improper verification/ Issuing fake receipt/fake policy.
7) Falsifying and/or damaging/destroying documentation/ OSV done for forged documents.
8) Sourcing business to a nonexistent customer.
9) Sourcing business without customer's knowledge.
10) Providing customer incorrect Mobile No./ Mail id for clearance of PIWC call.

At New Business stage:

1) Intermediary in coordination issuing fake medical documents of customer.

2) Signature forgery on PIWC Dispute Settlement Form, proposal form, Business Illustration etc.
3) Not disclosing the medical condition of the customer in the proposal form.
4) Tampering the date of birth proof, age proof, Income proof of the customer.
5) Clearing the PIWC call on behalf of customer.

At Policy Servicing Stage:

1) Documents tampered for change in nomination, change in address, fund switch etc.
2) Providing intermediaries bank details for updation.
3) Forging signatures or using facsimile signatures on the documents provided by customer. (Eg- Signature forgery on DGH, Assignment form etc.)
4) Renewal premium cheque cashiered as New Business for target achievement.

At Claims / Surrender Stage:

1) Claiming the fraudulent death claim by intermediary or by policy holders.
2) Fictitious medical documents submitted in collusion with medical practitioners.
3) Tampering of the death claim documents (Fake death Certificate/7/12 certificate/Doctors Certificate) at the time of claim.
4) Bank account details tampered at the time of payout.
5) Signature forgery on KYC documents of customer, Surrender form and Partial Withdrawal forms.

Fraud Regulations in India

1. IRDAI Corporate Governance Guidelines 2016

Role and Responsibilities of the Board of Directors:

As an integral part of proper implementation of the business strategy, the Board should take action as under:

❖ Establish appropriate systems to regulate the risk appetite and risk profile of the Company. It will also enable identification and measurement of significant risks to which the company is exposed in order to develop an effective risk management system.

❖ Establish effective Risk Management framework and recommend to the Board the Risk Management policy and processes for the organization.

❖ Formulation of a Fraud monitoring policy and framework for approval by the Board.

❖ To monitor implementation of Anti-fraud policy for effective deterrence, prevention, detection and mitigation of frauds.

2. Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSE's) issued by Department of Public Enterprises (DPE)

The guidelines on Corporate Governance for listed and unlisted Central Public Sector Entities (CPSEs) provide guidelines on following aspects:

- o Board of Directors
- o Audit Committee
- o Remuneration Committee
- o Subsidiary Companies
- o Disclosures
- o Report, Compliance and Schedule of Implementation

The Board should implement policies and procedures which should include:

(a) staff responsibilities in relation to fraud prevention and identification
(b) responsibility of fraud investigation once a fraud has been identified
(c) process of reporting on fraud related matters to management
(d) reporting and recording processes to be followed to record allegations of fraud
(e) requirements of training to be conducted on fraud prevention and identification

Role of Audit Committee with respect to Fraud Management-

Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

The company may establish a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud, or violation of the company's general guidelines on conduct or ethics policy.

3. Fraud Monitoring Framework

Insurance Fraud Monitoring Framework issued by IRDAI in January 2013 requires every insurer:

- To have appropriate framework to detect, monitor and mitigate occurrence of insurance frauds within the Company.
- To issue an Anti-Fraud Policy duly approved by the Board.
- To lay down procedures for internal reporting of frauds.
- To create awareness among their employees/ intermediaries/ policyholders to counter insurance frauds.
- To furnish periodic report FMR 1 & FMR 2 on frauds to the board and IRDAI providing details of:
  - o Outstanding Fraud Cases
  - o Closes Fraud Cases

Insurance Fraud Controls through Fraud Mitigation

Insurance Fraud Controls Measures which can be taken up in each step of Proposal's Life Cycle are as follows:

- **Proposal Stage**
  - o Go Green Initiative-wherein insurers create an infrastructure for online filling of proposal form by customer. With this no misrepresentation of facts or frauds can be done by any intermediary.
  - o Roll out of Risk Score:
    - ✔ To predict the chance of a proposal, resulting into early claim, before the proposal is underwritten. Early claims are those claims which comes in first 3 years of existence of insurance policy. Generally, insurers face such early claims due to misrepresentation of facts during proposal stage either by customers or by intermediaries.
    - ✔ To prevent issue of policies likely to give early claims.
  - o Pre Issuance Welcome Calling (PIWC) is done to customer on the contact no. provided in the proposal form. PIWC is clear only when customer confirm that the details mention in proposal are correct.

    All these initiatives require one-time cost investment by the insurer to create the infrastructure.
- **Diagnostic Centre** - Where medical of the customer gets conducted during pre-issuance of the policy
  - o Regular audit of the diagnosis center.
  - o Industrial data sharing of the fraudulent diagnosis center.
  - o Diagnostic Center analysis is done pan India for Medical Claims cases & the DC's from where the Medical done & the claims are repudiated on the grounds of Dead Man Insurance, Bogus Business etc. are de-empaneled.
  - o De-listed diagnostic centers based on negative feedback received from the industry.

    These initiatives don't require any major costs and can be done with the existing infrastructure of the insurer.
- **Underwriting Stage-**
  - o Risk Rating Project

Objective

- o To predict the chance of a proposal, resulting into early claim, at the time of underwriting.
- o To prevent issuance of policies which are likely to give early claims.

Methodology

- o Data of policies issued during the past financial years can be used to build the model.

- o The variables considered for analysis can be customer demographics, policy information and intermediary behavior. Based on statistical analysis, significant variables can be derived for the predictive model.

Again this is one-time cost for insurer.

- **Policy Servicing Stage**
  - o Customer walking mandatory for policy servicing changes. (Address Change/ Nomination Change).
  - o Thorough check of high value customers before any payout.
  - o Roll out of ORMS [Operational Risk Management System] wherein Risk aspects is checked in all stages of policy servicing.
  - o Creation of an incident reporting platform and awareness to employees for reporting any suspicious /fraudulent instances.

  First two initiatives will not require any cost, but last two initiatives will require one-time infrastructure investment for the insurer.

- **Claims/ Surrender Stage**
  - o *Fraudulent Death Claims Detection Model:* To predict the chance of a claim proposal, resulting into fraudulent claims using statistical model.
  - o *Very Early Death Claim Analysis [VEDC]:* Early Death claims which gets reported within one year of policy issuance is considered to be very early death claim. Analysis to be done on a monthly basis on VEDC. Call for initial observations from the Sales Intermediaries and Branch Head for all very early death claim intimated during the particular period. Actions can be initiated, if any adversity found.
  - o *Roll out of Fraud Risk MIS (Online MIS reports):* The very early death claim reports can be provided to sales personnel. These reports can be built and mapped as per the sales hierarchy. Death claim intimations can be populated on real time basis.
  - o *Industry Feedback:* Flagging of policies based on negative feedback received from the Industry.

These Initiatives will require one-time cost for the insurer.

Insurance Fraud Controls through Awareness sessions on Frauds

Fraud Awareness Day

Many companies celebrate fixed dates of a year as Fraud Awareness Day.

They take following initiatives to spread awareness about Fraud awareness.

- Theme based poster competition for employees.
- Online quiz on Fraud Management.
- Mouse pad with Fraud Management message - gets distributed to all employees.
- Fraud related videos gets created highlighting effects of misconduct
- Coffee mugs with Fraud Management theme based logo.
- Pledge Calendar aimed on personal ethics & Conduct.

Now, let us see few examples wherein cost involvement is almost negligible.

A) Insurance Fraud Controls through Profiling the Fraudster:

Pre-planned fraudsters

- Who start out from the beginning planning to commit fraud.
- Can be short-term players, e.g. who use stolen credit cards; or can be longer-term, like bankruptcy fraudsters & those who execute complex money laundering schemes.

Intermediate fraudsters

- Who start off truthful but turn to fraud when times get tough or when life happenings, such as annoyance at being passed over for promotion or the requirement to pay for care for a family member, change the usual mode.

Slippery-slope fraudsters

- Who just carry on trading even when, objectively, they are not in a situation to pay their debts. This can apply to normal traders or to key business people.

B) Insurance Fraud Controls through Fraud Prevention:

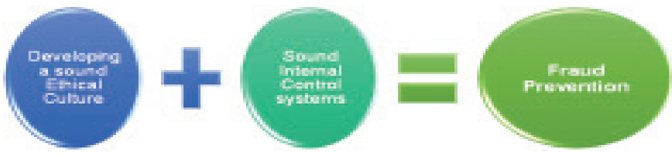


Fig. 5 - Fraud Controls through Fraud Prevention

How to Establish a Sound Ethical Culture in any Organization:

- A mission statement that refers to quality or, more unusually, to ethics and defines how the organization wants to be regarded externally.

- Clear policy declarations on business ethics and anti-fraud, with clarifications about tolerable behavior in risk prone situations.
- A method through which supposed fraud can be informed.
- An extensive audit procedure which focuses on areas of risk.
- Organization who are seen to be dedicated through their actions.
- A code of ethics or an anti-fraud policy is not adequate to prevent fraud though. Ethical behavior needs to be rooted within the culture of an organization.
- To demonstrate commitment, resources should be allocated to communicating ethics and values to all employees, suppliers and business partners, and providing training programs where necessary.
- Promise from senior management and 'attitude at the top' is key.

How to establish a Sound Internal Control Systems in any Organization:

- An internal control system includes all those policies and procedures that taken together, support an organization's effective and efficient operation.
- Internal controls typically deal with factors such as approval and authorization processes, access restrictions and transaction controls, account reconciliations, and physical security.
- Internal controls to minimize fraud should, where possible, address fraud red flags.
- Wherever new internal control procedures are announced, they should be documented clearly and simply. Internal controls should be frequently revised as part of the risk management process, and there should be continual improvement of controls.
- Ultimately, the internal control system should be embedded within the culture and operations of an organization.

Let us understand weak internal controls with a help of a case study:

Case is of no process of Pre-Employment Screening in a company

- A finance house needed an extra junior accountant for a short period of time. The company went to a reputable agency and employed an appropriately qualified person.
- The company relied on the agency's screening policy which had failed to uncover a series of discrepancies in the accountant's personal history, including a false address. The accountant removed a company chequebook from his work place and used it to make a series of high value purchases on his own behalf.
- The matter came to light when a routine enquiry was made with the finance house to verify the issue of one of the cheques. By this time the short-term accountant had left the organisation. He could not be traced and the matter was referred to the police.

C) Insurance Fraud Controls through Fraud Detection:

Fig. 6 - Fraud Controls through Fraud Detection

Fraud Indicators: Warning Signs

- It is unlikely to eradicate all fraud.
- No system is completely fraud proof, since many impostors are able to evade control systems put in place to stop them. However, greater care paid to some of the most common indicators which can provide early warning that something is not quite right and increase the likelihood that the impostor will be discovered.
- Warning signs have been defined as organizational indicators of fraud risk.
- Warning Signs can be classified under four Risks:

1) Business risk
2) Financial risk
3) Environmental risk
4) IT and Data risk

Fraud Indicators: Fraud Alerts

- Fraud alerts have been described as specific events or red flags, which may be indicative of fraud. Some of these Red Flags are as follows:
  - Unidentified emails/letters/telephone calls.
  - Emails sent at uncommon times, with needless attachments, or to unfamiliar end-points.
  - Discrepancy between earnings and lifestyle.
  - Supplies purchased in excess of need.
  - Higher than average number of failed login attempts.

Tools & Techniques for Fraud Detection:

1) Background Reading

- To keep up to date with fraud inclinations and matters.
- The Internet is also a treasured, and gigantic, research tool.

2) Benchmarking

Comparisons of one financial period with another; or the performance of one cost centre, or business unit, with another; or of overall business performance with industry standards, can highlight anomalies worthy of further investigation.

3) Risk Management Process

To detect, analyze, evaluate, treat, monitor frauds.

4) Systems Analysis

It is significant to inspect the systems in place and identify any weaknesses that could be chances for the impostor.

5) Specialist Software

Such as audit tools for data identical analysis can substantiate very useful. Additional tools allow for examination such as real time transaction assessment, targeted post-transactional review, or strategic investigation of management accounts.

6) Exception Reporting

Many organizations can generate automatic reports for results that fall outside of pre-arranged threshold values (exceptions), allowing instant identification of results differing from the standard.

D) Insurance Fraud Controls through Fraud Response:

Following fraud response steps helps an insurance company to control frauds

1) Purpose:

The fraud response plan is an official means of setting down clearly the measures which are in place for dealing with detected or suspected cases of fraud.

It is planned to provide measures which allow for evidence gathering and collation in a manner which will simplify informed decision-making, while safeguarding that evidence gathered will be permissible in the event of any civil or criminal action.

2) Policy:

The fraud response plan should repeat the organization's commitment to high legal, ethical and moral standards in all its actions and its approach to dealing with those who fail to meet those standards. It is important that all those working in the organization are aware of the risk of fraud and other illegal acts, such as dishonesty or damage to property.

Organizations should be clear about the means of enforcing the rules or controls which the organization has in place to counter such risks and be aware of how to report any suspicions they may have.

3) Roles and Responsibilities:

The division of responsibilities for fraud risk management will vary from one organization to the next, depending on the size, industry, culture and other factors.

However, the same should be documented and should made available public in the company.

4) The Response:

Realistic steps for reacting to detected or suspected instances of fraud include:

- Clear reporting mechanisms
- A thorough investigation
- Punishing of the persons responsible (internal, civil and/ or criminal)
- Recovery of stolen funds or property
- Alteration of the anti-fraud strategy to avert similar conduct in the future

5) The Investigation:

Preservation of evidence: It is vitally important that control is taken of any physical evidence before the opportunity arises for it to be removed or destroyed by the suspect(s). Physical evidence may therefore need to be seized at an early stage in the investigation, before any witness statements are collected or interviews conducted.

Other Aspects- Physical & electronic evidence, interviews, statements from witnesses, Statements from suspects.

Conclusion:

With the detail study on all aspects of frauds, reason behind frauds, causes of frauds, frauds at different stages of the life cycle of a proposal, frauds controls at different levels with or without cost interventions, fraud prevention, fraud detection and fraud response we can conclude below points:

1) Reason behind a fraud need to be understood properly before taking proper fraud mitigations.
2) Cost is not a major factor in controlling frauds.
3) Developing a sound ethical culture plays a very vital role for fraud prevention in an organization.
4) Organization should work in having sound Internal Control systems to prevent Frauds.
5) Fraud Detection Mechanisms should be Robust. Indicators and Warnings should be properly analyzed with the help of Fraud Detection Tools & Techniques.
6) Fraud Response System has to be clearly documented and timely acted upon.
7) Insurers are responsible for Policyholders' Money, so any leakage in the system through frauds can question the existence of an insurer.
8) Regulators has clearly earmarked the guidelines to have sound Fraud Control system in place. So, it's not the choice to have fraud control system or not for an insurance company.
9) Utility of Investing in Fraud Control measures far exceeds in benefits than Cost.
10) Cost is not the only investment for fraud control measures. The other investments are making sound ethical culture for the organization, commitment & time of top management, importance given to fraud awareness sessions, trainings etc.

References:

1) Fraud Monitoring Framework; www.irdai.gov.in
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IRDAI allows home treatment as add-on cover in health insurance

IRDAI has allowed non-life insurers to offer "homecare/domiciliary treatment" or treatment at home as an add on cover afresh or to their existing policies. In a circular to all non-life insurers including standalone health insurers, the Insurance Regulatory and Development Authority of India (IRDAI) has said companies have to file their products with it, if home treatment is offered as an add-on cover.

According to IRDAI, homecare treatment is one taken at home for an ailment that normally needs hospitalisation provided that a medical practitioner advises the insured home treatment; there is a continuous active line of treatment with the health status of the insured monitored daily by a medical practitioner during the duration of home treatment; and that records of daily monitoring of the insured patient and the treatment given are recorded and signed by a medical practitioner Norms for settlement of claims should be mentioned in the policy document and prospectus, it said.

IRDAI said that insurers can offer the cover to their existing policyholders by charging an additional premium for the residual period of time.

THE SUEZ CANAL BLOCKAGE AND ITS IMPACT

Amongst the global headlines in the month of March of this year, references to the blockage of one of the busiest shipping lanes of the world by the container ship Ever Given featured prominently. News stories on the piling up of cargo ships causing an unprecedented shipping traffic-jam, on multiple attempted salvage operations, the woes of the cargo owners, the subsequent arrest of the vessel and its seamen and the huge compensation sought for by Egypt's Suez Canal Authority were all widely covered news items.

The blockage of the Suez Canal for six days and seven hours caused vessels to be backed up in the Mediterranean to the north and the Red Sea to the south. It is estimated that the costs to global trade was about USD 400 million per hour based on the approximate value of goods that are moved through the Suez every day, according to shipping data and news company Lloyd's List.

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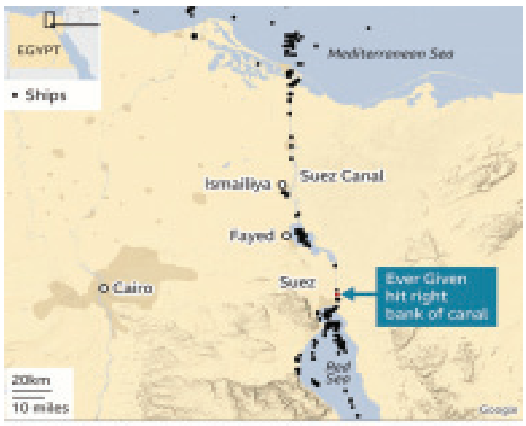
This incident has starkly highlighted the omnipresent risks of international shipping. This crisis is of interest to the insurance fraternity and layman alike as the intricacies of insurance have come to the forefront in the public domain. Marine concepts which were part of insurance parlance such as general average, salvage expenses and P & I Clubs have been mentioned widely in the media. It would be of use to all stake-holders and the general public to understand these concepts in greater details in order to protect their own interests and for enhancing their general awareness.



Source: MarineTraffic.com, 24 March, 09.58 GMT

It is insurers who will now mitigate the losses arising out of this crisis and some of the Frequently Asked Questions (FAQs) which arise are :

- ### What happened in the Suez Canal in March 2021?

In March 2021, the Suez Canal was blocked for six days and seven hours after the grounding of Ever Given, a 20,000 TEU container ship. The obstruction occurred south of the section of the canal that had two channels, so there was no way for other ships to bypass Ever Given. On 28 March, at least 369 ships were queuing to pass through the canal.

Location: Suez Canal, Suez, Egypt

Date: 23-29 March 2021

Duration: 6 days and 7 hours

- ### What caused the grounding of Ever Given?

The Ever Given, which is owned by the Japanese company Shoei Kisen Kaisha, was on charter to Taiwanese operator Evergreen at the time of the incident.

It was on its way to the port of Rotterdam in the Netherlands from China when it became grounded after a sandstorm blew through the region. Visibility plummeted and wind gusts reached speeds of up to 31 miles per hour.

At 7:42 A.M., on the 23rd March, 2021, the Ever Given ran aground, driving its bulbous bow into the east bank of the Suez Canal. A minute later its stern drifting clockwise connected with the west bank and the Suez Canal was then officially blocked.

- ### How many times has the Suez Canal been closed earlier?

According to the Suez Canal Authority, which maintains and operates the waterway, the Suez Canal has closed five times since it opened for navigation in 1869.

- ### Why is the Suez Canal important?

The Suez Canal opened in 1869 and represented, along with the Panama Canal, one of the most significant maritime "shortcuts" ever built. It reduced the journey from Asia to Europe by about 6,000 km by avoiding a detour around the Cape of Good Hope. This famous waterway is now one of the world's busiest shipping lanes.

Its importance can also be gauged from the fact on blockage of the Suez Canal many vessels were being rerouted around South Africa's Cape of Good Hope. However, this detour adds an extra 6,000 miles to the European shipping route and increases fuel costs by USD 300,000 per supertanker.

- ### How many ships go through the Suez Canal each day?

Although the canal's average daily traffic totals 40 to 50 ships, the maximum authorized number is 106 vessels a day. On Aug. 2, 2019, 81 ships went through the canal, breaking a record.

- ### Who owns the Suez Canal today?

The canal is now operated by the state-owned Suez Canal Authority and is a major money-earner for Egypt's government.

- ### How much does Egypt earn from the Suez Canal?

In 2020, the total revenue generated amounted to 5.61 billion USD and 18,829 ships passed through the canal.

- ### How much money did the Suez Canal lose in this crisis?

The authority that operates the Suez Canal has communicated that the crisis has cost the Egyptian government a huge amount in lost toll revenue as hundreds of ships waited to pass through the blocked waterway or took alternative routes.

- ### How was Ever Given refloated?

The Ever Given was stuck in the canal for six days, and the effort to get it moving again required more than a dozen tug boats and multiple dredgers. The dredging efforts had removed tones of sand and mud, which loosened the ship's bow, and after that the ship's stern was cleared from the sand bank.

What did the Suez Canal Authority do after the blockage of the canal was clear?

While the 1300-foot-long container ship has been freed from its grounding in the Suez Canal, it still remains in the canal. That is because Egyptian authorities say they want the ship's owners to pay a king's ransom to compensate for the week that the canal was shut down. The Suez Canal Authority (SCA) has arrested the Ever Given ship and is demanding USD 916 million in damages.

The money relates to lost income from transit fees, damage to the canal during the dredging and salvage efforts, and equipment and labour costs.

UK P&I Club said last week the SCA's claim included USD 300 million for a "salvage bonus" and USD 300 million for "loss of reputation."

Why was Ever Given arrested?

The containership was arrested on April 13, 2021 as the Suez Canal Authority (SCA) and the ship owners failed to reach an agreement on the compensation claim for the ship's grounding in the canal.

The SCA is seeking USD 916 million in damages for the costs incurred by the ship's blockage of the waterway.

How has Ever Given responded to the arrest?

Japanese shipping company Shoei Kisen Kaisha has filed an appeal before the Ismalia court in Egypt against the arrest of Ever Given and its cargo on 22nd April, 2021.

According to the UK P&I Club,

"The appeal against the arrest was made on several grounds, including the validity of the arrest obtained in respect of the cargo and the lack of supporting evidence for the SCA's very significant claim,". The UK P&I Club also said that the appeal was made as it 'has not been possible to resolve this matter without the continued involvement of the Egyptian courts.'

Meanwhile, the talks between the two sides on the compensation claim are continuing.

What is the impact of the Suez Canal crisis on the global supply-chain?

The Suez situation could compound issues for a supply

chain already under pressure from the pandemic and a surge in buying. Virus-related restrictions have already trapped crews on merchant ships.

Expenses and losses leading to potential insurance claims

- Salvaging expenses
- Hull damages and costs of inspection
- Losses of perishable items
- Cargo delivery after date of expiry
- Losses due to missed delivery deadlines
- Business compensation losses for mis-delivered or undelivered goods
- Canal damage
- Bunkering & expenses of provisions due to the arrest etc.
- Crew expenses for the period of arrest and vessel maintenance expenses etc.
- Higher container leasing expenses due to usage for a longer than the agreed duration
- Possible forwarding costs of cargo by another vessel including attendant unloading, storage and loading expenses
- Re-routing costs for the 6,000 mile longer journey around the Cape of Good Hope
- Additional fuel bills of USD 300,000 per supertanker that is re-routed
- Fluctuating crude oil prices due to the crisis-caused supply issues

What about third-party claims?

Experts have opined that there are many scenarios for third party liabilities that might arise from an incident such as this, for example, any damage caused to infrastructure or claims for obstruction.

These are typically covered by one of 13 mutual insurance groups globally (the protection and indemnity insurance clubs) which provide marine liability cover to ship owners for approximately 90% of the world's ocean-going tonnage. In case of Ever Given it is the UK P&I Club.

Liability claims may come from organizations such as the Suez Canal Authority for loss of revenues (and also potential damage to the canal), as well as from other vessels blocked in the area (business interruption/loss of hire, or claims for compensation of cargo delays).

❖ What are the anticipated cargo-related claims?

The cargo on the vessel is also insured separately. The initial reports indicate that there has not been significant physical damage to the cargo on board in this incident. The vessel seems to have maintained its power supply, so any refrigerated cargo is expected to still be in good condition.

However, there is the potential for cargo claims resulting from damage caused to perishable goods from delays. Delay in arrival of project cargo in transit would also culminate in Loss of Profit claims under the corresponding marine and engineering policies such as Delay in Start-Up Insurance (DSU) policies or Marine Loss of Profit (MLOP) policies.

❖ Declaration of General Average?

Ever Given's Japanese ship-owner Shoei Kisen declared 'general average' on 1st April, 2021.

General Average is a legal principle of maritime law. General Average is all loss which arises in consequence of extraordinary sacrifices made or expenses incurred for the preservation of the ship and cargo and other interests in the adventure such as freight and container within general average, and must be borne proportionately by all who are interested.

❖ What will the General Average process be like?

Richards Hogg Lindley have been appointed as General Average adjusters.

The General Average adjuster sources said that while the claim would be quite complex, given that the 20,000 teu (twenty foot equivalent units) Ever Given was carrying thousands of 20 and 40 foot containers with up to 20 cargo interests per container. It has also been surmised that it may take anything upto a decade to conclude.

❖ How much cargo was Ever Given carrying?

The Ever Given was carrying 18,300 containers when it was grounded in the Suez Canal. (20 foot and 40 foot containers)

❖ How will this impact the release of cargo on Ever Given?

Now that the vessel owner has declared General Average, the appointed General Average adjusters will assess each interest's value on board (termed contributory value) and apply a formula that determines the financial contribution of each interest. Cargo owners and other interests will then need to furnish a General Average Guarantee to release their interests.

Insurance can speed up the cargo release process by providing the General Average Guarantees to meet the insured cargo owner's contribution and facilitate release of the cargo while uninsured shippers need a Cash Deposit to obtain release of the uninsured cargo.

However, the process is complex it would also be time consuming.

❖ Will a separate Salvage Guarantee also be required?

Since the General Average procedure may be a very lengthy process it is possible that the salvors may require a separate Salvage Guarantee before allowing the goods to be released.

In such a situation, the insurers would also have to

provide a Salvage Guarantee before the goods and other interests are released and uninsured cargo-owners would have to provide a Cash Deposit.

❖ What is a Salvage Guarantee and why is it required?

The law of salvage is a principle of maritime law whereby any person who helps recover another person's ship or cargo in peril at sea is entitled to a reward commensurate with the value of the property salved, awarded by an Arbitrator appointed by Lloyd's. Procedures following major maritime casualties are set out in internationally recognized law and practices.

A salvage guarantee can be provided by cargo and hull insurers (like a General Average Guarantee). It represents an amount which, under the terms of a salvage agreement, must be paid by each owner of the salved property to the satisfaction of the salvage contractor or salvor. It is often arranged by an average adjuster (in tandem with general average security and is lodged with Lloyd's Salvage Department). Lloyds Open Form (LOF) remains the most commonly used form of salvage contract.

❖ What impact will the arrest have on General Average procedures and the release of cargo?

The Ever Given is a massive container ship. One possibility is that if, SCA were to give up some of its leverage and releases the cargo but not the vessel, the cargo insurers collectively can initiate a plan to discharge the Ever Given cargo at the nearest port, that is, Port Said.

As the enormity of the volume of cargo stowed aboard the Ever Given, will make the Port Said terminal insufficient, the discharging and trans loading of the cargo will have to be staggered. These expenses can be treated as General Average expenditure.

If the Ever Given cargo is transferred to another conveyance to complete the voyage the cargo interests have to execute a Non-Separation Agreement to the General Average Adjuster.

However, it is also possible that the goods are transferred to another vessel at the cost and expense of the consignor/consignee and a fresh voyage is undertaken to the destination. This will help save on some portion of general average expenses as the consignor/consignee will only be liable for general average expenses upto the discharge of the goods from Ever Given.

❖ What are the insurance details of Ever Given?

The Ever Given is said to be insured in the Japanese market for USD 137.7 million against hull and machinery damage. However, as of now Hull & Machinery damage of Ever Green appears uncertain. The cost of the salvage operation is being borne by the hull and machinery and P & I Club insurer. But now that GA has been declared the salvage expenses would have to be shared by the cargo interests too.

The UK P&I Club - is the Protection and Indemnity insurer for the Ever Given. The UK P&I Club is one of the oldest P & I Clubs in the world. It provides P&I insurance in respect of third party liabilities and expenses, arising from owning ships or operating ships as principals.

The UK P&I Club will be required to cover all third - party risks for damage caused to cargo during transit, risks of environmental damage and injuries.

So far, there have been no reports of pollution, injuries, or damage to the Ever Given's cargo.

❖ What are P & I Clubs?

A Protection and Indemnity Club or P&I club is a non-governmental, non-profitable mutual or cooperative association of ship owners, operators, charterers and seafarers under the member companies. It also provides compensation for any loss of life, environment and property.

A ship owner can face substantial monetary losses if his/her ship meets with an accident and there is damage to the environment, cargo or to the vessel. Also, there are risks to the lives of seafarers. Ship owners need to insure for all these third party claims. These claims could also be damage to the jetty, pollution from the ship or even the fines to the ship from authorities. P&I clubs provide insurance to the ship owners for all these claims. Thus P & I insurance is a significant aspect of sailing.

P & I Insurance is taken in addition to Hull and Machinery Insurance by vessels as they cover many risks which are not covered by Hull & Machinery Insurance.

❖ What is the Omnibus Rule under P & I Cover?

Experts have opined that it is likely that some liabilities arising out of the Suez Canal blockage may trigger the Omnibus Rule under P & I Cover.

The Omnibus Rule gives the club the discretion to cover risks that do not fall expressly within the expressly itemized cover but which, in the opinion of the club, are incidental to the operation of an insured ship and which fall broadly within the scope of club cover. It would also be pertinent to mention here that this is a discretionary power of the Board and the payments can be made based on the unanimous decision of the Board Members in this regard.

Some of the costs claimed by the SCA and/claims of other ship-owners may be paid under this Rule.

❖ Will Reinsurers be impacted due to claims triggered by this crisis?

The P & I claim now looks likely to exceed the USD 10 million retention layer held by the UK Club, with which the Ever Given was entered. In that eventuality, it will become a pool claim, with the payout up to USD 100 million shared between the 13 International Group affiliates according to a weighted formula. If the claim goes beyond this the burden will fall on the reinsurance markets, which take on the risk under what is the world's largest reinsurance contract.

Apart from the P & I claim, there could similarly be Hull & Machinery and cargo reinsurance claims if the claims in these areas exceed their reinsurance capacity. That would depend on the quantum of the claims, particularly if they are very large claims.

❖ What about cargo claims for delay?

Delays arose for the hundreds of ships that decided to wait for the canal to clear. The delays may have caused some of the cargoes on board the vessels to deteriorate and for delays after expiry date. As mentioned earlier, in case of project cargoes, delays may affect deadlines.

Unfortunately, there is no recourse in marine cargo insurance policies for losses due to delay, as most marine cargo insurance do not cover losses due to delays.

Cls 4.5 of the Institute Cargo Clauses excludes losses due to delay:

In no case shall this insurance cover................

4.5 loss damage or expense caused by delay, even though the delay be caused by a risk insured against

However there would be claims payable for delay under Loss of Profit policies such as LOP or DSU, wherever linked with project cargo, as also clarified earlier.

❖ Where is Ever Given now?

It is currently at anchor in the Great Bitter Lake, where it is undergoing a number of technical investigations into the interplay of factors which caused the ship to lodge itself against both banks of the canal.

There are suggestions that the strong winds which are encountered along the canal pushed against the sizeable height of the ship.

There are also suggestions of the pilot's contribution. In cases where the engagement of pilots are necessary (i.e. compulsory pilotage), the pilot acts as the agent of the ship, so any imputation of fault will reflect back on the ship owner. However the final findings are yet to emerge.

Conclusion

In a major development, the Suez Canal Authority has reduced the compensation amount sought for the Ever Given ship blockage. The compensation has now gone down to USD 600 million from USD 916 million which had been asked earlier. However, negotiations are still going on in this regard.

Though the Ever Given has been freed from its grounding, its owners and the owners of cargo on board the vessel are finding that they are still very much lodged in a quagmire of legal and insurance issues. Figuratively, for the Ever Given the transit through the canal is not yet over, in more than one sense.

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AN OVERVIEW OF OPERATING EXPENSE RATIOS OF INDIAN NON-LIFE INSURERS AND THE PRACTICES RELATING THERETO

ABSTRACT:

The success of a venture depends primarily on the soundness and viability of its business model. At times even sound and viable business models may fail, if they lack the efficiency in implementation of the model. There are several indicators of efficiency. Expense ratio is one of them and it forms an important element of pricing. Hence defines the organisation's competitive strength. Therefore expense ratio is always on the management's radar. Also in a regulated market it is one of the important issues, attracting the regulatory focus. This write up presents important different dimensions of the Operating Expenses of General Insurers in India. It is based on the Annual Reports for the year 2019-20 of 25 Indian Non-life insurers. The study excludes GIC Re, ECGC and Agricultural Insurance Corporation. Few insurers are not included, due to inaccessibility of their annual reports. A review of the overall and segmental ratios is attempted and the issues for the attention of the Insurer's board and for the attention of the regulator are listed.

Introduction:

Insurers incur expenses of different types. Broadly they can be grouped under the following heads.

- ❖ Expenses relating to Insurance Operations
- ❖ Expenses relating to Reinsurance Operations
- ❖ Expenses relating to Investment Operations.
- ❖ Other expenses, like expenses involved in raising capital etc.

Expenses relating to insurance and reinsurance operations can again be classified into two categories

- ❖ Acquisition cost (Commission and Brokerage)
- ❖ Operating Expenses

In the interests of policyholders, Insurance regulator IRDAI,

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has framed regulations putting restrictions on insurer's expenses under both the above heads. IRDAI prescribed reporting structure expects the companies to present the operating expenses classified by nature. For the purpose of transparency, insurers are also expected to report separately, major items of expenses. The major items being defined as items exceeding certain percentage of premium or a minimum absolute amount.

Table "A" summarises the expense ratios (expenses expressed as a percentage of premium) of 25 Indian insurers on a uniform basis (i.e on gross direct premium written). Traditionally there have been three methods of calculating the expense ratios.

a) Ratio as a percentage of "Gross Direct Premium",

b) Ratio as a percentage of "Gross Direct Premium plus Reinsurance Premium Accepted" and,

c) Ratio as a percentage of "Net Premium"

I believe, expenses as a percentage of net premium is important from the point of profitability, and the expenses as a percentage of gross premium / gross direct premium is a better measure of efficiency, and also from the point of policyholder's interest. Hence table "A" focuses on Expense Ratios based on Gross Direct Premium. It also provides segmental expense ratios (On same basis). However only broad three segments of fire, marine and miscellaneous are considered. Expenses in excess of regulatory limits wherever the information is disclosed are excluded while calculating the segmental ratios. It appears that few insurers stand duly exempted from complying with the regulatory limits. Segmental Expense ratios are important as they reflect the effect of accounting policy of apportionment. Annexure "A" provides extract of the accounting policies relating to operating expenses of all these insurers.

A proper understanding of the subject under consideration also needs an idea of other attributes of insurers' expenses. Some of these important attributes are summarised below.

1. Insurers expenses can also be classified as - Directly attributable to a particular business segment, Not directly attributable to any particular business segment and hence have to be apportioned amongst different segments on some justifiable basis.
2. Apart from classifying expenses by nature they can also be classified based on functions, like underwriting expenses and claims expenses, marketing expenses etc.
3. We can also look at these expenses depending on the behaviour of the expenditure - Fixed Expenses, Variable Expenses and Semi-variable Expenses.

Review of expense ratios and accounting policies relating there- To of Indian Insurers (year 2019-20):

Table below furnishes the overall and segmental expense ratios of 25 Indian Non-life Insurers pertaining to financial year 2019-20. The segmental ratios are restricted to three broad segments of fire, marine and miscellaneous class of business.

TABLE A

Segment wise (Three Segments only) Operating Expense Ratios of General Insurers in India : Annual Reports 2019-20

	Company	Gross Direct Premium Rupees in	Operating Expenses Rupees in	Expense ratio	Expense ratio Fire	Expense ratio Marine aneous	Expense ratio Miscell-	Remarks	Expenses charged to Shareholders
		Crs	Crs	%	%	%	%		
1	ACKO General Insurance Limited:	373.07	296.41	79.45	0	0	79.45		NIL
2	Aditya Birla Health Ins. Co. Ltd.	972.04	529.58	54.48	0	0	54.48		NIL
3	Bajaj Allianz General Ins. Co. Ltd.	12779.77	2364.97	18.51	19.73	17.93	17.99		Rs 44.67 Crs
4	Chola MS General Ins. Co. Ltd.	4398.30	1142.94	25.99	7.08	9.48	25.77		Rs 87.66 Crs
5	Edelweis General Ins. Co. Ltd.	146.36	87.64	59.88	45.56	2.10	60.83		NIL
6	Future Generali India Ins. Co. Ltd.	3417.49	1029.96	30.14	18.02	24.27	25.87		Rs 173.89
7	Go Digit General Insurance Limited	1767.86	681.44	38.55	29.14	1.08	38.82		NIL

8	HDFC Ergo General Ins. Co. Ltd.	9629.59	1480.97	15.38	16.39	15.92	15.25	NIL
9	ICICI Lombard General Ins. Co. Ltd.	13312.84	2368.18	17.79	5.71	8.91	19.16	Rs 75.08 Crs
10	IFFCO Tokio General Ins. Co. Ltd.	7961.04	744.24	9.35	2.23	6.99	9.93	NIL
11	KOTAK MAHINDRA General Ins. Co. Ltd.	433.39	136.59	31.52	23.64		32.21	NIL
12	Liberty General Insurance Limited	1531.37	576.54	37.65	14.03	24.38	31.26	Rs 113.15 Crs
13	Magma HDI General Ins. Co. Ltd.	1224.77	358.68	29.29	49.50	30.77	27.13	Rs 8.14 Crs
14	National Ins. Co. Ltd.	15312.88	5649.65	36.89	31.87	19.55	28.57	Rs 1261.64 Crs
15	Navi General Insurance Limited	157.99	117.95	74.66	67.34		75.97	NIL
16	The New India Assurance Co. Ltd.	29715.06	3827.23	12.88	11.09	8.64	13.29	NIL
17	Oriental Ins. Co. Ltd.	13996.01	3442.53	24.60	19.89	8.91	23.32	Rs 282.63 Crs
18	Raheja QBE General Ins. Co. Ltd.	158.12	94.81	59.96	21.92	100.00	32.59	Rs 43.66 Cs
19	Reliance General Ins. Co. Ltd.	7465.04	1259.79	16.88	9.31	2.99	17.91	NIL
20	Royal Sundaram General Ins. Co. Ltd.	3666.96	462.31	12.61	7.51	11.42	12.96	NIL
21	Shriram General Ins. Co. Ltd.	2466.18	473.2	19.19	14.15	11.64	19.26	NIL
								Rs 204.21 Crs Inhouse Claim Processing Cost excluded from operating expenses
22	Star Health and Allied Ins. Co. Ltd.	6865.14	1101.32	16.04			16.04	NIL
23	Tata AIG General Ins. Co. Ltd.	7384.53	1547.97	20.96	21.85	10.03	21.38	NIL
24	United India Ins. Co. Ltd.	17515.09	3488.51	19.92	21.36	16.62	19.49	Rs 55.33 Crs
25	Universal Sompo General Ins. Co. Ltd.	2859.05	285.77	10.00	5.17	2.62	10.42	NIL
	Total	**165509.94**	**33549.18**	**20.27**				

Overall Expense Ratio

The expense ratios of Indian Insurers range from 9.35% to 79.45%. Industry average hovers around 20%. Examining the ratios only of established players the range is still huge 9.35% to 36.89%. Even amongst the established public sector units the range is 12.88% to 36.89%. Effective expense ratio appears to be a function of business volume. But it also appears that the business model, profile of the portfolio, age of the insurer and specialisation do have a role in determining the size and shape of the expense ratio, because a company with a business volume 1/3 rd of the business volume of another company has an expense ratio 27% lesser than that of the latter.

Yet, once a minimum volume of business is reached, the expenses should be in sync with the industry average. Volume should compensate for variation produced from other factors. Definitely the expense ratios of some of the insurers put a question mark on the competitiveness and survivability of those insurers. Putting a cap on the expenses to be passed on to the policyholders is not a solution for adverse effect of such high expense ratio on sustained financial soundness and viability of the business entity. Apart from being a concern of management, it is also a matter of concern for regulator as the viability of the insurer is at stake.

Segmental Expense Ratios

Segmental expense ratios present an equally interesting and diverse picture. Inter segment range of operating expense ratio amongst established players is 2.23% for fire segment to more than 28.57% for Miscellaneous segment. The intra-segment ranges amongst the same players are as follows. - Fire 2.23% to 31.87% - Marine 6.99% to 24.27% and - Miscellaneous 9.93% to 28.57%.

Apparently the segmental ratios are used for determining segmental performance do not affect the overall financial status of the entity. But in the long-run in view of its role in pricing the financial health of an entity might be at risk of being weakened. Therefore objective examination of segmental expense ratios is equally important.

Divergence in the overall expense ratios and the segmental expense ratios is the result of accounting policy on allocation and apportionment of operating expenses across the segments. These accounting policies are furnished in Annexure "B". The regulator has left it to the discretion and judgment of the Board to decide the basis of allocation and apportionment. Each company has to have a board approved policy in this regard and the policy has to be reviewed every year. Important points that emerge from these accounting policies are summarised below.

1. Companies follow different basis for apportionment of expenses (Not directly attributable to any specific business segment) amongst various business segments.

Broadly the basis are as follows

A. 13 Companies apportion expenses on the basis of Net Written Premium. (some exclude Pool retrocession in net premium and some exclude XOL - It is quite possible that few other insurers might be following the practice of such exclusions, but are not explicit in their accounting policies).

B. 6 companies apportion expenses on the basis of Gross Written Premium. (Some consider gross direct plus accepted as a basis and assign different weightage for different classes of business).

C. 6 companies apportion expenses on other basis like Organisational Structure, Most suitable driver (Gross premium, Net premium, Number of policies). / Most suitable lever/Most suitable logical available lever, Efforts taken by different departments, nature of expenses and their logical correlation to the business segment.

E. Few of the above companies apportion the expenses in a multi stage/level allocation and apportionment.

F. One company excludes (permitted by IRDAI) a certain percentage of expenses representing In house claims processing costs, by adding it to claims cost.

G. One company excludes ceratin expenses from the process of apportionment for business emanating from government sponsored schemes.,

Therefore segmental expense ratios loose comparability. The following example brings out the correct picture.

Had one of the company followed another method of apportionment its expenses ratios would have been as follows.

Expenses apportioned Current Method Rs in Crs	88.57	43.18	2161.35
Expense Ratio	5.71	8.91	19.16
Expenses Apportioned on the basis of Net Premium Rs in Crs	91.60	63.24	2213.35
Expense Ratio	5.91	13.05	19.63
Expenses Apportioned on the basis of Gross Direct Premium Rs in Crs	275.76	86.20	2006.22
Expense Ratio	17.79	17.79	17.79

This example highlights a need to relook into the method of apportionment followed by the companies to ensure that the method is not followed blindly, but represents true ground realities of the segmental expenses.

2. Some companies are silent about the expenses directly attributable to particular segment. Does it indicate that even those expenses are apportioned like the ones not directly attributable to any particular segment ? Company's should make their policy clear.

Conclusions

Diverse picture presented in Table "A" and Annexure "A" makes it difficult to arrive at any definite conclusions. The Industry average of expense ratio seems to hover around 20%. Different business models, portfolio composition and different accounting policies followed by the companies makes the intercompany comparison difficult / meaningless. But need for reviewing the basis to make it appropriate is apparent. Equally obvious is the need for standardistion to be achieved over the years and also the need for clarity in the accounting policy relating to the accounting and reporting of operating expenses of insurers.

Thus at every annual review the following issues confront the board of each company.

1. The reasonability of expense ratio and sustainability.
2. The basis of apportionment whether in sync with ground realities
3. Stating the accounting policy with sufficient clarity for the benefit of stakeholders.

In addition the regulator has to grapple with scope if any for standardisation in accounting and reporting of the operating expenses.

Annexure A

Accounting Policy on operating expenses, their allocation and apportionment amongst different business segments Annual Reports 2019-20

1. ACKO General Insurance Limited:

Operating expenses are apportioned to respective revenue accounts on the basis of net premium in each class of business at the end of the year.

2. Aditya Birla Health Insurance Company Limited

Operating Expenses relating to insurance business are allocated on the following basis

a) Acquisition Cost shall be directly allocated to the respective business segment.

b) Expenses, which are directly attributable and identifiable to the business segments, are apportioned on an actual basis.

c) Expenses, which are not directly identifiable though attributable to a class of business segments collectively, are apportioned amongst the respective segments on a gross written premium basis.

3. Bajaj Allianz General Insurance Company Limited

As required by IRDAI (Expenses of Management of Insurers Transacting General or Health Insurance Business) Regulations, 2016, the Company has a Board approved policy for allocation and apportionment of expenses of management amongst various business segments. The expenses of management are segregated between those which can be directly attributed to a particular business segment and those which can not be so attributed. Operating expenses which are directly attributable to a particular business segment and identifiable as such are allocated directly to that segment. Operating expenses which are not directly identifiable to any business segment, but which are attached to a specific functions are apportioned based on the most suitable driver of apportionment (including gross written premium, netwritten premium, number of policies, etc.) for respective functions. Operating expenses which are not attached to specific functions are apportioned based on the most suitable driver ((including gross written premium, netwritten premium, number of policies, etc.) of apportionment at Company level.

4. Chola MS General Insurance Company Limited

Operating expenses relating to insurance business are allocated to specific business segments on actual basis where such expenses are directly identifiable with a specific business segment. Other expenses are apportioned on the basis of net written premium in each business segment.

5. Edelweis General Insurance Company Limited

Expenses which are directly attributable and identifiable to the business segments shall be allocated to the respective business segments.

Expenses which are not directly attributable and identifiable to the business segments, shall be apportioned on the basis of net written premium of the respective business segments.

6. Future Generali India Insurance Company Limited

Operating expenses related to insurance business are allocated to specific business segments on the basis of :

a) Expenses which are directly attributable to the business segments are allocated on actual basis.

b) Other expenses, including depreciation, which are not directly identifiable, are apportioned on net written premium basis in each business class.

7. Go Digit General Insurance Limited

Expenses which are directly attributable and identifiable to business segments are allocated to the respective business segments.

Expenses (net of coinsurance administration charges / recoveries) which are not directly attributable and identifiable to business segments, are apportioned on the basis of net premium of respective business segments.

8. HDFC Ergo General Insurance Company Limited

Expenses which are directly attributable and identifiable to business segments shall be allocated to the respective business segments.

Expenses, which are not directly attributable and identifiable to business segments, shall be apportioned on the basis of Gross Written Premium of respective business segments.

9. ICICI Lombard General Insurance Company Limited

Allocation / Apportionment of Operating Expenses is based on the Organisational Structure of the Company comprising of Business, Service and Support groups. Business comprises of Wholesale Business Group, Retail Business Group (including Sub-Groups) and Government Business Group. Expenses incurred by Business Group are direct in nature. Service Group comprises of Customer Service Group which consist of Underwriting and Claims Group, created based on product segments. Support Group consists of Investments, Operations, Legal, Finance and Accounts, Reinsurance, Technology, etc. Expenses incurred by Service and Support Groups are indirect in nature.

Operating expenses relating to insurance business are allocated to specific classes of business on the following basis.

a) Direct expenses pertaining to Business Group that are directly identifiable to a product segment are allocated on actuals and other direct expenses are apportioned in proportion to the net written premium of the product within the Business Group. However, in case of Retail Business Group, the other expenses of its Sub Group are apportioned based on net written premium contributed by respective sub group.

b) Expenses pertaining to Service Group are apportioned directly to the product to which it pertains. In case of multiple products, expenses are apportioned in proportion to the net written premium of the multiple products.

c) Expenses pertaining to Support Group and any other expenses, which are not directly allocable, are apportioned on the basis of net written premium in each business class.

In accordance with IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016, operating expenses in excess of segmental limits of Rs 744013 thousand in Health - Retail segment, and Rs 6760 thousand in Health Government segment (previous year Rs 241920 thousand in Miscellaneous-Retail Segment) are reduced proportionately from each expenditure head and are borne by the shareholders.

10. IFFCO Tokio General Insurance Company Limited

Operating expenses other than policy stamps are apportioned to respective revenue accounts on the basis of net premium in each class of business at the end of the financial year. Expenses relating to policy stamps are directly taken to the respective revenue accounts.

11. KOTAK MAHINDRA General Insurance Company Limited

The Company has Board approved policy on allocation and apportionment of expenses of management as per notification of IRDAI dated April 27, 2016. The policy covers basis of allocation, expenses which shall be allocated, basis of apportionment and the expenses which shall be apportioned. Expenses of Management related to insurance business to various segments are allocated on the following basis:

a) Expenses which are directly identifiable are directly allocated to respective business segments on actuals.

b) Expenses which are not directly identifiable, are apportioned to business segments on the basis of net written premium (before XOL)

12. Liberty General Insurance Limited

Operating expenses related to insurance business are allocated to specific business segments on the basis of

a) Expenses which are directly identifiable to the business segments are allocated on actual basis.

b) Other operating expenses are apportioned between revenue accounts on the basis of Net Written Premium excluding pool retrocession.

Expenses in excess of limits prescribed under IRDAI Expenses of Management Regulations, 2016 are charged to Profit and Loss account.

13. Magma HDI General Insurance Company Limited

Operating expenses relating to insurance business are allocated to specific classes of business on the following basis:

a) Expenses, which are attributable and identifiable to the business segments, are directly charged to the business segments.

b) Other operating expenses, that are not identifiable to a segment, are allocated on the basis of ratio of gross written premium in such business class.

In accordance with IRDAI (Expenses of Management of Insurers transacting General and Health Insurance Business) Regulations, 2016, operating expenses in excess of segmental limits are to be borne by the shareholders.

14. National Insurance Company Limited

Allowable expenses of management is computed and allocated to revenue accounts on the basis of IRDAI (Expenses of Management of Insurers transacting General and Health Insurance Business) Regulations, 2016.

15. Navi General Insurance Limited

The Company has Board approved policy for allocation and apportionment of expenses of management amongst various business segments as required by IRDAI (Expenses of Management of Insurers transacting General and Health Insurance Business) Regulations ,2016. The expenses are segregated between those which can be directly attributed to a particular business segments and those which need to be apportioned between different segments.

a) Operating expenses which are directly attributable to a particular business segment are allocated directly to that segment.

b) Operating expenses which are not directly identifiable to any business segment, but which are attached to specific functions are apportioned based on the most suitable lever of apportionment for respective functions. Operating expenses which are not attached to specific functions are apportioned based on the most logical available lever of apportionment as laid down in the policy.

16. The New India Assurance Company Limited

Expenses of management including provision for bad and doubtful debts and exchange gain / loss, are apportioned in the revenue accounts on the basis of net premium.

17. Oriental Insurance Company Limited

Expenses of Management other than policy stamps are apportioned to Revenue Accounts on the basis of the gross direct premium in India plus reinsurance premium accepted India giving weightage of 100% each for Fire and Miscellaneous business and 75% for Marine business. Expenses relating to policy stamps, agency commission, MSP distribution fee and brokerage are directly allocated to respective Revenue Accounts. The allocation of expenses to Revenue Accounts and Profit and Loss Account is done as per IRDAI Regulations dated 24.04.2016.

18. Raheja QBE General Insurance Company Limited

Operating expenses related to the Insurance Business are allocated to specific business segments on the following basis:

a) Expenses that are directly attributable to a specific segment will be allocated on actual.

b) Other expenses, that are not directly attributable, will be apportioned on the basis of net premium of each segment.

Expenses in excess of permissible limit under Expenses of Management Regulations are apportioned on the basis of expenses under respective business segments arrived after allocation and apportionment as per points a) and b) above.

19. Reliance General Insurance Company Limited

The Company has Board approved policy for allocation and apportionment of expenses of management amongst various business segments as required by IRDAI (Expenses of Management of Insurers transacting General and Health Insurance Business) Regulations, 2016.

Accordingly, operating expenses relating to insurance business are allocated to specific classes of business on the following basis:

i) Expenses, which are attributable and identifiable to the business segments, are directly charged to the relevant business segment. This is determined by the management, based on the nature of expenses and their relationship with various business segments, wherever possible.

ii) Employee's remuneration and welfare expenses relating to underwriting and claims function, which are attributable and identified at health, motor and commercial lines of business, are directly charged to the respective lines of business and the same will further be allocated based on Net Written Premium of respective class of business.

iii) Other expenses, that are not identifiable at the segments, are allocated on the basis of Net Written Premium in each business class, except advertising and publicity expenses, which are not allocated, where business is sourced through tender bidding towards government sponsored schemes for Health Crop and Weather.

Further if operating expenses are within allowable limit at over all level, but is in excess of segmental limits, such excess of segmental limits will be reduced proportionately from each expenditure head and are borne by the shareholders.

20. Royal Sundaram General Insurance Company Limited

Operating Expenses relating to insurance business are assigned to respective business segments as follows.

i) Expenses directly identifiable to the business segments are allocated on actual basis.

ii) Other expenses, which are not directly identifiable, are apportioned on the basis of Net Written Premium - Direct in each business segment during the year.

21. Shriram General Insurance Company Limited

The Company has board approved policy for allocation and apportionment of expenses of management amongst various business segments as per requirement of IRDAI (Expenses of Management of Insurers transacting General and Health Insurance Business) Regulations, 2016. Operating Expenses relating to insurance business are allocated to specific business segments on the following basis:-

a) Expenses which are directly identifiable to the business segments are allocated on actual.

b) Other expenses which are not directly identifiable are apportioned as per Board approved policy based on nature of expenses and their logical correlation with various business segments wherever possible.

22. Star Health and Allied Insurance Company Limited

The Company has allocated expenses of management as per the policy approved by the Board of Directors.

Expenses such as Commission payable to Agents, Brokerage, etc. which are based on premium procurement for different segments are directly allocated to each segment on actual incurred basis. Other Administrative expenses net of transfer to claims cost and incentive payable to field staff which can not be directly attributed and allocated to any segment are apportioned on the basis of Gross Premium written for each segment.

During the year the Company has transferred from Operating Expenses to Claims cost an amount of Rs 2042053 thousands (PY Rs 1602231 thousands) being 3% of gross premium (Excluding coinsurance inward) pertaining to Health and PA segment towards Inhouse Claim processing expenditure based on Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers' transacting General and Health Insurance Business) Regulations, 2016.

23. Tata AIG General Insurance Company Limited

The Company has Board approved policy for allocation and apportionment of expenses of management amongst various business segments as required by IRDAI (Expenses of Management of Insurers transacting General and Health Insurance Business) Regulations, 2016.

Expenses which are directly identifiable to the business segments are apportioned on an actual basis.

Indirect Operating Expenses are allocated on the following basis.

i) For expenses relating to channels of distribution - in the ratio of Gross Premium Written sourced by that channel.

ii) For all other expenses; The cost is apportioned across the various segments based on efforts taken by each function /department to perform their operations.

24. United India Insurance Company Limited

Expenses of Management are apportioned to the Revenue Accounts on the basis of gross direct premium plus reinsurance accepted, giving weightage of 75% for Marine and 100% for Fire and Miscellaneous business. Expenses relating to policy stamp and reinsurance are directly taken to respective Revenue Accounts. Expenses relating to investment such as safe custody, collection of interest, dividend, bank charges, etc. are apportioned between Revenue and Profit and Loss Accounts based on policyholders' and shareholders' funds as on the Balance Sheet date.

25. Universal Sompo General Insurance Company Limited

Pursuant to IRDAI (Expenses of Management of Insurers transacting General and Health Insurance Business) Regulations, 2016, The Company has followed the Board approved policy for allocating the operating expenses relating to insurance business to specific classes of business on the following basis:

Expenses that are directly identifiable to a business class are allocated to such class on an actual basis;

Other expenses, that are not directly attributable to a business class, are broadly allocated on net written premium in each such business class; and

Depreciation expenditure has been allocated on the assessment that the use of assets is proportionate to net premium of the respective segments.

Above expenses have been fully recognised in the revenue accounts as expense to the extent allowable under the IRDAI (Expenses of Management of Insurers transacting General and Health Insurance Business) Regulations, 2016, and the excess amounts have been charged to shareholders funds. ❑

Advertorial

Activities at Insurance Business Management Programme (IBM) of Birla Institute of Management Technology (BIMTECH)

Participation of Chairperson and Dean, PGDM (IBM) in an International Webinar

A distinguished panel of insurance and personal finance leaders from across the world gathered to participate in an International Webinar titled 'Supporting the Commonwealth's development priorities: An ambitious manifesto from the insurance profession' on Wednesday, 23 June 2021. The webinar was organized by the Commonwealth Enterprise and Investment Council (CWEIC) in partnership with the Chartered Insurance Institute (CII) and the Commonwealth Insurance Forum (CIF).

Prof (Dr) Abhijit Chattoraj, Dean (SWSS), Professor & Chairperson - Insurance Business Management Program, BIMTECH who opened the discussionwas introduced by Sian Fisher, Chief Executive, Chartered Insurance Institute. We capture here the reflections and remarks of the panelists.

Prof (Dr) Abhijit Chattoraj reminded the audience of the history of the BIMTECH's Insurance business management programme running for the past 20 years and had shaped the careers of students. According to him, the emerging trends in insurance were changes in customers' behaviour, especially that of millennial customers and increasing use of technology in insurance. InsureTech was redefining and transforming the way insurance was being distributed today. Insurance professionals needed to be wedded with technology. Theyought to be aware and use technologies like the internet of things, cognitivecomputing, Blockchain etc.to benefit insurers and end-users. Besides having domain expertise, they needed to have the highest standard of ethical behaviour and empathy. Coming to the question of the role of the insurance industry in India during the pandemic.Dr. Chattoraj said the Indian insurance industry sector showed growth in life insurance, general insurance and health insurance. The human face of the industry came to the fore during the time of the pandemic. There was a realization during the pandemic that insurance can provide financial support to people. He gave an example of insurers reimbursing expenses of home quarantine through health insurance which was excluded. The Indianinsurance regulator was instrumental in the launch of corona specific products.

EnitanSolarin, Managing Director, YOA Insurance Brokers, gave a perspective of the Nigerian insurance market and commented on the rising expectations of Nigerian customers demanding better service standards from insurers.

Gerald Lim, President, Singapore Insurance Brokers Association, gave an overview of Singapore's life and health insurance market. He spoke about government-initiated life insurance scheme that compulsorily covered its citizens. In addition, there were sandbox regulations in place in Singapore to bring innovative productsin Singapore.

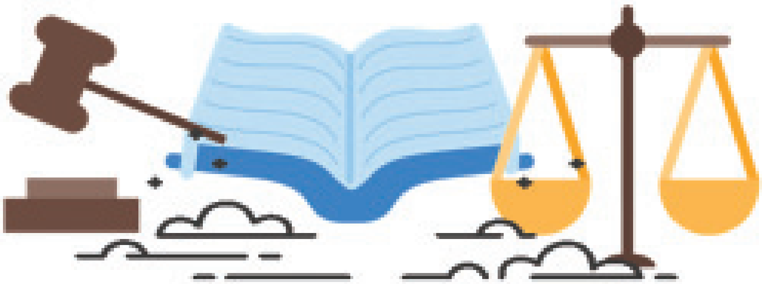
Ekhosuehi Iyahen, Secretary-General, Insurance Development Forum, spoke about the climate change affecting countries and the need for protection through insurance. She gave the example of Dominica, a country in the Caribbean where hurricanes brought down the GDP of the country by 200 percent every five years. Coverage of natural catastrophes induced by climatic change was an opportunity for insurers to understand such risks and offer protection to large populations.

Richard Leftley, CEO, MicroEnsure, reflected on the need for ensuring accessibility of insurance products to the low and middle-income population groups. He shared his learnings from his micro insurance marketingexperience that were: selling insurance products that were extremely simple to understand, ensuring ease of buying insurance for customers,and selling insurance through partners whom people trusted.

John Neal, CEO, Lloyd's, gave his thoughts on the future of insurance for the next ten years while following principles of sustainable insurance. According to him, the economic impact of the pandemic was grave with record borrowings by people in the developed world. This had led to high inflation even in countries like United States. Inflation would impact interest ratesin the near future. The full effects of the economic impact of the pandemic would been known only in the future. He felt there was a need to simplify insurance products, bring innovative products and build public-private partnerships to get these innovative products to customers.

The webinar concluded with Sian Fisher, Chief Executive, Chartered Insurance Institute, thanking all panelists for their participation and discussion.

Continued in page 48



LEGAL

Ludhiana: Live-in couple killed child for insurance money

A day after a woman and her live-in partner were arrested for killing her nine-year-old daughter, police said the duo committed the murder for insurance money. They tried to make it look like a natural death to get Rs 2.50 lakh claim to repay a loan they took for a plot, but their employer called the police.

Victim 's mother Pinki, 27, and her live-in partner Narinderpal Singh, 31, were produced before a court that remanded them in three days' police custody. Humbran police post in-charge ASI said, "In 2010, Pinki, who hails from , had got married in Moga. She gave birth to Bharti in 2012. Due to her strained relations with her husband, she left his house when Bharti was eight months old and came to Ludhiana. She started working at a cattle feed factory in Humbran and also got accommodation on its premises. There, she met Narinderpal, the factory owner's driver. Since 2014, they have been living together and also have a six years old son."

As Narinderpal did not like Bharti, Pinki tried convincing her relatives, including her brother, to adopt her, but nobody agreed. The couple had also sent Bharti to a house to work as a domestic help, but they sent her back after some time, he added.

"In the wee hours of June 20, Narinderpal came back home after his night duty in the factory. Around 2.30am, Pinki gagged Bharti with a dupatta while she was sleeping and Narinderpal strangled her to death. He then went back to duty. When he returned home in the morning, the two took Bharti to a private hospital, where doctors declared her dead," he said.

The couple told everyone that Bharti had suffered a heart attack. When they were planning to cremate the body, the factory owner called the police. The police sent the body for autopsy and the report confirmed she was murdered by strangulation.

"During interrogation, the accused revealed that they had bought an insurance policy for Bharti in 2018. In 2019, they had bought a plot for Rs 3 lakh on installments. They had already paid Rs 1.49 lakh to a bank, but were facing problems to repay the remaining installments. Therefore, they made a plan to murder Bharti to get Rs 2.50 lakh insurance money. They decided to repay the loan with the amount and keep the rest of the money with them," she added.

Pinki and Narinderpal have been charged with murder.

Wife not entitled to insurance money if not contributed by deceased husband: Madras High Court

The wife will not be entitled to any legal share in the insured money, if her deceased husband did not contribute any premium, the Madras High Court has ruled. Justice S Vaidyanathan gave the ruling while passing interim orders on a petition from G Asha, wife of Ganesh Raja of Veppampattu in Tiruvallur district, recently. The judge said he wants to know as to who had paid the premium in its entirety till the demise of Ganesh Raja, either her father-in-law or her deceased husband himself.

Till time the fact as to who had paid the premium to the insurance company and whether any single pie had been contributed by the deceased or not, is known, this court cannot decide the issue relating to the entitlement of the petitioner to claim a share in the maturity amount, the judge said. In case the deceased husband had not made any contribution towards premium, there is no justification on the wife's part to seek her share, he said.

"It is no doubt true that wife, mother and children are class-I heirs of a male deceased and not the father. But the heirship will not be taken into account for this type of contingency, in case the entire contribution is not made by the deceased and the same has been paid only by the father of the deceased." "In such circumstances, it is for the father of the deceased to decide to give the money in its entirety or in proportionate to any person, including class-I heirs," the judge added.

It is needless to state here that if a deceased has already declared the nominee and if that person falls under the categoryof class-I heir other than father, then there may not be any problem in disbursement of the maturity amount. In the present case, in case the woman's father-in-law is able to establish that only he paid the entire premium by way of NEFT/RTGS /Transfer, other than remittance by cash in the name of his son, then there is no justification on the part of the petitioner to seek for her share in the amount and she has no case at all, the judge said. He then directed the LIC to circulate this order to all its branches situated in Tamil Nadu and collect details of similar cases and produce them before the court on June 28, the next date of hearing by way of counter.

How nominees can easily process Death Claim Settlement

Death Claim settlement is one of the most important responsibilities that an insurance company has to fulfil towards its policyholders and claimants. This service has assumed greater importance in the wake of COVID-19 for all life insurance companies. Life insurance companies have an obligation to decide and settle claims promptly.

While insurance companies offer various options to the claimants of bereaved life assured to file a death claim, especially in times like these, where mobility itself is a significant constraint and risk, insurance companies offer various digital options for easy claim intimation by the claimant. Generally, life insurance company websites offer the provision to file the death intimations digitally and also have the death claim intimation form which if required by the claimant can be printed and completed and couriered to the insurance company.

It may also be noted that life insurance falls under 'essential services' and most of the life insurance companies have their branch offices open (based on local conditions) to provide all kinds of policyholder service, including claim registration by claimants. ❑

IRDAI Circular

Order in the matter of Grand Insurance TPA (P) Limited

IRDAI/HLT/MISC/ORD/171/06/2021

Date:25-06-2021

Based on the

Show Cause Notice (hereinafter referred to as "SCN") (Reference No. IRDA/HLT/TPA-Grand TPA/010/Vol-II dated 16th March, 2021) issued in connection with Non Submission of Annual Returns for the Financial Year 2019-20.

1. Background:
   Grand Insurance TPA Private Limited (hereafter referred as Grand TPA), has not submitted Annual Returns for the financial year 2019-20 within the timelines specified in IRDAI (Third Party Administrators-Health Services) Regulations 2016 thereby violating the provisions of Regulation 19 (9) of IRDAI (Third Party Administrators) Regulations, 2016 thereby attracting the provisions of Regulations 16 (1) (f), 16 (1) (g), Clause (2) (r) of Schedule – II read with Regulation 23 of IRDAI (Third Party Administrators – Health Services) Regulations, 2016. IRDAI has made following efforts to obtain the Annual Returns:
   a. Reminder e-mails sent on 01.04.2020, 16.06.2020, 10.07.2020, 27.07.2020, 30.07.2020, 18.08.2020, 06.11.2020 and 12.11.2020
   b. Letter dated 7th January 2021 sent by speed post calling for an explanation from Grand TPA which was returned undelivered on 22nd January 2021
   c. Telephonic call made on 17.02.2021 when the MD of Grand TPA requested for the letter to be sent again to the same address.
   d. Show Cause notice dated 16.03.2021, which was returned undelivered on 30.03.2021. However, a copy was sent by e-mail on 16.03.2021.
   e. The final notice was sent vide letter dated 13th May, 2021asking why their Certificate of Registration bearing No 029 shall not be cancelled for the referred violation, which was returned undelivered on 10.06.2021. However, a copy of the same was sent by e-mail on 13.05.2021.
2. The Authority has completely provided reasonable/ sufficient opportunities to Grand TPA for filing Annual Returns or for submitting reasons for its failure to submit Annual Returns for the Financial Year 2019-20. However after repeated attempts, the TPA has not responded. It may be noted that, the Certificate of Registration of the TPA was valid up to 15.05.2021 and stands expired as on date. The TPA did not file application for renewal to the Authority as per TPA regulations.

Decision

3. In the light of the violations of Regulation 19(9) of TPA Regulations, the Authority after careful consideration of the seriousness of violations observed and in exercise of the powers vested under Regulation 16(1) of IRDAI (TPA-Health Services) Regulations, 2016, hereby revokes the certificate of registration No. 029 granted to Grand TPA with immediate effect.
4. As the Certificate of Registration of Grand TPA stands revoked with immediate effect, Grand TPA shall no more function as Insurance TPA.
5. However, it may continue servicing the existing health insurance policies (if any) based onthe discretion and direction of the respective insurers for a period not exceedingthree months from the date of this order. Insurers having SLA with TPA shall not entrust any servicing of new policies or servicing of new lives under the existing group schemes/policies to Grand TPA.
6. All Insurers and Grand TPA shall comply with following directions wherever applicable, in view of revocation of Certificate of Registration No. 029 of Grand TPA.
   i. All insurers who are having SL agreement, if any, with Grand TPA rendering the services referred in Regulation (3) (1) (a) and Regulation (3) (1)(b) of IRDAI(TPA-Health Services) Regulations, 2016, shall

immediately take such steps including appointment of another TPA, if any, as may be necessary to continue to cater to the policy holders served by Grand TPA.

ii. Grand TPA shall cooperate with insurance companies in making suitable alternate arrangements to service the policy holders in respect of whom the policies are in force.

iii. Grand TPA shall, reconcile and close the accounts with concerned insurance companies and network providers, if any.

iv. Grand TPA shall submit the data collected and the books, records or documents etc., relating to the TPA business carried on by it to respective insurers

v. Grand TPA and all the insurers shall comply with the applicable provisions of Regulation 18 of IRDAI (TPA - Health Services) Regulations,2016.

vi. Grand TPA is advised to remove the word "Insurance TPA" from the name of its Company and that they shall not function as TPA.

vii. All the insurance companies that have engaged the services of Grand TPA shall submit an action taken report to General Manager (Health), IRDAI, Hyderabad in respect of the above directions within three months from the date of this order.

If the TPA feels aggrieved by the decision of this order, an appeal may be preferred to the Securities Appellate Tribunal as per Section 110 of the Insurance Act, 1938.

MEMBER (Non-Life)

Guidelines on Standard Professional Indemnity Policy for Insurance Brokers/ Corporate Agent/ Web Aggregators/ IMF

IRDAI/ INT/ GDL/ 146/ 05/ 2021

24th May, 2021

1. Preliminary

The insurance intermediaries engaged in solicitation and distribution of insurance products, viz., Insurance Brokers, Corporate Agents, Insurance Web Aggregators, Insurance Marketing Firms are required to take Professional Indemnity Insurance Policies in order to get themselves indemnified from the claims lodged against them, arising out of the contingencies mentioned in the regulations governing them. There have been numerous instances where the policy taken by the intermediary do not comply with the Regulatory provisions.

2. Objective

The objective of these guidelines is to specify the professional indemnity policy that meets the regulatory requirements.

3. General

These Guidelines for Professional Indemnity Policy for Insurance Brokers, Corporate Agents, Insurance Web Aggregators and Insurance Marketing Firms are issued in exercise of the powers conferred upon the Authority under clause (i) of sub section (2) of Section 14 of IRDA Act, 1999.

4. Guidelines on Standard Professional Indemnity Policy for Insurance brokers/ Corporate Agents/ Web Aggregators/ IMF

a. The standard professional indemnity policy shall have the mandatory covers as specified in these Guidelines which shall be uniform across the market.

b. The standard professional indemnity policy shall comply with all extant provisions as per guidelines Ref. IRDAI/NUGDLIF&U/030/02/2016 dated 18th February, 2016 as amended from time to time.

c. Every General insurer, who has been issued a Certificate of Registration to transact General Insurance Business, shall endeavour to offer this Standard Professional Indemnity for insurance brokers, corporate agents, web aggregators and insurance marketing firms.

(S. N . Rajeswari)
Member (Distn)

Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021

19th May, 2021

G.S.R. 337(E).—Whereas, certain draft rules, namely, the Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021, were published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i), dated 15th April, 2021 under the notification of the Government of India in the Ministry of Finance (Department of Financial Services) number G.S.R. 266 (E), dated the 13th April, 2021, inviting suggestions from persons likely to be affected thereby within a period of fifteen days from the date on which they are published; And whereas suggestions received on the said draft rules were considered by the Central Government.

Now, therefore, in exercise of the powers conferred by clause (aaa) of sub-section (2) of section 114 of the Insurance Act, 1938, read with sub-clause (b) of clause (7A) of section 2 of the said Act, the Central Government hereby makes the following rules further to amend the Indian Insurance Companies (Foreign Investment) Rules, 2015, namely:—

1. (1) These rules may be called the Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021.

   (2) They shall come into force from the date of their publication in the Official Gazette.

2. In the Indian Insurance Companies (Foreign Investment) Rules, 2015 (hereinafter referred to as the principal rules),—

   (i) rule 2 shall be numbered as sub-rule (1) thereof, and in sub-rule (1) as so numbered,—

   (I) clauses (c), (e), (k) and (l) shall be omitted;

   (II) for clause (o), the following clause shall be substituted, namely:—

   '(o) "Resident Indian Citizen" shall have the meaning assigned to it in such policy as the Central Government may frame from time to time on foreign direct investment;';

   (III) for clause (p), the following clause shall be substituted, namely:—

   '(p) "Total Foreign Investment" in an Indian Insurance Company, shall mean the sum total of direct and indirect foreign investment by Foreign Investors in such company, calculated in such manner as is specified in regulations made by the Authority with regard to registration of Indian Insurance Companies;';

   (IV) clause (q) shall be omitted;

   (ii) in rule 2, after the sub-rule (1) as so numbered, the following sub-rule shall be inserted, namely:—

   "(2) Words and expressions used herein and not defined in these rules, but defined in the Act or in the rules or regulations made thereunder, shall have the same meanings respectively assigned to them in the Act or in the rules or regulations.".

3. In the principal rules, in rule 3, for the word "forty-nine", the word "seventy-four" shall be substituted.

4. In the principal rules, for rule 4, the following rules shall be substituted, namely:—

"4. (1) In an Indian Insurance Company having foreign investment,—

   (a) a majority of its directors,

   (b) a majority of its Key Management Persons, and

   (c) at least one among the chairperson of its Board, its managing director and its Chief Executive Officer, shall be Resident Indian Citizens.

   Explanation.—For the purposes of this rule and rule 9, the expression "Key Management Person" shall have the same meaning as assigned to it in guidelines made by the Authority on corporate governance for insurers in India.

   (2) Every Indian Insurance Company having foreign investment, existing on or before the date of commencement of the Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021, shall within one year from such commencement, comply with the requirements of the provisions of sub-rule (1).

4A. In an Indian Insurance Company having foreign investment exceeding forty-nine per cent.,—

   (a) for a financial year for which dividend is paid on equity shares and for which at any time the solvency margin is less than 1.2 times the control level of solvency, not less than fifty per cent. of the net profit for the financial year shall be retained in general reserve; and

   (b) not less than fifty per cent. of its directors shall be independent directors, unless the chairperson of its Board is an independent director, in which case at least one-third of its Board shall comprise of independent directors.".

5. In the principal rules, in rule 5, for the word "forty-nine", the word "seventy-four" shall be substituted.

6. In the principal rules, in rule 8, for the letters "FEMA", the words, figures and brackets "Foreign Exchange anagement Act, 1999 (42 of 1999)" shall be substituted.

SAURABH MISHRA
Jt. Secy.

Note: The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide notification number G.S.R. 115 (E), dated the 19th February, 2015 and were subsequently amended by notification numbers G.S.R. 534(E), dated the 3rd July, 2015, G.S.R. 314(E), dated the 16th March, 2016 and G.S.R. 619(E), dated the 2nd September, 2019.

Important Insurance Contacts

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

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

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

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

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

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

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

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

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

Insurance Websites

Regulatory Bodies

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

General Insurance Companies

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

Life Insurance companies

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

Others

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

Performance Statistics - Non-Life Insurance

GROSS DIRECT PREMIUM UNDERWRITTEN FOR AND UPTO THE MONTH OF MAY 2021

(Rs. in crores)

INSURER	For the month of May		Upto the Month of May		Market Share upto the Month of May 2021 (%)	Growth over the corresponding period of previous year (%)
	2021-22	2020-21	2021-22	2020-21		
Acko General Insurance Limited	56.62	16.82	109.79	30.29	0.37	262.46
Bajaj Allianz General Ins. Co. Ltd.	634.15	612.75	1,648.65	1,498.67	5.56	10.01
Bharti AXA General Ins. Co. Ltd.	129.05	138.88	321.37	341.89	1.08	(6.00)
Cholamandalam MS General Ins.	237.28	279.85	559.72	521.45	1.89	7.34
NAVI General Insurance Limited	2.19	3.17	5.32	3.94	0.02	35.21
Edelweiss General Ins. Co. Ltd.	16.10	9.77	43.57	26.34	0.15	65.41
Future Generali India Ins. Co. Ltd.	195.27	150.12	476.86	479.63	1.61	(0.58)
Go Digit General Ins. Ltd.	260.41	134.67	506.26	224.62	1.71	125.38
HDFC Ergo General Ins. Co. Ltd.	630.79	555.19	1,628.33	1,268.99	5.50	28.32
ICICI Lombard General Ins. Co. Ltd.	934.09	880.61	2,700.36	2,276.20	9.11	18.63
IFFCO Tokio General Ins. Co. Ltd.	479.75	456.96	1,139.55	960.51	3.85	18.64
Kotak Mahindra General Ins. Co.	36.09	32.16	73.77	50.90	0.25	44.93
Liberty General Ins. Ltd.	76.82	87.47	242.78	220.72	0.82	10.00
Magma HDI General Ins. Co. Ltd.	68.33	62.09	167.64	111.18	0.57	50.79
National Ins. Co. Ltd.	842.98	891.75	1,865.40	1,788.74	6.30	4.29
Raheja QBE General Ins. Co. Ltd.	26.72	11.71	55.66	23.02	0.19	141.79
Reliance General Ins. Co. Ltd.	527.97	494.03	1,334.39	1,219.44	4.50	9.43
Royal Sundaram General Ins. Co.	181.33	178.79	412.95	389.56	1.39	6.00
SBI General Ins. Co. Ltd.	332.64	276.91	744.21	569.18	2.51	30.75
Shriram General Ins. Co. Ltd.	113.54	159.43	210.63	278.04	0.71	(24.24)
Tata AIG General Ins. Co. Ltd.	603.21	557.35	1,415.28	1,180.50	4.78	19.89
The New India Assurance Co. Ltd.	2,207.78	1,821.38	6,079.66	4,982.67	20.52	22.02
The Oriental Ins. Co. Ltd.	929.30	811.05	2,111.58	1,922.44	7.13	9.84
United India Ins. Co. Ltd.	1,164.73	1,350.09	2,556.36	2,739.36	8.63	(6.68)
Universal Sompo General Ins. Co.	135.64	125.30	359.18	295.89	1.21	21.39
General Insurers Total	**10,822.77**	**10,098.30**	**26,769.28**	**23,404.17**	**90.36**	**14.38**
Aditya Birla Health Ins. Co. Ltd.	117.71	66.57	247.67	156.32	0.84	58.43
ManipalCigna Health Ins. Co. Ltd	62.80	41.93	143.29	87.95	0.48	62.92
Max Bupa Health Ins. Co. Ltd.	207.98	101.91	373.48	188.22	1.26	98.43
Care Health Insurance Limited	227.68	139.20	494.34	295.32	1.67	67.39
Star Health & Allied Ins. Co. Ltd.	790.46	494.52	1,407.08	925.24	4.75	52.08
Reliance Health Ins. Ltd.*	---	(0.00)	---	(0.00)	---	NA
Stand-alone Pvt Health Insurers	**1,406.64**	**844.13**	**2,665.87**	**1,653.04**	**9.00**	**61.27**
Agricultural Ins. Co. of India Ltd.	35.30	69.73	94.42	87.49	0.32	7.92
ECGC Limited	51.79	48.87	96.52	67.85	0.33	42.25
Specialized PSU Insurers	87.09	118.60	190.94	155.34	0.64	22.92
GRAND TOTAL	**12,316.50**	**11,061.02**	**29,626.09**	**25,212.55**	**100.00**	**17.51**

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

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

Performance STATISTICS - LIFE INSURANCE

SUMMARY OF NEW BUSINESS PERFORMANCE OF LIFE INSURERS FOR THE PERIOD ENDED MAY - 2021 (PROVISIONAL)

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crore					No. of Policies / Schemes				
		Month of May-2021	Upto May-2021	Month of May-2020	Upto May-2020	YTD Variation in %	Month of May-2021	Upto May-2021	Month of May-2020	Upto May-2020	YTD Variation in %
1	**Aditya Birla Sun Life Insurance Co. Ltd.**										
	Individual Single Premium	12.91	21.15	8.47	11.15	89.62%	106	214	141	193	10.88%
	Individual Non Single Premium	81.79	146.05	97.40	147.19	-0.77%	10654	18852	16974	25288	-25.45%
	Group Single Premium	103.68	154.75	34.12	235.97	-34.42%	8	10	1	4	150.00%
	Group Non Single Premium	0.06	0.27	3.47	3.90	-92.97%	0	0	0	0	8---
	Total	**201.62**	**329.62**	**150.69**	**412.44**	**-20.08%**	**10781**	**19100**	**17151**	**25555**	**-25.26%**
2	**Aegon Life Insurance Co. Ltd.**										
	Individual Single Premium	0.00	0.00	0.06	0.07	-97.17%	0	0	4	6	-100.00%
	Individual Non Single Premium	1.42	2.66	2.63	5.25	-49.36%	1094	2052	1130	1869	9.79%
	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	**2.46**	**6.09**	**4.59**	**8.32**	**-26.80%**	**1095**	**2064**	**1139**	**1883**	**9.61%**
3	**Ageas Federal Life Insurance Co. Ltd.**										
	Individual Single Premium	14.50	23.68	11.24	15.30	54.80%	244	495	464	647	-23.49%
	Individual Non Single Premium	8.45	19.94	4.39	6.65	200.05%	1006	2368	954	1286	84.14%
	Group Single Premium	4.46	13.83	1.83	2.43	469.29%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	-77.42%	0	0	1	1	-100.00%
	Total	**27.41**	**57.45**	**17.45**	**24.37**	**135.72%**	**1250**	**2863**	**1419**	**1934**	**48.04%**
4	**Aviva Life Insurance Co. Ltd.**										
	Individual Single Premium	0.31	0.98	0.67	1.34	-26.63%	8	-28	11	32	-187.50%
	Individual Non Single Premium	4.94	16.79	6.95	17.94	-6.43%	805	1696	1377	2626	-35.42%
	Group Single Premium	0.09	0.09	0.34	0.41	-77.53%	0	0	0	0	---
	Group Non Single Premium	0.15	0.15	0.10	0.17	-10.15%	0	0	0	0	---
	Total	**6.76**	**20.62**	**11.89**	**30.92**	**-33.32%**	**813**	**1668**	**1405**	**2688**	**-37.95%**
5	**Bajaj Allianz Life Insurance Co. Ltd.**										
	Individual Single Premium	13.57	23.20	5.65	4.46	420.80%	171	324	55	93	248.39%
	Individual Non Single Premium	126.05	264.60	96.02	168.91	56.65%	19110	38048	28252	43046	-11.61%
	Group Single Premium	98.05	328.83	68.37	290.43	13.22%	3	5	2	7	-28.57%
	Group Non Single Premium	0.00	0.00	0.00	0.00	-100.00%	0	0	0	0	---
	Total	**256.40**	**680.96**	**175.63**	**489.67**	**39.06%**	**19292**	**38400**	**28312**	**43152**	**-11.01%**
6	**Bharti Axa Life Insurance Co. Ltd.**										
	Individual Single Premium	1.41	7.21	1.14	2.10	243.76%	21	59	13	23	156.52%
	Individual Non Single Premium	29.94	53.99	28.97	51.55	4.74%	5541	10319	6481	11916	-13.40%
	Group Single Premium	11.15	23.12	3.32	9.36	146.85%	1	3	1	4	-25.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**42.61**	**84.53**	**33.42**	**63.01**	**34.15%**	**5563**	**10381**	**6495**	**11943**	**-13.08%**
7	**Canara HSBC OBC Life Insurance Co. Ltd.**										
	Individual Single Premium	15.00	25.26	46.38	60.84	-58.47%	168	243	590	691	-64.83%
	Individual Non Single Premium	33.56	62.45	20.83	31.88	95.87%	5210	9351	7359	11960	-21.81%
	Group Single Premium	110.52	285.16	169.33	170.18	67.56%	0	2	0	0	---
	Group Non Single Premium	0.27	0.53	0.13	0.22	135.30%	0	0	0	0	---
	Total	**160.34**	**374.59**	**236.81**	**263.86**	**41.96%**	**5393**	**9614**	**7949**	**12653**	**-24.02%**
8	**Edelweiss Tokio Life Insurance Co. Ltd.**										
	Individual Single Premium	1.75	3.51	0.11	1.29	171.45%	17	359	4	24	1395.83%
	Individual Non Single Premium	14.74	31.30	17.41	31.94	-2.00%	3347	5707	6795	10347	-44.84%
	Group Single Premium	0.88	2.46	0.61	1.08	127.38%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.33	0.33	-100.00%	0	0	0	0	---
	Total	**17.49**	**37.70**	**18.79**	**35.25**	**6.93%**	**3365**	**6070**	**6803**	**10378**	**-41.51%**
9	**Exide Life Insurance Co. Ltd.**										
	Individual Single Premium	13.98	23.39	3.92	11.09	110.89%	57	122	112	197	-38.07%
	Individual Non Single Premium	25.70	46.46	23.77	39.74	16.91%	5866	11038	8500	14755	-25.19%
	Group Single Premium	0.04	0.14	0.01	0.01	1190.21%	0	0	0	0	---
	Group Non Single Premium	7.17	11.54	2.35	3.87	198.29%	2	4	5	8	-50.00%
	Total	**53.08**	**87.86**	**31.78**	**57.04**	**54.02%**	**5925**	**11164**	**8617**	**14960**	**-25.37%**
10	**Future Generali India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.04	0.14	0.03	0.04	267.51%	3	6	2	2	200.00%
	Individual Non Single Premium	9.36	20.56	21.88	33.29	-38.22%	1332	2092	5218	6815	-69.30%
	Group Single Premium	0.96	6.11	0.19	-1.08	-666.40%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**32.22**	**60.81**	**22.59**	**33.25**	**82.88%**	**1336**	**2101**	**5221**	**6820**	**-69.19%**
11	**HDFC Life Insurance Co. Ltd.**										
	Individual Single Premium	195.19	387.61	162.16	254.77	52.14%	2325	4560	2030	3193	42.81%
	Individual Non Single Premium	341.58	696.68	293.36	475.31	46.58%	47925	92264	63342	98876	-6.69%
	Group Single Premium	374.76	994.24	176.18	562.47	76.76%	6	12	6	21	-42.86%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**935.01**	**2128.89**	**637.61**	**1306.50**	**62.95%**	**50257**	**96841**	**65391**	**102109**	**-5.16%**
12	**ICICI Prudential Life Insurance Co. Ltd.**										
	Individual Single Premium	185.47	368.53	71.02	121.70	202.82%	1674	3726	938	1568	137.63%
	Individual Non Single Premium	226.01	463.89	184.41	334.58	38.65%	31239	65131	37581	67762	-3.88%
	Group Single Premium	127.08	291.78	20.90	50.09	482.47%	6	14	1	2	600.00%
	Group Non Single Premium	0.03	0.10	0.00	0.00	---	0	0	0	0	---
	Total	**652.06**	**1295.33**	**678.73**	**934.92**	**38.55%**	**33180**	**69445**	**38699**	**69616**	**-0.25%**

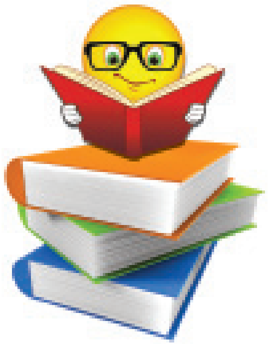
Performance STATISTICS - LIFE INSURANCE

SUMMARY OF NEW BUSINESS PERFORMANCE OF LIFE INSURERS FOR THE PERIOD ENDED MAY - 2021 (PROVISIONAL)

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crore					No. of Policies / Schemes				
		Month of May-2021	Upto May-2021	Month of May-2020	Upto May-2020	YTD Variation in %	Month of May-2021	Upto May-2021	Month of May-2020	Upto May-2020	YTD Variation in %
13	**IndiaFirst Life Insurance Co. Ltd.**										
	Individual Single Premium	2.66	6.44	0.92	1.10	486.84%	66	138	37	46	200.00%
	Individual Non Single Premium	25.82	71.70	19.32	30.42	135.67%	6876	14882	8873	12581	18.29%
	Group Single Premium	101.38	183.86	53.08	74.41	147.09%	38	68	9	19	257.89%
	Group Non Single Premium	0.07	0.11	0.02	0.09	17.27%	0	0	0	2	-100.00%
	Total	**129.93**	**262.11**	**73.34**	**106.02**	**147.22%**	**6980**	**15088**	**8919**	**12648**	**19.29%**
14	**Kotak Mahindra Life Insurance Co. Ltd.**										
	Individual Single Premium	37.12	91.96	37.43	56.05	64.07%	775	1707	562	3129	-45.45%
	Individual Non Single Premium	47.85	110.78	71.51	114.37	-3.14%	9942	18555	18199	28313	-34.46%
	Group Single Premium	65.96	179.87	17.75	59.43	202.67%	16	26	8	21	23.81%
	Group Non Single Premium	0.02	0.05	0.01	0.14	-62.97%	0	2	4	4	-50.00%
	Total	**168.84**	**424.15**	**157.78**	**279.13**	**51.95%**	**10833**	**20445**	**18865**	**31616**	**-35.33%**
15	**Max Life Insurance Co. Ltd.**										
	Individual Single Premium	85.25	154.73	71.97	131.47	17.69%	325	615	187	317	94.01%
	Individual Non Single Premium	172.04	399.76	153.36	253.41	57.75%	27844	57389	38855	63421	-9.51%
	Group Single Premium	32.61	82.91	0.87	0.48	17105.93%	8	21	-47	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**292.09**	**639.61**	**233.57**	**405.40**	**57.77%**	**28180**	**58030**	**39017**	**63855**	**-9.12%**
16	**PNB Metlife Life Insurance Co. Ltd.**										
	Individual Single Premium	7.37	13.24	0.58	0.79	1582.96%	99	193	8	11	1654.55%
	Individual Non Single Premium	58.56	110.29	59.47	94.45	16.77%	13192	23030	14026	25813	-10.78%
	Group Single Premium	19.60	41.62	6.96	12.65	228.97%	1	1	0	0	---
	Group Non Single Premium	0.23	0.30	0.02	0.09	228.98%	18	39	10	13	200.00%
	Total	**95.12**	**184.98**	**70.08**	**113.87**	**62.44%**	**13310**	**23263**	**14044**	**25837**	**-9.96%**
17	**Pramerica Life Insurance Limited.**										
	Individual Single Premium	0.00	0.18	0.15	0.22	-18.49%	0	4	9	11	-63.64%
	Individual Non Single Premium	7.13	15.17	9.35	18.43	-17.69%	999	2449	1657	2242	9.23%
	Group Single Premium	3.18	13.29	1.50	0.07	19857.73%	0	0	1	2	-100.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**13.46**	**35.87**	**12.21**	**22.92**	**56.49%**	**1022**	**2493**	**1677**	**2281**	**9.29%**
18	**Reliance Nippon Life Insurance Co. Ltd.**										
	Individual Single Premium	2.91	7.18	2.28	4.25	68.69%	91	237	69	151	56.95%
	Individual Non Single Premium	37.13	98.84	49.87	80.71	22.46%	9097	20015	13079	23091	-13.32%
	Group Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Non Single Premium	4.48	4.87	1.98	2.77	75.57%	2	4	0	2	100.00%
	Total	**46.17**	**113.04**	**55.31**	**89.33**	**26.54%**	**9199**	**20266**	**13151**	**23249**	**-12.83%**
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	111.96	246.45	89.51	124.28	98.31%	8656	13158	1801	2344	461.35%
	Individual Non Single Premium	274.26	642.72	293.32	395.02	62.71%	54225	117341	55427	73389	59.89%
	Group Single Premium	252.01	652.43	232.17	986.34	-33.85%	4	7	1	5	40.00%
	Group Non Single Premium	-0.01	9.71	2.10	8.87	9.38%	0	0	0	0	---
	Total	**648.41**	**1576.84**	**638.48**	**1555.91**	**1.35%**	**62896**	**130530**	**57262**	**75785**	**72.24%**
21	**Shriram Life Insurance Co. Ltd.**										
	Individual Single Premium	1.88	6.61	1.51	2.81	135.00%	121	283	65	112	152.68%
	Individual Non Single Premium	19.50	36.24	17.05	25.62	41.41%	11053	21718	8736	12661	71.53%
	Group Single Premium	10.96	19.39	1.26	4.44	336.38%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**40.62**	**79.06**	**19.94**	**33.67**	**134.84%**	**11191**	**22034**	**8801**	**12775**	**72.48%**
22	**Star Union Dai-ichi Life Insurance Co. Ltd.**										
	Individual Single Premium	5.30	9.21	5.40	6.75	36.49%	100	210	105	119	76.47%
	Individual Non Single Premium	18.09	35.78	15.12	19.33	85.11%	2813	5423	2573	3001	80.71%
	Group Single Premium	8.40	14.58	2.53	3.30	341.67%	0	0	0	0	---
	Group Non Single Premium	0.04	0.05	0.09	0.11	-57.29%	0	0	0	0	---
	Total	**33.74**	**93.24**	**24.95**	**31.56**	**195.45%**	**2922**	**5643**	**2679**	**3121**	**80.81%**
23	**Tata Aia Life Insurance Co. Ltd.**										
	Individual Single Premium	21.23	38.34	62.72	78.57	-51.20%	234	425	262	402	5.72%
	Individual Non Single Premium	144.32	286.15	152.07	285.44	0.25%	22329	44147	28679	58225	-24.18%
	Group Single Premium	2.22	5.29	-0.06	-0.57	-1027.91%	0	1	0	0	---
	Group Non Single Premium	0.33	0.66	4.63	5.53	-88.08%	0	8	4	13	-38.46%
	Total	**173.50**	**338.04**	**221.84**	**376.20**	**-10.14%**	**22586**	**44614**	**28975**	**58687**	**-23.98%**
	PRIVATE										
	Individual Single Premium	729.81	1458.99	583.29	890.41	63.86%	15261	27050	7469	13311	103.22%
	Individual Non Single Premium	1708.25	3632.80	1638.46	2661.43	36.50%	291499	583867	374067	599283	-2.57%
	Group Single Premium	1328.01	3293.76	791.26	2461.91	33.79%	91	170	-17	85	100.00%
	Group Non Single Premium	12.84	28.34	15.24	26.10	8.55%	22	57	24	43	32.56%
	Private Total	**4029.35**	**8911.38**	**3527.48**	**6673.58**	**33.53%**	**307369**	**612117**	**381991**	**613545**	**-0.23%**
24	**Life Insurance Corporation of India**										
	Individual Single Premium	811.33	1782.04	1126.73	1458.37	22.19%	33106	68068	37305	47022	44.76%
	Individual Non Single Premium	1304.68	2542.07	1668.31	2400.67	5.89%	518717	1175011	587913	762562	54.09%
	Group Single Premium	6666.55	9250.95	5859.70	7843.26	17.95%	15	22	7	13	69.23%
	Group Non Single Premium	143.42	169.72	1524.95	2048.74	-91.72%	384	705	234	274	157.30%
	Total	**8947.64**	**13804.40**	**10211.53**	**13793.18**	**0.08%**	**553087**	**1245272**	**626182**	**810828**	**53.58%**
	GRAND TOTAL	**12976.99**	**22715.78**	**13739.01**	**20466.76**	**10.99%**	**860456**	**1857389**	**1008173**	**1424373**	**30.40%**

Glossary



Life Settlements
A contract or agreement in which a policyholder agrees to sell or transfer ownership in all or part of a life insurance policy to a third party for compensation that is less than the expected death benefit of a policy.

Lifetime Disability Benefit
A provision in some disability income policies to recoup lost wages for the term of disability or remainder of insured's life in case of permanent disability.

Limited Benefit
Policies that provide coverage for vision, prescription drug, and/or any other single service plan or program. Also include short-term care policies that provide coverage for less than one year for medical and other services provided in a setting other than an acute care unit of the hospital.

Poll

Do you think bite sized products will have a sizeable demand in coming years due to low cost and easily availability?

Yes

No

Can't say

Results of Poll in our June 2021 Issue

Do you think current wave of Covid-19 will have a negative impact on growth in FX 2021-22?

Yes	100
No	00
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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Gross Premium
₹38,202 Crore
Net Worth
₹45,952 Crore
As on
31st December, 2020
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IRDAI REGN. NO. 112
CIN: L67200MH1972GOI016133
www.gicofindia.com
PRESSMAN/21/01

Published on 1st of Every Month
Date : 01-07-2021

Declaration No. 88
Dated 14-12-2017

R. No. KOL RMS/158/2019-2021
RNI No. 37299/1980

Owner Sushil Kumar Agarwala, Printer Sushil Kumar Agarwala, Publisher Sushil Kumar Agarwala, Published from 31/1, Sadananda Road, P.S. Kalighat, Kolkata - 700026, West Bengal and Printed from Satyajug Employees Co-operative Industrial Society Ltd., 13, Prafulla Sarkar St., Kolkata - 72, West Bengal, Editor - Dr. Rakesh Agarwal