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THE INSURANCE TIMES

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In this issue

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The Insurance Times

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Dr. Rakesh Agarwal
Phd (Risk Management), F.C.A, L.L.B, FIII, MBA, DISA (ICAI), FRMAI, MCom (BIM), PGJMC

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Phone : 91-33-4007 8378/2218 4184/2269 6035
Website : www.sashipublications.com
Portal : www.bimabazaar.com
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Editor-in-Chief's Desk

Ram Gopal Agarwala
B.Com, LLB, FCA.

IRDAI has been buzzing with activities off late. The new chairman has been quite proactive in presenting a roadmap for the industry to increase the penetration and reach out to the cross section of the society. The series of reforms are meant to give a boost to the insurance sector and remove the bottlenecks for the growth of the industry.

IRDAI has formed several working groups that had been tasked with making a comprehensive review of the existing regulations under the aegis of Life Insurance Council and General Insurance Council, respectively.

IRDAI has permitted "use & file" procedure for a number of product segments across the life and non-life industry. Earlier, the insurers followed the "file & use" procedure, which resulted in delays in product approvals.

The introduction of new motor insurance add-on covers namely "pay as you drive" and "pay how you drive", is expected to make own damage covers cheaper and drive more penetration.

IRDAI wants life Insurers to eye 50% premium growth in coming 5 years. Similar targets has been given for Non Life Industry.

IRDAI on 14.07.2022 allowed non life insurers to launch products for Agriculture products for agriculture and allied activities without its prior approval.

Post listing the share of LIC share prices has seen steep downward trend, eroding the value for shareholders. Hopefully the prices will pick up in future. LIC should pull up its socks to revisit its whole marketing strategy as the private players are gaining ground in Digital marketing of the products whereas LIC is still heavily dependent on Agency model.

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General Insurance News

Universal Sompo eyes growth push on insuretech

Universal Sompo General Insurance is preparing for a high-growth second innings following the amalgamation of its original promoter Allahabad Bank with Indian Bank.

Part of the new strategy is to integrate with Indian Bank's systems for distribution. The general insurer is also taking the help of a startup Cover Genius, in which Sompo recently acquired a stake, to integrate systems with e-commerce and other distributors.

MD & CEO Sharad Mathur told that the company is taking the help of management consultancy firm BCG for integration with that of Indian Bank. "We have used the Covid period for a transformation of the company. We have digitized the ecosystem and are able to underwrite and distribute through partners using digital assets," said Mathur.

According to Mathur, Sompo's investment in Cover Genius enables the company to use its service to embed insurance with partners and sell small ticket insurance like extended warranties in Flipkart and travel cover in MakeMyTrip. "In addition to Sompo's investment in insuretech, we are able to leverage their support in reinsurance and global relationship with Japanese businesses," he said.

Pay motor insurance premium on drivers behavior

Insurance companies will soon offer vehicle owners analytics-based insurance that include 'pay as you drive' policies and covers where the premium varies according to driving behaviour. Companies have also been allowed to issue floater policies for multiple vehicles belonging to the same owner.

"As a step towards facilitating technology-enabled covers, IRDAI has permitted general insurance companies to introduce tech-enabled concepts for the motor own damage (OD) cover," the IRDAI said in a statement. According to the regulator, the advent of technology has created a relentless pace for the insurance fraternity to rise up to interesting yet challenging demands of millennials.

Digit Insurance MD & CEO Jasleen Kohli said, "This will encourage insurers to come out with new tech-enabled motor products and increase competition. We wholeheartedly welcome it. With impending open architecture for all distribution channels and changes to 'file and use' products, the competition will ensure better value for customers."

Better road safety measures could save half a million lives annually worldwide: Study

New global and country-level estimates suggest that routinely wearing helmets and seat belts, obeying speed limits, and avoiding driving drunk could save between 347,000 and 540,000 lives worldwide every year.

The benefits of more motorcyclists wearing helmets would be the biggest in China, where 13,703 lives could be saved every year, followed by Brazil (5,802 lives), and India (5,683 lives), says the study published in The Lancet.

Analysis of data from 74 studies in 185 countries estimates that targeting four key risk factors for road injuries and deaths (speeding, drink driving, and non-use of crash helmets and seat belts) could prevent between 25% and 40% of all fatal road injuries worldwide every year.

Interventions to reduce speeding such as infrastructure changes and electronic speed control could save an estimated 347,258 lives globally each year, while measures to tackle drunk driving such as enhanced drink driving enforcement could save a further 16,304 lives, the study says.

An estimated 121,083 and 51,698 lives could be saved by passing and enforcing rules on wearing seat belts and motorcycle helmets respectively.

Improving seat belt use would have a particularly large effect on reducing road deaths in the United States (saving an estimated 14,121 lives every year) and China (13,228). Tackling speeding would be the single most effective measure to reduce road fatalities in most countries, preventing an estimated 88,374 deaths in China, 1,027 in Spain, and 815 in the United Kingdom.

AP decides to rejoin Fasal Bima Yojana in current kharif season after tweaks

Andhra Pradesh has decided to rejoin the Pradhan Mantri Fasal Bima Yojana (PMFBY) from the ongoing kharif season, the Union Agriculture Ministry said.

The decision to rejoin the scheme was taken after virtual talks between Union Agriculture Minister Narendra Singh Tomar and state's Chief Minister Y S Jagan Mohan Reddy.

"Andhra Pradesh has decided to implement the PMFBY from kharif-2022 season," an official statement said.

Tomar said with this important decision, crops of more than 40 lakh farmers of the state will get insurance cover in case of natural calamity.

PMFBY and Restructured Weather-Based Crop Insurance Scheme (RWBCIS) were implemented in Andhra Pradesh from kharif-2016 to kharif-2019.

Tomar said the Centre has made PMFBY simple and convenient as per the suggestions of states. It is working continuously with states to improve the condition of farmers and transform agriculture into advanced farming.

In the meeting, the Andhra Pradesh Chief Minister thanked the Centre for reimplementing PMFBY in the state.

On July 7, a team headed by Union Agriculture Secretary Manoj Ahuja had given a presentation to the chief minister regarding the scheme.

Keeping in view the suggestions of Andhra Pradesh and other states, the Centre had revamped the scheme in February 2020 with new features, such as voluntary enrolment for all farmers, wider use of technology in yield estimation, risk coverage to choose for payment of sum insured to states as per the option and prevailing risk profile.

Cognizant wins multi-year contract from National Insurance Company

Cognizant Technology Solutions has been selected as a technology provider by National Insurance Company to accelerate and help manage its digital transformation. NICL is one of India's leading public-sector general insurance companies.

NICL awarded the multi-year mandate to the US-based software company with a large presence in India to elevate its technology roadmap, help manage its centralised web-based core insurance solution comprising multiple applications, underlying technology infrastructure and security, and provide consulting services, among other things. Cognizant will also support NICL's technology roadmap by leveraging digital technologies such as artificial intelligence, machine learning, automation, and microservices-based architecture.

According to a Cognizant release, The company will help NICL improve customer experience at every step of their journey, including applications, claims processing, and underwriting, while continuing to improve ease of doing business, provide greater operational agility and efficiency, application security, financial and regulatory compliance, and drive business growth.

"We are committed to supporting the forward-looking technology vision of National Insurance Company and facilitating their digital transformation journey," said Achal Kataria, Vice-President and India Country Head, Cognizant. "Our strong technology consulting and digital capabilities will be applied to assist NICL in offering an improved and secure customer experience."

Premium mobilisation: PSU general insurers lose market share in Jun quarter

With public sector insurance general companies, which once monopolised the sector, focusing more on profits, they have lost market share in gross premium underwritten to the aggressive private sector during the quarter ended June 30, 2022.

While the market share of private companies rose to 51.82 per cent in June 2022 from 47.63 per cent a year ago, PSU general insurers lost the market share from 42.23 per cent to 37.85 per cent. Gross premium collection of general insurance companies showed a growth of 23 percent at Rs 54,492 crore for the quarter ended June 30, 2022.

According to the data available from the General Insurance Council, private sector companies registered higher growth of 33.8 percent at Rs 28,235 crore in premium collection for the June quarter. However, four public sector general insurers witnessed only 10.25 percent growth in premium collection to Rs 20,626 crore during the last 3 months.

Among private sector companies, ICICI Lombard General insurance retained the top position by mobilising a Rs 5,370-crore premium, a rise of 43.86 percent growth. Bajaj Allianz mobilised Rs 3,100 crore during the quarter, growth of 25.43 per cent.

Kotak General Insurance to use AI to automate vehicle inspection

Kotak General Insurance said it was automating vehicle inspections for its motor insurance policy renewals with Artificial Intelligence (AI)-based technology. The insurance company has partnered Inspektlabs to implement this for its policies.

Through this feature, policyholders can take photos or videos of their vehicle and upload them on the cloud-based application. The inspection report, including details of damages, if any, will be automatically generated within a few seconds after the customer uploads inspection photos or videos.

"The automated process replaces humans in repetitive work at a very high accuracy level that saves cost and increases customer satisfaction by reducing the time required to renew a car insurance policy," Kotak General Insurance said in its statement.

The technology will also help detect fraud based on pictures and videos uploaded, and hence aid the underwriting process, the company added.

Star ratings for Indian cars based on crash test performance, says Gadkari

Union minister Nitin Gadkari has announced that he will soon introduce a new car assessment program for India called Bharat NCAP, wherein automobiles in India will be accorded 'Star Ratings' based upon their performance in crash tests. In a series of tweets Gadkari revealed that Bharat NCAP will serve as a consumer-centric platform allowing customers to opt for safer cars based upon their star-ratings, while promoting a healthy competition among original equipment manufacturers (OEMs)in India to manufacture safer vehicles.

The minister believes that Star Rating of Indian Cars based on Crash Tests is extremely crucial not only to ensure structural and passenger safety in cars, but to also increase the export-worthiness of Indian automobiles.

SBI General offers cover against cyber risks

Individuals can now buy protection against cyber risks, which was largely available only for businesses. SBI General Insurancehas launched the 'Cyber VaultEdge' cover that provides financial protection for losses arising out of reputation damage, fraudulent card transactions and theft of personal information due to online activity.

The reputation risk cover also takes into account the financial impact of social media trolling, bullying and stalking. "With digital transformation taking centre stage, individuals are more susceptible to new age emerging risks. We aim to secure individuals by minimising financial losses arising due to internet-based/cyber risks through a comprehensive and affordable product. We will continue to expand our offerings to add value to our customers and safeguard them financially for the future," said SBI General Insurance deputy managing director Anand Pejawar.To claim under the policy, the insured will have to provide proof of having incurred a financial loss. This could be by way of filing an FIR with police authorities or receipt of a legal notice from an affected person or entity or summons from court. The insured can also submit invoices for expenses incurred for the services of a specialist, psychologist, psychiatrist or evidence of unpaid wages. If the insured makes any non-commercial sale (as in sale of old gadgets) and he does not receive payment, that is covered under the policy too. ❑

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IRDAI News

IRDAI permits 'use & file' for agriculture products

IRDAIhas allowed general insurers to launch products for the agriculture and allied activities without its prior approval. Last month, IRDAI had permitted insurers to launch health and most of the general insurance products by extending the ambit of 'use and file' procedure, thus giving them greater leeway in designing and pricing of insurance covers in line with market needs.

The 'use and file' procedure was also extended to most of the life insurance products.

"In order to facilitate the insurance industry to promote insurance penetration and enhance coverage in the unserved and underserved areas by designing suitable and need-based products covering agriculture and allied activities, the Authority...hereby permits the general insurers to file retail products for agriculture and allied activities under the Use and File procedure," it said in a circular.

This move, the regulator said will facilitate insurance companies to design and launch innovative products for these segments in a timely manner and expand the choices available to the policyholders.

Agriculture and allied activities constitute one of the largest sources of livelihood in India.

Also, the adverse impact of natural catastrophes on the vulnerable segments of society is enormous and underlines the need to design and offer suitable insurance products for their protection, IRDAI said.

IRDAI may extend testing period to 3 years under regulatory sandbox

IRDAI is mulling to extend testing of products under the regulatory sandbox mechanism to up to three years.

The IRDAI Chairman said all these initiatives will help in furthering the goal of insurance penetration and reaching out to more and more people.

"The insurtech ecosystem is raring to grow. At IRDAI we have already developed something called the regulatory sandbox mechanism where the proof of a concept is actually being allowed to be tested on the ground. We are informed that the regulatory sandbox has some shortcomings," Debasish Panda, Chairperson, IRDAI said during a talk session.

As of now, the applicants under the regulatory sandbox mechanism can apply through cohorts.

"Here we now realise that this has to be a continuous process, the period for which they are allowed to test such products in the market is only limited to six months. We are now proposing to expand that period to even up to three years, particularly for life insurance products," Panda said.

"Work is in progress and the insurtech players are raring to grow, they are all enthused, so technology is also coming in. Here we have to build-up our capacity to regulate them in a manner as far as the market product is concerned," he said.

8 new Insurance Ombudsmen selected

A selection panel of the Ministry of Finance (MoF) has selected eight new Insurance Ombudsmen for various centres across the country.

Atul Sahai, former CMD, New India Assurance (NIA) has been selected for Lucknow along with Manoj K Parida, a retired IAS officer for Bhubaneswar, Bimbadhar Pradhan (retired IAS officer for Noida), Sumeet Jerath (retired IAS officer for Delhi), C Vikas Rao (for Ahmedabad), Kiran Sahdev (LIC, Kolkata), Susmita Mukherjee (a former director, NIA for Patna), Sunil Jain (retired principal commissioner, Customs, Pune) have been selected by the selection panel.

There were 40 applicants who were interviewed and out of eight vacancies, four have gone to civil servants, two each for LIC officials and NIA officials. After due diligence by the government authorities, MoF will issue orders of appointment to the selected candidates.

IRDAI permits sophisticated add-ons to motor insurance

IRDAI has permitted general insurance companies to introduce tech-enabled concepts for the Motor Own Damage (OD) cover in order to offer customers usage-based insurance covers as add-ons to the basic policies of Motor OD.

Issuing a circular, the regulator said the concept of motor insurance is constantly evolving and as a step towards facilitating technology enabled covers, it is allowing the general insurers to bring in sophisticated addons such as- "Pay as You Drive" and "Pay How You Drive"- to Motor Own Damage policy. The regulator has also allowed the insurers to introduce floater policy for vehicles belonging to the same individual owner for two-wheelers and private cars. This circular will come into effect immediately.

"Introduction of the above options will aid in giving the much needed fillip to Motor OD Insurance in the country and increase its penetration," IRDAI said in a release.

According to general insurance industry insiders, introduction of add-ons covers like "Pay as You Drive" and "Pay How You Drive" will nudge customers towards a utility based "Pay as you Use" model, lending greater flexibility and convenience in customer choice. Moreover, the usage-based covers as an add-on to an OD policy will give additional protection for those customers who have a lesser frequency of vehicle usage.

IRDAI sets up task forces to suggest steps to resolve insurers' issues

IRDAI said it has set up two task forces to suggest steps to sort out issues between insurers and re-insurers. The decision by the IRDAI follows meetings with representatives of life and non-life insurers and reinsurers in Hyderabad recently.

The discussions at the 'Bima Manthan' were held on the issues and concerns related to reinsurance support to further increase in insurance penetration in India.

A nine-member panel has been set up to sort out the issues between non-life insurers and re-insurers. Bhargav Dasgupta, MD and CEO of ICICI Lombard General, has been named the chairman of the panel.

The second task force, comprising seven members, will look at the life insurance segment and re-insurers. It is headed by Naveen Tahilyani, CEO and MD, Tata AIA Life Insurance.

IRDAI asks insurers to adopt states to boost reach

IRDAI has asked Insurance companies to take a leaf from the banking industry's strategy for inclusion by companies adopting individual states as lead insurers. IRDAI has also set goals in terms of insurance penetration for the life and non-life industry.

IRDAI chairman Debashish Panda held the first of his proposed bi-monthly meeting with insurance chiefs - Bima Manthan - recently in Hyderabad. In the meeting, insurers were guided to increase the growth rate and were individually provided indicative targets along with unique states and UTs to lead on. In the meeting, the Insurance Information Bureau made a presentation on enhancing its role and also its corporatisation. The IIB was set up by the insurance regulatory and registered as an independent society under the Andhra Pradesh Societies Act. It is a repository of industry data and provides benchmarks for insurance companies.

Under the lead bank model, a bank co-ordinates the efforts of all lenders in an allocated area and engages with the local administration and state government and address local concerns. This was introduced at the time of nationalisation of banks to fulfil their social objectives.

IRDAI and NHA to develop national health claims exchange

IRDAI and National Health Authority (NHA) will develop a National Health Claims Exchange as a digital platform to settle health claims.

Based on a presentation by R S Sharma, CEO of NHA, Chairman of IRDAI Debasish Panda, has proposed creation of a working group with representation from the industry to decide how to make the largest segment of general insurance in India attract more people to buy health insurance.

IRDAI allows insurers to empanel hospitals for cashless treatment

The IRDAI has given flexibility to insurers to empanel network providers in health cover.

In a circular sent to insurance firms and third-party administrators, the insurance regulator said: "The insurers are now empowered to empanel the network providers that meet the standards and benchmarks criteria as specified by their respective boards.''

The objective is to enhance the scope for offering cashless facilities across the country, according to the authority.

"While specifying the criteria, the board of insurers shall, consider the minimum manpower and healthcare infrastructure facilities," it said.

The board-approved empanelment criteria should be published on the websites of the insurers from time to time.

"While empanelling network providers for cashless facilities, insurers are also advised to focus on the delivery of quality healthcare services," the IRDAI said. These instructions have come into force with immediate effect.

IRDAI gives indicative premium growth targets to non-life insurance companies

The IRDAI has prescribed aspirational targets for non-life insurance industry, days after doing the same for life insurance companies. The aim is to increase the general insurance penetration to 2.52 per cent by FY27 from the current 1 per cent as of FY21, according to sources.

The regulator wants to increase the general insurance premiums to Rs 11.7 trillion by FY27 from Rs 2.2 trillion as of FY22. In FY22, the non-life insurance industry premiums grew by just 11 per cent over the previous year, data put out by the regulator showed.

According to the IRDAI's annual report, as of FY21, non-life insurance penetration in the country is just 1 per cent (see box). Insurance penetration is measured as a percentage of GDP.

"The regulator has a vision to see the general insurance market growing from Rs 2 trillion to over Rs 11 trillion, and as a result increase the general insurance penetration. To achieve this, they are looking at making a lot of regulatory changes. The regulator has given individual targets to companies based on their growth and various parameters. The only reason to prescribe targets is to increase penetration. The idea is that coverage should be improved substantially," said a private sector general executive, who is aware of the development.

Finance Ministry asks CPSEs to ease PSU insurers' solvency criteria

The Finance Ministry has asked Central Public Sector Enterprises (CPSEs) and government departments to relax the requirement of minimum solvency ratio of 1.5 of the liabilities as one of the eligibility criteria for the participation of public sector insurance companies in the tender process.

According to an office memorandum by the ministry to various departments and insurance firms, the stipulation on high solvency ratio makes three of the four public sector general insurance companies (PSGICs) - National Insurance Company Ltd (NIC), Oriental Insurance Company Ltd (OIC) and United India Insurance Company Ltd (UII) - ineligible to participate in the tender process in spite of their "vast experience and risk management skills".

The Ministry's note follows the intense competition in the sector and the decline in the performance of three PSU insurers. Only New India Assurance Company Ltd has reported a solvency ratio of more than 1.5 among the four PSU insurers. Government departments and CPSEs, which constitute a big market for insurance companies, award insurance contracts through a tender process.

IRDAI cautions insurers against loading up on bonds of HDFC Cos

India's insurance regulator has advised insurers against loading up on the bonds of HDFC Group companies, saying details on permitted exposure thresholds must await the effective amalgamation date for what's billed as the country's biggest merger.

Early April, mortgage lender Housing Development Finance Corp (HDFC) proposed the merger with HDFC Bank. After the announcement, insurers wrote to their regulator IRDAI on the permitted exposure limits in the individual entities.

"IRDAI shall be issuing necessary instructions on applicability of exposure norms only after the announcement of the effective date of the merger," IRDAI said in its note to the insurers. ET has seen a copy of that note.

Some investors were seen buying bonds of the HDFC Group, anticipating regulatory clearance that could open up additional limits on the holdings in individual companies. The regulator appears to have advised insurers against such a practice.

"Investment committees of insurance companies are hereby advised to take note of the above (the reference to the effective merger date) and take further exposure to the above entities considering the proposed amalgamation without pre-empting any regulatory relaxations for complying with extant regulations applicable to exposure norms," IRDAI said in the note bearing the subject line "Merger of HDFC Ltd and HDFC Bank Ltd - Reg."

IRDAI in favour of insurers in SLBC

The Insurance regulator has proposed the involvement of insurance companies at the state level and a big hike in the premium collection target in the next five years to deepen insurance penetration in the country.

IRDAI Chairman Debasish Panda said insurance companies should become members of the State Level Bankers Committee (SLBC) and boost the growth of the sector. "States and insurers will benefit from the inclusion of insurers in the SLBC. Quite a bit of AUM (assets under management) is going into the developments in the state," Panda said at a conclave of insurance CEOs in Hyderabad recently.

"I'm going to request the RBI and the ministry to include insurance in the SLBC Forum," he said, adding that each state will be assigned to one or two insurance companies for close coordination.

IRDAI wants life firms to eye 50% premium growth in 5 yrs

In a first-of-its-kind advisory, the IRDAI has proposed premium growth targets over a five-year period for life insurance companies, in a bid to double insurance penetration in the country.

In a communication to the MDs and CEOs of life insurance companies, the insurance regulator has suggested a gross written premium (GWP) growth target for each insurer.

"IRDAI has given each life insurer indicative targets in terms of total GWP for the next five years," said Rushabh Gandhi, deputy CEO, IndiaFirst Life Insurance, told. "It has also offered to discuss any regulatory support that the insurer may need to meet the target. Overall, this will help increase the insurance penetration in the country substantially."

While IRDAI has proposed a target of 30 percent compound annual growth rate (CAGR) in GWP over five years for top-tier insurers because of their large base, it has suggested 50 percent CAGR for smaller companies.

GWP is the sum of new business premium and renewal premium. The regulator has also identified a state for each insurer where it should spearhead the push for increased insurance penetration.

"IRDAI has sent separate e-mails to individual companies prescribing growth targets. All life insurance companies have been given targets. The regulator aims to grow insurance penetration in the country over the next five years. The insurance penetration as a percentage of GDP is low and the regulator wants to double it in the next five years. If every insurance company drives growth, the overall insurance penetration will certainly increase," said the CEO of a life insurance company.

No decision on disclosure of insurance commissions: IRDAI

An IRDAI-appointed committee's proposal to make it mandatory to disclose insurance commissions charged on policies has rekindled an old debate, forcing the regulator to clarify that no decision has been made.

The committee of CEOs formed to recommend changes in finance, costing and policies of insurance had recommended that the exact amount of commissions charged on each policy should be mandatorily printed in the interest of transparency.

The Insurance Agents Welfare Association (IAWA) has opposed the move saying that it will impact livelihoods and hurt the penetration of insurance. In a letter to IRDAI chairman Debasish Panda, IAWA said the move if implemented will be like printing the margins of service providers or vendors on their products.

IRDAI changes key rules for insurers

The Insurance Regulatory and Development Authority (Irdai) has made important changes to rules governing sales, investments and commissions charged by insurance companies as part of the ongoing deregulation agenda. The changes were passed at the regulator’s board meeting earlier this week and are likely to be implemented by the end of the quarter, two people familiar with the decisions said.

Among the decisions is allowing banks to sell insurance policies of up to nine insurance companies, the biggest distribution reform since the regulator allowed corporate agents like banks to sell policies from three insurance companies as part of the open architecture policy implemented since April 2016.

The Irdai minutes are likely to be finalised in the next few days and changes are likely to be implemented in September.

The regulator has also decided to allow insurance companies to tap fund raising options, like through the debt market, without prior approval from the Irdai.

All these moves are part of the new Irdai chairman’s reform agenda, which has focussed on lightening regulations, giving companies more decision making powers and removing old laws.

“The decisions made in the board meeting are a part of the same agenda,” said one of the persons cited above. “The clear focus is to ensure easier regulations and remove unnecessary regulatory influence or red tape. Some of these things needed to be changed because they are not suited for the current business environment, which is more dynamic. Freeing up some decisions from Irdai will also free bandwidth and help the regulator focus on more important things.” ❑

LIC of India News

LIC to invest Rs. 80.67 crore in rights issue of its Nepal arm

LIC will invest Rs 80.67 crore in the proposed rights issue of its joint venture LIC (Nepal) Ltd.

The proposal was approved during the insurer's board meeting.

"Approval has been accorded for investing in the proposed rights issue of LIC (Nepal) Ltd worth NPR 127.07 cr (INR 80.67 Crore) approximately subject to the prevalent exchange rate for infusing capital in LIC (Nepal) Ltd," it said.

No takers for Rs. 3,400 croreReliance Capital bonds

LIC's plan to sell its exposure in bonds worth Rs 3,400 crore issued by Reliance Capital (RCap) did not find any takers among asset reconstruction companies (ARCs), as the deadline to submit expressions of interest (EoIs) closed.

Multiple sources said ARCs did not find the option to buy bonds of the bankrupt firm attractive and decided to give it a miss. A source said IDBI Capital, which has been mandated to sell the bonds, will extend the deadline to July 22. The EoIs are to be followed by an auction to sell the bonds.

RCap was sent to bankruptcy court in November last year after the company defaulted on its loans to lenders, including Life Insurance Corporation of India (LIC) and several other banks and provident funds.

The RCap bonds are currently trading at a 70 per cent discount to the bond amount and have already made a big hole in investors' pockets. If LIC or any other investor has to sell their bonds in the market, then they will recover around 30 per cent of their investment in the bonds.

LIC gains 2% market share in new business premium

LIC has gained over 200-basis points (bps) market share in new business premium (NBP) during the April-June quarter of FY23.

According to IRDAI data, at the end of the June quarter, LIC's market share in NBP stood at 65.42 per cent, compared to 63.25 per cent at the end of FY22.

However, its market share is still below the FY21 and FY20 levels. In FY21, LIC's NBP market share was 66 per cent, while in FY20, it was 69 per cent.

NBP is the premium acquired from new policies for a particular year.However, LIC does not enjoy a similar market share on an annualised premium equivalent (APE) basis.

In FY22, LIC's market share was 46 per cent in APE terms. It stood at 49 per cent in FY21 and 59 per cent in FY20.

LIC has a high share of single premium products due to its large group business. In fact, single premiums constitute over 70 per cent of its NBP. For private sector players, it is 20-30 per cent of their NBP.

Covid-related disruptions posed distribution challenges for LIC initially, given it has always been an agency-driven institution.

LIC valuation dips Rs. 40,000 cr on stock market fall, rising rates

Life Insurance Corp. of India (LIC) has suffered a Rs. 40,000 crore hit on its valuation due to the extended fall in equity markets and rising interest rates affecting yields from its debt investment, a top executive said.

"The equity market fall has impacted the valuation of equity investment holdings by LIC," an executive director of the country's largest life insurer said at a conference call hosted by chairman M.R. Kumar.

"The rising interest rate has impacted the value of bonds, government securities and other fixed income papers. These have been factored in while calculating the latest Indian embedded value of LIC. The mark-to-market losses have been around Rs. 40,000 crore since September till 31 March, 2022. However, the policy sales business has grown and that's how the net growth in EV is Rs. 2,000 crore," he said. The insurer's board met earlier in the day.

For every 10% fall in equity market, LIC's embedded value decreases by 6.5%, said the insurer.

LIC embedded value flat at Rs. 5.41 trillion

Life Insurance Corporation of India's (LIC's) Indian embedded value (IEV) grew marginally to Rs 5.41 trillion as of March 2022 compared with Rs 5.39 trillion as of September 2021, even as the value of new business (VNB) margin grew by 580 basis points to 15.1 per cent during this period due to the diversification of its product mix.

The increase in the IEV was marginal as the insurer took a Rs 40,000-crore hit from its investments. This was partially offset by the sharp rise in VNB margins. According to the data released by LIC, its IEV as of March 31, 2022, stood at Rs 5,41,492 crore compared with Rs 5,39,686 crore on September 30, 2021, and Rs 95,605 crore on March 31, 2021.

KR Ashok, executive director (actuarial), LIC, said, "The change in EV has to be looked at in totality. There was a mark-to-market loss of around Rs 40,000 crore (equity and debt) that has been captured in the calculation. However, the other factors such as the VNB increased, and hence there was a net growth of around Rs 2,000 crore compared with September."

The bifurcation of the life fund into par and non-par took place in September last year, hence there was a jump in the IEV of the corporation in September.

LIC reduces stake in Sun Pharma; sells shares worth Rs 3,821 crore in over 1 year

Life Insurance Corporation said it has reduced shareholding in Sun Pharmaceuticals by selling 2 per cent stake in the company for about Rs 3,882 crore. The shares were sold through open market transactions during the period from May 17, 2021 to July 22, 2022, according to a regulatory filing.

"This is to inform that corporation's shareholding in Sun Pharamceuticals has diluted from 16,85,66,486 to 12,05,24,944 equity shares, decreasing its shareholding from 7.026 per cent of the paid-up capital of the said company," it said.

Under Sebi norms, listed companies are required to intimate the stock exchanges when their shareholding in an entity falls by 2 per cent or more.

The shares were sold at an average price of Rs 808.02 apiece, valuing the transactions at a total of Rs 3,881.85 crore.

On the BSE, shares of LIC (Life Insurance Corporation) declined 0.70 per cent to close at Rs 684.15 apiece while that of Sun Pharmaceuticals fell 0.75 per cent to Rs 868.05 apiece.

LIC adds Rs 1,983 cr in kitty by offloading shares in Siemens, Icra

LIC said it has offloaded its stake in heavy electrical equipment maker Siemens and rating firm Icra for over Rs 1,983 crore.

Corporation's shareholding in Siemens Ltd has diluted from 25,623,599 to 18,412,652 equity shares, decreasing its shareholding from 7.195 per cent to 5.170 per cent of the paid-up capital of the said company, Life Insurance Corporation (LIC) said in a regulatory filing.

LIC said its holding in Siemens decreased by over 2 per cent from October 14, 2020, to July 18, 2022, at an average cost of Rs 2,701.19 per piece.

This translates into LIC getting over Rs 1,947.81 crore by selling shares of the heavy electrical equipment maker.

Separately LIC said it has reduced its stake in Icra from 5,60,863 equity shares to 3,31,434 shares from September 6, 2021, to July 18, 2022, at an average cost of Rs 1,541.85, garnering Rs 35.37 crore from the sale.

LIC scrip closed at Rs 688.75 apiece on BSE, down by 1.09 per cent from the previous close.

The scrip of Siemens ended 1.03 per cent lower at Rs 2,686.15, while Icra stock closed 0.17 per cent up at Rs 4,053.35. ❑

Bajaj Allianz Life Insurance new premium doubles

Bajaj Allianz Life Insurance Company Limited (BALIC) new business premium for Q l FY23 more than doubled to Rs. 2,917 crore against Rs. 1,296 crore in Q l FY22. Individual rated new business premium was Rs. 895 crore in Ql FY23 against Rs. 493 crore in Ql FY22 - a market-beating growth of 81%. Group protection new business was at Rs. 574 crore in Ql FY23 versus Rs. 326 crore in Ql FY22 - an increase of 76%. BALIC's shareholders' profit after tax during Ql FY23 stood at Rs. 124 crore versus Rs. 84 crore in Q l FY22- an increase of 48%. Also, Net New Business Value (NBV), which is the metric used to measure the profitability of the life insurance business, was significantly higher to Rs. 135 crore in Ql FY23 versus Rs. 25 crore in Ql FY22.

Health Insurance News

ADIA eyes stake in Aditya Birla Health Insurance

Abu Dhabi Investment Authority (ADIA) is in talks with Aditya Birla Group to invest around Rs 1,200-1,500 crore in the Aditya Birla health insurance arm as growth equity, people in the know said.

Aditya Birla Health Insurance Co Ltd (ABHICL) is one of five active standalone health insurance companies with a 14% market share of the gross underwritten premium in the first three months of the current fiscal year, according to data from the IRDAI.

Public health cover no shield against high expenses: Study

The first study in India on publicly funded health insurance (PFHI) in the context of "catastrophic health expenditure" faced by the elderly found that it was not effective in financially protecting them. Around 30% of those under publicly funded health cover faced catastrophic expenditure during hospitalisation at private facilities and about 7% of even those using public facilities faced it.

Health expenditure is considered catastrophic when it accounts for 25% or more of the total annual consumption expenditure of a household.

"The reliance on a poorly regulated private sector seems to be a key limitation of PFHI policy. Governments need to find more effective ways of protecting the elderly from catastrophic health expenditure if the goal of UHC (universal health coverage) has to be realised," stated the study.

Health Insurance may be cheaper in Kolkata

Kolkata residents may soon have to pay a lower health insurance premium than those staying in other metros like Mumbai, Delhi, Bengaluru and Hyderabad.

Several health and general insurance companies are coming up with a system in which different zones and areas will have different premiums following deregulation of the sector by the IRDAI. A city or zone with a lower "loss ratio" (actual claims compared to every Rs 100 paid as premium) will now get to pay a lower premium if other factors (like type of policy and age group of the insured) remain the same.

Kolkata had a much lower loss ratio compared to Mumbai, the National Capital Region and even Gujarat, National Insurance Company general manager Ashok Kumar Lahoty told TOI. "The loss ratio in Zone 1, which has Gujarat, is highest at 92% for some of our products. Zone 3 (where Kolkata lies) has a loss ratio of 80%-82%," he added.

Life insurers may soon sell health insurance

IRDAI is planning to allow life insurance companies to offer full-fledged health insurance policies, two people with direct knowledge of the plans said, in a move that will likely reduce premiums and increase access to affordable health cover.

An internal committee of IRDAI has been discussing the proposal and the regulator is likely to issue draft guidelines allowing life insurers to sell indemnity health insurance products.

"Life insurance companies inherently get more customers than health insurers in the retail space, which will help them get more people covered under medical insurance at more affordable premiums," one of the two people cited above said.

"With captive customers, larger distribution networks and higher disposable cash, life insurers are well-positioned to offer health insurance products to a larger population at better rates," said the second person.

Aditya Birla Health, Policybazaar launch OPD add-on cover with zero waiting

Aditya Birla Health Insurance Co. Ltd. (ABHICL) has launched 'OPD Add-on' for its customers. This product can be added to existing indemnity plans to provide unlimited medical consultation at affordable prices.

The add-on cover aims to provide hassle-free physical and virtual consultation, and offers a range of special consultations such as gynaecology, orthopaedic, paediatric, ophthalmologist, physiotherapist and nutritionist, referred or prescribed by a general practitioner, in relation to any illness or injury.

Mayank Bathwal, chief executive officer, Aditya Birla Health Insurance, said, "New-Age insurance is all about being proactive, taking preventive measures and being there for our customer. Hence, we came up with an OPD Add-on cover with both physical and tele-consultation which can be easily accessible for policyholders. This cover will help them consult doctors virtually as well, irrespective of their location."

Group covers lead 22% growth in Q1 health premium

Health insurance witnessed subdued growth in the April-June quarter (Q1) of FY23. Despite that, health insurance premiums registered 22 per cent growth in Q1FY23 to over Rs 21,000 crore, primarily driven by group health insurance premiums.

Motor insurance premium rose 27.5 per cent year-on-year (YoY) to Rs 15,765.95 crore, albeit on a low base, indicating a revival of growth in the segment buoyed by a pick-up in vehicle sales.

According to data released by the General Insurance Council, retail health premiums witnessed 11 percent YoY growth in Q1FY23, while group health premiums grew by 27 percent. General insurers, which deal in multiple lines of business, witnessed only 2 percent YoY growth in retail health insurance premium but managed to post 21 percent YoY growth in overall health premium in Q1, owing to group health premium, which grew 25 percent YoY.

Standalone health insurance companies reported 21 percent increase in retail health premiums and over 46 percent growth in group health premiums. Their overall health rewards were up 28 percent YoY.

The group health insurance segment has witnessed an increase in premium rates due to medical inflation and adverse claims ratio in the earlier periods.

Niva Bupa launches TravelAssure health insurance plan

Niva Bupa Health Insurance Co. Ltd. today announced an insurance offering--TravelAssure--to enable customers to plan their overseas travel hassle free, with complete coverage for any unforeseen medical emergency.

Bhabatosh Mishra, Director - Underwriting, Products and Claims, Niva Bupa Health Insurance said, "The product has been designed to make travel a hassle free experience for our customers and provide them cover against any unforeseen medical emergency or travel-related mishap. This product will offer them assurance that in case of any unfavourable incident while they are traveling abroad."

The Niva Bupa TravelAssure plan includes various benefits and features such as, emergency in-patient and out-patient medical treatment covering consultations and diagnostic tests, emergency medical evacuation, personal accident cover, daily hospital cash to cover for out-of-pocket expenses, dental treatment. The plan also provides cover for covid related hospitalisation.

City Union Bank partners Aditya Birla Health Insurance

Aditya Birla Health Insurance Co. Ltd. announced a Bancassurance partnership with City Union Bank for distribution of health insurance products through the lender's network of branches in India.

Under the alliance, Aditya Birla Health Insurance's full suite of insurance plans will be available for purchase to more than 4.4 million customers of City Union Bank across 727 branches in 153 districts.

"The Bancassurance partnership will expand our reach and enable us to leverage City Union Bank's robust network in Tamil Nadu and other southern states. The partnership will help Aditya Birla Health Insurance to further unchain the insurance market in tier II and tier III cities and increase insurance penetration in the country. It will also enable the Bank's customers to choose from our comprehensive product portfolio and also benefit from our 'Health First' offerings," said Mayank Bathwal, CEO, Aditya Birla Health Insurance. ❑

Private Life Insurance News

HDFC Life first quarter net up 21% on premium income

HDFC Life's net profit surged 21 per cent year-on-year (YoY) to Rs 365 crore in the April-June quarter of FY23, aided by lower mortality reserves and healthy jump in value of new business (VNB). In the year-ago period, it had reported a net profit of Rs 302 crore.

Its VNB rose 25 per cent to Rs 510 crore in Q1FY23, over the same period a year ago, while annualised premium equivalent (APE) grew 22 per cent to Rs 1,904 crore.

VNB is the present value of future earnings from policies issued during a period. It reflects the additional earnings expected to be generated through the new policies issued. APE is the sum of the total value of regular- or recurring-premiums plus 10 per cent of any new single premiums written for the fiscal year.

VNB margins, a measure of profitability of life insurance companies, of the insurer stood at 26.8 per cent in Q1FY23, up 60 basis points from the year-ago period. In FY22, its margins were 27.4 per cent.

Total premium of the insurer, which includes new business premium as well as renewal premium, grew 23 per cent YoY to Rs 9,396 crore in Q1FY23.

Solvency ratio of the insurer stood at 178 per cent in Q1FY23, slightly above the regulatory requirement of 150 per cent. It is the ratio of available solvency margin to required solvency margin.

Life insurers' new biz hit as LIC premiums contract

Life insurance companies witnessed a modest increase of 4.15 per cent in their collective new business premium at Rs 31,254.55 crore in June, data from IRDAI showed. The 24 life insurance companies had collected premiums worth Rs 30,009.48 crore in same month a year ago.

LICwitnessed a decline of 5.29 per cent in the new business premium in June 2022 at Rs 20,643.67 crore, as against Rs 21,796.28 crore in the year-ago month, according to the IRDAI data.

The rest of the 23 private sector players on the other hand registered a growth of 29.19 per cent in their combined new premium at Rs 10,610.89 crore, compared with Rs 8,213.20 crore in June 2021.

Life insurers to once again benefit from a low-base effect

For two consecutive fiscals, life insurance companies have experienced low-base effects in quarter 1 (Q1) due to the Covid-19 first and second wave effect. The financial year 2022-23 (Q1FY23) is likely to see growth given the base effect. Based on the IRDA data, SBI Life has had a standout quarter but other insurers have done reasonably well.

The low base was balanced off by an adverse environment with high inflation, elevated interest rates and volatile equity markets. While April and May benefitted from strong base effects, there was moderation in June 2022. Overall, ticket sizes declined 8 per cent year-on-year (YoY).

For FY23, total RWRP (retail weighted received premium) is estimated to see a growth of 12-13 per cent YoY, with the private sector growing in the mid- to high-teens and newly-listed Life Insurance Corporation (LIC) growing in the high-single digits. Listed private companies could see at least 20 per cent YoY growth in Value of New Business (VNB) in Q1FY23. SBI Life will probably have far higher VNB growth rates - maybe close to 90 per cent.

Due to product diversification, better distribution mix and better cost efficiencies, listed private players should be able to keep relatively higher margins. The growth would be driven by demand for the annuity/non-participating segment and recovery in the protection business (term policies). But growth in ULIPs (unit linked insurance plans) may be soft due to the market correction.

Life Insurers seek risk-based solvency regime for ULIPs

Some life insurance companies plan to move IRDAI, seeking a risk-based solvency regime for unit-linked insurance plans (ULIPs), where the risk is borne by policyholders.

If the regulator gives a nod to this proposal of the life insurance companies, then the capital blocked for ULIPs will come down, which will boost the solvency margins of insurers and release capital for other purposes.

Currently, the insurers follow a rule-based solvency regime. As a result, insurers' assets are required to be 1.5 times, or 150 percent, of their liabilities. The minimum solvency ratio insurance companies must maintain is 1.5 to lower risks. In terms of solvency margin, the required value is 150 per cent. The solvency margin is the extra capital the companies must hold over and above the claim amounts they are likely to incur. It acts as a financial backup in extreme situations, enabling the company to settle all claims.

Once the risk-based solvency regime is implemented, insurance companies will have to hold capital in proportion of the business they write Riskier the business, higher is the capital requirement.

Online insurance platforms may have to disclose commission paid

Online platforms such as Policybazaar, as well as corporate agents, may have to disclose the commissions they receive from insurance companies for selling their policies.

The move is aimed at pushing transparency and customer protection. It would also put an end to misselling of products that have high commission or rewards.

Web aggregators may have to come up with a specific section for 'insurance policyholder protection.'

They will have to disclose the commission rates and rewards that they are entitled to receive from insurance companies for selling their products. Reporting of commissions may also be made mandatory for corporate agents and brokers.

The IRDAI is considering a proposal that seeks to have a single limit for expenses made by insurance companies. These will include operating expenses, commissions and rewards given by insurers.

Under the current practive, there is a separate limit for expenses allowed at the business level and for operations, commissions and rewards. The proposal is to ensure appropriate market conduct and expense management by insurance companies.

Insurers may also have to disclose commission for every policy along with the name of the intermediary.

HDFC Life board approves issuance of over 3.5 cr shares to parent HDFC for Rs 2,000 cr

HDFC Life Insurance Company its board has approved the issuance of over 3.5 crore equity shares to promoter company HDFC for Rs 2,000 crore on a preferential basis. The company's board of directors, at a meeting, approved the issuance of 3,57,94,824 equity shares of the company at Rs 558.74 per equity share, not exceeding Rs 2,000 crore in aggregate on a preferential basis to (HDFC), the life insurance company said in a regulatory filing.

The insurer said the issuance of shares is subject to the approval of the shareholders besides, regulatory/ statutory approvals.

"The issue price at which the equity shares are to be issued to HDFC Ltd is the higher of the price determined under the valuation report of the registered valuer and the price calculated in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations," it added.

Canara HSBC Life Insurance declares bonus

Canara HSBC Life Insurance declares bonus for the 9th consecutive year of INR 78 Cr. for all eligible policyholders for the financial year 2021- 2022. The life insurance company has been consistently declaring bonuses on participating products. Bonus amount for FY2021-2022 marks 28% of surge as compared to the previous year.

Commenting on the announcement Mr. Anuj Mathur, MD & CEO, Canara HSBC Life Insurance, said, "We are elated to announce the annual bonus for our customers and pleased that we are progressing each year in fulfilling million promises of our customers. We are a very customer centric life insurance brand and constantly thrive to provide best services and work for the well-being of our customers. We will continue to work harder for our customers and ensure that their lifelong goals are taken care of with proper financial assistance. Our customers are true testimony of our growth journey and our commitment towards their financial goals is unparalleled." ❑

International News

Thailand insurance industry to reach $36.1 billion by 2026, driven by life and health insurance products

The Thailand insurance industry is expected to grow at a compound annual growth rate (CAGR) of 4.7% from THB890.4 billion ($27.8 billion) in 2021 to THB1,1129.3 billion ($36.1 billion) in 2026, in terms of gross written premium (GWP), according to GlobalData, a leading data and analytics company.

According to GlobalData, Thailand's total insurance industry growth will be led by the life and pension insurance segment, which accounted for 69.3% share of the GWP in 2021.

Rakesh Raj, Senior Insurance Analyst at GlobalData, comments: "Thailand's insurance industry grew by 3.0% in 2021 after declining by 0.2% in 2020 due to the COVID-19 related economic slowdown. The industry is poised for an upward growth trend from 2022, driven by economic recovery, increased health awareness, and the country's aging population, which is supporting the demand for life and health insurance products."

Thailand is considered as one of the rapidly aging societies in the world. In 2021, almost 20% of its population was 60 years or above. This is expected to increase to 26.6% by 2030, which will support the growth of life and health insurance products over the coming years.

Rakesh continues: "Personalization, product innovation, and digitalization are gaining traction in Thailand's life insurance industry. AIA Thailand, the country's largest life insurer, announced in March 2022 that it will increase its digital presence to keep up with the changing trends. The insurer introduced various digital services such as AIA iSign, which facilitates the online purchase of life insurance policies without face-to-face interactions. Currently, more than 54.4% of life insurance agents are using AIA iSign."

General insurance accounted for the remaining 30.7% share in the insurance industry GWP in 2021. The segment is expected to grow at a CAGR of 5.7% over 2021-26, driven by the increase in vehicle sales and a strong pipeline of construction projects.

According to the Federation of Thai Industries (FTI), automobile production in the country recorded a 12.9% year-on-year increase in April 2022 due to higher demand. Automobile sales are expected to further improve with the recovery in global automobile semiconductor chip supply.

Increasing government investments in infrastructure development will also support the growth of general insurance in Thailand over the next few years. Notable developments include the approval for a smart city project at a cost of THB1.35 trillion ($37 billion) and Kathu-Patong elevated expressway project with a cost of THB14.5 billion ($440 million).

Rakesh concludes: "Thailand's total insurance penetration of 5.5% in 2021 was higher than the penetration in emerging markets like China (4.4%), India (4.1%), Indonesia (1.5%), Vietnam (3.3%), and the Philippines (1.7%). The popularity of life insurance products, aging population and innovation in the product offering are expected to drive the Thailand insurance industry growth over the next five years."

Taiwan general insurance market to surpass $31 billion in 2026, driven by health awareness and booming real estate

The general insurance market in Taiwan is set to grow at a compound annual growth rate (CAGR) of 5.4% from TWD220.2 billion ($25.5 billion) in 2021 to TWD286.9 billion ($31.3 billion) in 2026, in terms of gross written premiums (GWP), forecasts GlobalData, a leading data and analytics company.

As per GlobalData, the growth will be driven by a strong real estate market, rising demand for health insurance policies, and recovery in new vehicle sales.

Shabbir Ansari, Senior Insurance Analyst at GlobalData, comments: "The general insurance industry in Taiwan is expected to register a slower growth of 3.5% in 2022 after registering double-digit growth of 10.1% in 2021. Sluggish growth in motor insurance, which accounts for over 50% of the general insurance premiums, is expected to impact the industry growth. However, the industry is expected to recover from 2023 onwards and witness an upward growth trend supported by the economic stability and recovery in vehicle sales."

Among the top general insurance lines in Taiwan, motor insurance was the largest with a 52.3% share in terms of GWP in 2021. Motor insurance is expected to remain sluggish in 2022 due to lower vehicle sales caused by supply chain disruptions arising from the global automobile chip shortage. The segment is expected to recover gradually from 2023 and grow at a CAGR of 4.7% during 2021-26, driven by a recovery in vehicle sales.

The proposed amendments to impose an additional fee for traffic violations under the compulsory motor third-party liability (MTPL) is expected to increase premium rates, which will result in a higher motor insurance premium.

Property insurance was the second-largest line in Taiwan, accounting for a 18.7% share in terms of GWP in 2021. Growing demand for residential property aided by strong economic recovery and low interest rates will support the growth of the property insurance. It is forecasted to grow at a CAGR of 6.2% over 2021-26.

The government's continued investments in large infrastructure projects such as railway projects, green energy, and urban and rural development projects will further support property insurance growth.

Personal accident and health (PA&H) insurance was the third-largest line, accounting for a 11% share of general insurance premiums in 2021. The PA&H line registered 13.4% growth in 2021. Increasing healthcare costs, and a surge in health insurance demand due to increased awareness supported the growth of PA&H insurance. It is expected to grow at a CAGR of 5.1% during 2021-26.

Marine, aviation and transit (MAT), Miscellaneous, Liability and Financial Lines insurance accounted for the remaining 18% share in 2021.

Ansari concludes: "Taiwan's general insurance industry is poised for consistent growth over the next five years, driven by motor and property lines. The growth, however, might get overshadowed by the economic uncertainties due to a potential global recession and geopolitical instabilities."

Personal accident and health insurance in North America to reach $1.5 trillion by 2026

The personal accident and health (PA&H) insurance industry written premium sales in North America are projected to grow from $1.2 trillion in 2021 to $1.5 trillion in 2026 at a compound annual growth rate (CAGR) of 5.2%, backed by an increase in health insurance awareness and rising healthcare costs, due to the COVID-19 pandemic, found GlobalData.

The leading data and analytics company's latest report, 'Personal Accident and Health Insurance Market to 2025', found that the US is the leading and most advanced healthcare market globally and accounts for 97% of North America's PA&H insurance premiums. Supported by the recovery in employment, easing of travel restrictions, and double-digit enrolments in the Medicaid program, which increased the demand for PA&H policies. The US's PA&H insurance industry grew by 5.3% in 2021.

Katam Prasanth, Insurance Analyst at GlobalData, comments: "A prime focus area for PA&H insurers will be the changed abortion rules and regulations in North America following the US Supreme Court's decision to overturn Roe v Wade. With 50% of the US states expected to enact the ruling, insurers will have to amend their policies to accommodate this change."

The ruling will also have an impact on both individual and corporate travel policies as people will look to access out-of-state healthcare services. The full impact of the ruling is expected to be realized over the next year. Overall, the US PA&H insurance market is expected to grow at a CAGR of 5.2% over 2021–26.

Prasanth continues: "Canada accounts for a 1.6% share of the regional PA&H premiums. Rising healthcare costs have created demand for private insurance to supplement healthcare services not covered by public health schemes such as prescription drugs, dental, vision, and hospitalization."

The growing popularity of packaged plans covering multiple risks under one plan is expected to emerge as a prominent insurance driver. Over 2021–26, the PA&H insurance market in Canada is estimated to grow at a CAGR of 5.9%.

Mexico accounted for the remaining 1.4% share in the regional market. It is the fastest growing market with 19.3% growth in 2021 as pandemic-driven insurance awareness helped increase health insurance demand. The industry is expected to grow at a CAGR of 8.1% over 2021–26. ❑

A CHALLENGING PHASE FOR INDIA'S ELECTRIC VEHICLE (EV) MARKET

The electric vehicle industry in India is picking pace with new manufacturing hubs, and increased push to improving infrastructure. The global automotive industry is undergoing a paradigm shift at present in trying to switch to alternative/less energy intensive options. India, too, is investing in this electric mobility shift. By making the shift towards electric vehicles (EVs), India stands to benefit on many fronts: it has a relative abundance of renewable energy resources and availability of skilled manpower in the technology and manufacturing sectors. Regardless of the country's ambitious targets, India's EV space is at a nascent stage.

However, looking at it differently - India offers the world's largest untapped market, especially in the two-wheeler segment. The rising adoption of charging stations powered by solar energy is expected to create numerous growth opportunities for the market players. With the increasing use of EVs, there is a need to harness a more-sustainable energy source to run the vehicles, and the sun is a potential source of renewable energy for charging systems. India plans to attain renewable energy generation capacity of 175 gigawatts (GW) by 2022, of which 100 GW would be in the form of solar energy.

About the author

Jagendra Kumar
Ex. CEO,
Pearl Insurance Brokers
Jaipur

Thus, the use of unconventional sources of energy for charging electric vehicles is expected to generate new growth opportunities for the players in the market. India is seeing rapid growth in sales of Electric Vehicles (EVs) as consumers rush to switch from gasoline-powered vehicles due to the rising cost of fuel.

The total registered EV volumes (all segments put together) stood at 3.13 lakh units in the calendar year 2021. The burden of oil imports, rising pollution, and as well as international commitments to combat global climate change are among key factors motivating India's recent policies to speed up the transition to e-mobility. By making the shift towards electric vehicles (EVs), India stands to benefit on many fronts: it has a relative abundance of renewable energy resources and availability of skilled manpower in the technology and manufacturing sectors.

In addition, multiple production-linked incentive schemes intend to create a local manufacturing ecosystem to support goals around greater adoption of electric mobility transport. This is sought to be achieved by incentivizing fresh investments into developing indigenous supply chains for key technologies, products, and auto components. The Indian government had set up the aim of replacing all internal combustion engines with EVs by 2030.

Market Overview

The Indian Electric Vehicle (EV) Market is segmented by Propulsion Type (Battery Electric Vehicle, Plug-in Electric Vehicle, Fuel Cell Electric Vehicle) and Vehicle Type (Passenger Cars, Commercial Vehicles, Two-wheelers, and Three-wheelers). This electric vehicle market was valued at USD 1,434.04 billion in 2021, and it is expected to reach USD 15,397.19 billion by 2027. Total electric vehicle (EV) retails reached 4,29,217 units in 2021-22, a rise of three-fold from 1,34,821 units in the financial year 2020-21. The sale of electric vehicles in the nation increased by nearly threefold in the previous fiscal year. Two-wheeler dominated the sector. 100 percent foreign direct investment is allowed in this sector under the automatic route.

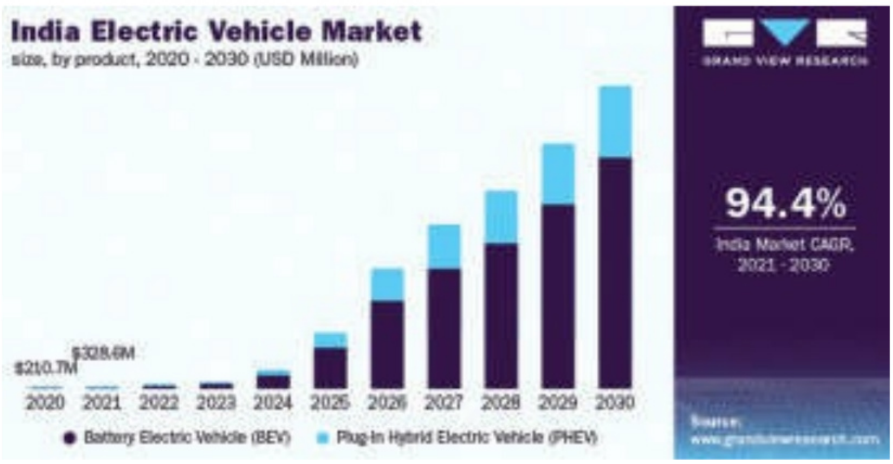
Heavy investments from automakers are expected to cater to the growing demand for EVs and play a major role in the evolution of the electric vehicle market. OEMs offer electric vehicles in different segments ranging from hatchbacks such as Nissan Leaf to high-end sedans like Tesla Model 3. See the data of the previous fiscal:

1. Two-wheeler dominated the sector. EV retail sales in 2021-22 reached 4,29,217 units, a threefold increase from 1,34,821 units in 2020-21,
2. Total electric three-wheeler sales last fiscal stood at 1,77,874 units, registering an increase of two-fold over 88,391 units in the preceding fiscal.
3. Electric commercial vehicle sales rose to 2,203 units last financial year as compared with 400 units in FY21.

The level of market maturity

In India, the level of market maturity varies according to the state depending on factors, including demographics, income levels, regulatory landscape, and urbanization. For instance, the state of Uttar Pradesh, with one of the lowest urbanization rates, has seen significant uptake of electric two-wheelers. Maharashtra, on the other hand, with a higher urbanization rate, has the highest penetration of electric three-wheelers and passenger cars. Delhi is home to the largest electric commercial vehicle fleet due to a higher demand for electric buses and trucks.

The Indian EV market being in its nascent stages is viewed as an opportunity waiting to be exploited. Other players who also have products in the EV market include MG Motors, Maruti Suzuki, Renault, Audi, Volvo, Hero, Ather, etc. An expansion in the EV industry will also see other associated industries catch on too. This includes the battery and EV chargers. Interest has been shown by many companies like Siemens, Schneider, Delta, etc. But unfortunately, these companies will only move in once a significant demand arises in the public 4 wheeler segment. On the other hand, one of the major factors for the EV industry not expanding has been consumer concerns regarding the lack of Fast Chargers in India.



Setting up EV chargers

Unorganized and small players are dominating due to the limited scale of business. In order to combat this, the NITI Ayog is laying a key role in setting up EV chargers. There are currently 270 units of installed EV chargers in India. NITI Aayog has partnered with NTPC in order to set up 100,000 EV charging stations across

India. Other government entities like BHEL have partnered with ISRO in order to develop batteries using Lithium technologies. Most lithium requirements are currently imported from China, South Korea, Vietnam, Singapore, and Japan. Other players who have shown interest in the Lithium battery production business in India include Reliance, Suzuki, Toshiba, Denso Corp, JSW Group, Adani, Mahindra, Hero Electric, Panasonic, Exide Batteries, Amara Raja. Some of the largest Lithium-Ion battery manufacturers in India are Exide Industries, a joint venture between Suzuki, TOSHIBA and DENSO, in Gujarat; Amara Raja Batteries, Li Energy and ATL and Manikaran Power Ltd. The Top EV Charging stocks are Tata Power, Indian Oil Corporation, BPCL, Reliance Industries, NTPC and Powergrid Corporation. Among these, IOC and BPCL have already pledged to use their outlets to set up 17000 EV charging centres in near future.

Challenging phase:

The steps taken in order to enable the acceptance of EVs will not suit their main purpose if alternative means of electricity production are not implemented. Currently, up to 60% of the electricity is produced from coal. Although the government has set major aims to bolster the growth of EVs a lot more has to be done in order to ensure they are implemented. Others include

1. **Better supply chain:** The EV sector in India needs a better supply chain, not just in terms of technology but also in terms of volume. The ongoing shortage of semiconductors has only worsened the situation for the industry. India must now focus on developing a local supply chain to improve production and reduce dependence on China.
2. **Ground to cover:** While growth in the EV industry is on an upward tick, it has much ground to cover to be able to realize the government's ambitious 2030 target. The COVID-19 pandemic not only slowed the industry's progress, but also dampened overall market demand.
3. **Huge investment:** Realizing India's EV ambition will also require an estimated annual battery capacity of 158 GWh by FY 2030, which provides huge investment opportunities for investors. Enabling policy support measures are a critical need at this juncture.
4. **Insufficient charging infrastructure:** In 2019, there were only 650 charging stations in India as against over 0.3 million in China. Lack of sufficient charging infrastructure is one of the primary reasons why customers often refrain from purchasing EVs.
5. **High costs:** Along with the range anxiety (kms/charge), another major concern among the potential customers is the current high price of EVs. As compared to lower-end (internal combustion engine) ICE cars, electric cars in the same segment tend to be more expensive. This is mainly because of the higher cost of technology used in the EVs, which constitutes a substantial portion of the cost, not leaving much scope for other features usually available in premium cars. With the recent announcement of subsidies, the price rationalization of EVs in the two-wheeler segment is on cards.
6. **Limited options:** Since it is still a budding industry in India, customers have a very limited range of products to choose from. Increased investment in the sector will make it more competitive in due time and this will help create further demand.
7. **Lower mileage:** The industry is young, there is immense scope for R&D. As of today, EVs in India are not cost competitive to an average customer as internal combustion engine (ICE) vehicles prove to be more cost effective.
8. **Higher dependency on imports:** Reliance on imports of battery as well as other components is also one of the factors adding to the cost of EVs in India.
9. **Grid challenges:** Another concern is regarding the price of charging EVs at private charging stations once EVs become mainstream. Even with a fair penetration of EVs, the increase in demand for electricity is likely to be about 100 TWh (tera watt-hours) or about four

percent of the total power generation capacity. So, increasing methods of power generation are necessary to meet that growth in demand.

10. **Department of Science and Technology:** It has launched a grand challenge for developing the Indian Standards for Electric Vehicle Charging Infrastructure.
11. Due to a lack of sufficient charging infrastructure, potential electric vehicle purchasers are experiencing "range anxiety." The biggest problem is that the charge in an electric vehicle will not last until it reaches its destination. To ease range anxiety, we need to build a wide network of charging infrastructure, create better battery capacity - yet at a cost-effective price - and develop battery-swapping technologies that save time.
12. Ultimately, the scope of India's EV market growth rests on availability of capital for original equipment manufacturers, battery manufacturers, and charge point operators as well as improvements to infrastructure and diversified options for consumers.

Existing EV ecosystem

The government is prioritizing the shift towards clean mobility, and recent moves to amend the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles in India (FAME) II scheme to make electric two-wheelers more affordable, is a case in point. Under the phase two of the FAME scheme, about 1,65,000 electric vehicles have been supported, as on November 25, 2021, by way of demand incentive amounting to about INR 5.64 billion (US$75.16 million). Further, under the scheme, approvals have been granted for 6,315 electrical buses, 2,877 EV charging stations amounting to INR 5 billion (US$66.63 million) in 68 cities across 25 states/Union Territories and 1,576 charging stations amounting to INR 1.08 billion (US$14.39 million) across nine expressways and 16 highways. In addition, multiple production-linked incentive schemes intend to create a local manufacturing ecosystem to support goals around greater adoption of electric mobility transport.

Strategic developments

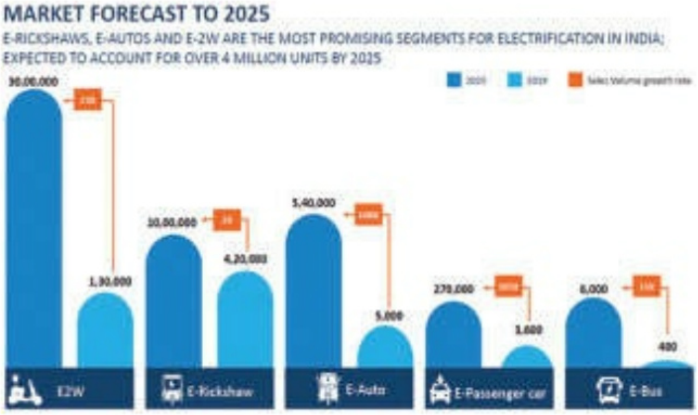
In recent years, the major players in the Indian EVSE market have undertaken several strategic measures, such as partnerships and product launches, and secured client wins to gain a competitive edge in the market. For instance, Magenta Power Pvt. Ltd. partnered with Lodha Group, a real estate developer, for EV charger installation. Under the terms, Magenta will install its charging stations, named ChargeGrid Pro, at the real estate projects of Lodha in Mumbai. Additionally, Panasonic Corporation announced plans to set up mini-charging stations, mostly at parking spaces, malls, fuel outlets, and specially-developed zones, across cities such as Pune, Bangalore, Chennai, Hyderabad, Noida, and Delhi.

With this charging infrastructure network, the company is planning to reach EV owners/users, logistics companies and fleet owners and help them manage their fleets more efficiently. As part of the National Electric Mobility Mission Plan (NEMMP) 2020, the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles in India (FAME India) Scheme was notified in April 2015, to promote the manufacture of electric and hybrid vehicle technology. It has mainly focused on four aspects - demand creation, technology platform, pilot projects, and charging infrastructure. For demand creation, incentives have mainly been disbursed in the form of reduced purchase prices.

Government initiatives

The government of India has undertaken multiple initiatives to promote the manufacturing and adoption of electric vehicles in India to reduce emissions pertaining to international conventions and develop e-mobility in the wake of rapid urbanization. The National Electric Mobility Mission Plan (NEMMP) and Faster Adoption and Manufacturing of Hybrid & Electric Vehicles in India (FAME I and II) helped create the initial interest and exposure for electric mobility. For instance, in phase two of FAME, the government announced an outlay of USD 1.4 billion through 2022. This phase focuses on the electrification of public and shared transportation through subsidizing 7,090 e-buses, 500,000 electric three-wheelers, 550,000 electric passenger vehicles, and 1,000,000 electric two-wheelers.

To promote the domestic electric vehicle industry, the Indian government has provided tax exemptions and subsidies to EV manufacturers and consumers. Ministry of Road Transport and Highways has announced that both commercial as well as private battery-operated vehicles will be issued green license plates. It has also notified that all battery operated, ethanol-powered, and methanol-powered transport vehicles will be exempted from the commercial permit requirement. Ministry of Power has clarified that charging EVs is considered a service, which means that operating EV charging stations will not require a license. It has also issued a policy on charging infrastructure to enable faster adoption of EVs. The revised consolidated Guidelines & Standards for Charging Infrastructure for Electric Vehicles was promulgated on January 14, 2022. Exhaustive in scope, these guidelines include provisions for a) individual owners of EVs and b) for public charging stations (PCS) infrastructure. It covers land use and access, power tariffs, state and central government roles, timelines for providing connectivity for installation of PCS, among other concerns.



Emerging market players

Many leading battery producers like Amara Raja Batteries, have picked up the cue from these incentives to orient new investments into green technologies, including in lithium-ion batteries. In April 2022, one of the world's most energy dense batteries at 54MWh, developed by a Bengaluru-based battery startup - Pravaig, was acquired by a European renewable energy company, Eren Groupe, for its storage applications. This new acquisition by a European company will not only give boost to domestic manufacturing, but will also pave way for making EVs more economical, considering batteries usually account for 35-40 percent of the total cost.

Further responding to the opportunity that India's EV industry presents, many leading industry players like OLA Electric Mobility Pvt, Ather Energy, and Mahindra Electrics are rapidly growing their market presence. Moreover, certain states like Karnataka and Tamil Nadu are rolling out innovative and timely investor-friendly policies besides building necessary infrastructure. Recently, the American electric vehicle and clean energy company Tesla Inc. marked its entry into India by incorporating its subsidiary, Tesla India Motors and Energy Pvt Ltd, in Bengaluru. There have also been positive developments in the expansion of charging infrastructure across the country - states like Andhra Pradesh, Uttar Pradesh, Bihar, and Telangana are setting impressive targets for the deployment of public charging infrastructure to increase uptake of electric vehicles in the country.

Competitive Landscape

The Indian EV market is moderately consolidated with the presence of major players in the market due to cheap and readily available manpower. The startups are also expanding their presence by raising funds from investors and tapping into new and unexplored cities. Companies are investing a tremendous amount in R&D and launching new models to mark their presence in the market. However, established players in the market are introducing new models to gain a competitive edge over other players. The Indian EVSE market is presently consolidated in nature; however, with the entry of many start-up and established global players, it is expected to become fragmented in the forecast period. Some of the major players operating in the market are ABB Ltd., Schneider Electric SE, Delta Electronics Inc., Magenta Power Pvt. Ltd., Tata Power Co. Ltd., Exicom Tele-Systems Ltd., Ather Energy Pvt. Ltd., Bharat Heavy Electricals Ltd., ANI Technologies Pvt. Ltd. (Ola), and EV Motors India Pvt. Ltd. Tata Motors is leading the Electric Vehicle sector in India. Tata Motors was one of the first companies that decided to develop a fully autonomous electric vehicle on its own. Being a leader in the commercial vehicle segment, it has huge plans to go electric in commercial buses, Trucks and is preparing to launch its first electric truck soon.

Major roadblocks

There are many roadblocks that are giving Indian customers the creeps and preventing the widespread adoption of electric vehicles. India would need 400,000 charging stations by 2026. The cost of a battery accounts for 40-50% of the overall production cost. Although sales of these electric vehicles are increasing, there are several issues on the ground. EVs are more costly than ICEs and have a much larger initial investment. The price difference between an electric car and a comparable ICE vehicle can go up to as high as three to four times, making EVs a less appealing alternative for the ordinary Indian buyer.

Electric vehicles are expensive in India because the batteries used in EVs alone form around 30% to 50% of the cost of EVs. These batteries are very expensive, hence increasing the cost of EVs. Another major factor for Electric Cars being expensive in India is because this industry is not able to utilize economies of large scale production. When the demand increases and EVs will be manufactured in high volumes, we can expect that the prices might reduce.

Electric vehicle industry:

The Indian automotive industry is the fifth largest in the world and is slated to be the third largest by 2030. Catering to a vast domestic market, reliance on the conventional modes of fuel intensive mobility will not be sustainable. In an effort to address this, federal policymakers are developing a mobility option that is "Shared, Connected, and Electric" and have projected an ambitious target of achieving 100 percent electrification by 2030. The EV market in India will be a US$206 billion opportunity if India maintains steady progress to meet its ambitious 2030 target. This would require a cumulative investment of over US$180 billion in vehicle production and charging infrastructure.

When it comes to transport, new technologies just keep popping up around the world. These alternative technologies in transport are mainly based around electric vehicles with many companies jumping on the bandwagon to get some traction before the industry gets a radical shift away from traditional fossil fuels. The electric vehicle adoption rate in India is less than 1% according to a McKinsey & Company report. According to Bloomberg, in the six years leading up to October 2019, India has barely sold more than 8,000 electric cars. If compared to countries like China these sales figures are achieved in less than 2 days. The Indian EV industry being in its nascent stages does not have an established market leader in all vehicle types.

Production-linked incentive schemes

In May 2021, the government rolled out a Production-Linked Incentive Scheme (PLI) for ACC Battery Storage Manufacturing, which will incentivize the domestic production of such batteries and reduce the dependence on imports. This will support the EV industry with the requisite infrastructure and will significantly cause a reduction in cost of EVs. On September 15, 2021, the government approved a PLI Scheme for the automobile and drone industry, which intends to incentivize high value advanced automotive technology vehicles and products, including 'green automotive manufacturing. The PLI Scheme for the auto sector is open to existing automotive companies as well as new investors who are currently not in the automobile or auto component manufacturing business. The scheme has two components:

i) Champion OEM Incentive Scheme: This is a 'sales value linked' scheme, applicable on battery electric vehicles, and hydrogen fuel cell vehicles of all segments.

ii) Component Champion Incentive Scheme: This is a 'sales value linked' scheme, applicable on advanced automotive technology components of vehicles, completely knocked down (CKD)/ semi knocked down (SKD) kits, vehicle aggregates of 2-wheelers, 3-wheelers, passenger vehicles, commercial vehicles, and tractors etc.

One-stop platform- 'e-AMRIT' portal

India rolled out the website e-AMRIT - https://www.e-amrit.niti.gov.in/ - at the COP26 Summit in Glasgow, which will function as a one-stop destination for all information on electric vehicles. It addresses key concerns about the adoption of EVs and their purchase - such as charging facility locations and EV financing options as well as information about investment opportunities, government policies, and available subsidies for drivers and manufacturers

Positive outlook

India has been recognized as one of the prominent regions in the automotive industry globally. The automotive sector in India is dominated by two-wheelers (scooters, motorbikes) and three-wheelers (autos and rickshaws) that play a significant role in last-mile mobility in the country. Rising government emphasis and focus on private and government players' partnership to enhance EV ecosystem in the country. Increasing investments and product launches by major OEMs into the country and their focus on localizing supply chain facilities are expected to create a positive outlook in the market.

The Top Companies that are investing in Electric Vehicles are Tata Motors, Eicher Motors, TVS Motors, Bajaj Auto, Hero MotoCorp, Greaves Cotton, Amara Raja Batteries, Exide Industries, Tata Power, Ashok Leyland, Mahindra & Mahindra. Other leading EV stocks in India that are working on Electric Vehicles or related EV ancillary products are JBM Auto, Olectra Greentech, Kabra Extrusion Technik, IOC, BPCL, Reliance Industries, NTPC, Power Grid, Tata Chemicals, Gujarat Fluorochemicals, Neogen Chemicals, Tatva Chintan Pharma, Motherson Sumi, Suprajit Engineering, Minda Industries, Fiem Industries, Tata Elxsi, L&T Technology, Hindustan Copper, NALCO and Hindalco. In addition, six big Tata Group companies joined hands under the name Tata universe to create an EV ecosystem.

India buys approximately 25 million autos every year, according to certain estimates (including two-wheelers). By importing batteries, microcontrollers, motors and the ores that account for 60% of a vehicle's cost, India will spend upwards of $65 billion per year to make transportation completely electric.

The government is rolling out incentives to boost market demand in priority segments like electric two-wheelers, and localizing production of key components like ACC battery storage as well as electric vehicles and auto components through respective PLI schemes. Besides, several Indian states have now passed EV policies intending to attract industry investments and make EV adoption more viable proposition for the consumer market. One of the major reasons why countries are forced into adopting an electric alternative is climate change. India according to Environmental Pollution Index (EPI) 2020 is ranked 168 out of 180 in terms of air quality.

The government has also realized that it is best to target their efforts toward the public transport system in the initial stages. This is because the purchase of EVs in the private sector will depend on major other factors like attractiveness etc. The public transport system being one of the most heavily used in a country like India will definitely offer a huge boost to the sector. The future of EVs in India seems very bright. The Indian government wants to join the Electric Vehicle Revolution and plan to have 30% of private cars, 70% of commercial vehicles, 40% of buses and 80% of two-wheelers and three-wheelers go electric by 2030.

India plans to make 10 million two-wheelers every year, which is about 15% of the world's production. Currently, the majority of electric vehicle (EV) original equipment manufacturers (OEMs) do not benefit from their sales. High manufacturing and R&D expenses, raw material supply restrictions, and poor production capacity all have an impact. Costs are coming down as a result of increased expenditures in R&D and manufacturing capacity, as well as an increase in the number of EV sales, thus this promises a good chance in the industry's economies of scale. With the Indian government aiding infrastructure development, India is getting closer to its aim of being an electric vehicle nation.

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ARE YOUR HOMES MONSOON READY, PROTECT YOUR HOMES THROUGH ICICI LOMBARD HOME INSURANCE

The vagaries of the monsoon may singe your pocket which can be avoided with comprehensive home coverage.

Monsoon can certainly be a delightful season. But, though the rains bring respite from the intense heat, they quite often leave behind a trail of losses.

Excessive rainfall destroys personal property, including homes and offices. As per industry insiders, it is important to see home and property insurance as very valuable products. Under a comprehensive home insurance policy, the insurer provides coverage against any damage caused by a natural calamity, including floods.

How safe is your Home?

If you dwell or own a house -near any landslide prone terrain (for instance any hilly area), you need to have an 'on the ground assessment' to evaluate the potential damages due to landslide. If you are planning to build a house, you must follow the safety standards and consult a certified engineering geologist before construction. A small oversight can prove fatal during a disaster and could potentially wipe away everything.

The following tips can help you safeguard your dream home in a landslide prone area:

- Before construction, carefully assess the surrounding landscape and strictly avoid steep inclines, edgy slopes and natural pathways of rivers
- Plant the surrounding ground with trees to keep the soil firm and retaining walls to avoid boulders crashing into your home
- Build strong pillars to keep the base of the building firm along with deflection walls to direct the flow of top-soil erosion away from the building

With weather patterns becoming significantly unpredictable, getting adequate cover for your house is a smart thing to do. That's why having a home insurance policy is crucial to financial safety in the face of risks. ICICI Bharat Griha Raksha Policy acts as a safety net, covering your home and belongings. It comes with the promise of financial security and support, when you and your family need it the most.

Natural disasters are unpreventable and most importantly, uncontrollable. Disasters with acute onset like landslides and flash floods arising due to heavy rainfall in monsoons can have long-lasting repercussions. To secure your home from such an unforeseen calamity, you can opt for a home insurance policy which will financially safeguard the structure and/or contents of your home and provide you peace of mind. ❑

About the author

Sanjay Datta

Chief - Underwriting, Reinsurance, Claims & Actuarial, ICICI Lombard GIC.

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Wellness services are available as in-built in the 'Health Protector' and 'Family Health Protector' products. One can avail the wellness benefits through IFFCO-TOKIO website or through IFFCO-TOKIO Customer App.

Corrigendum

In June 2022 issue of The Insurance Times, an article "How Insurers can optimize return on capital employed for insurance technical risk management" by Mr Sambhu Nath Roy was published.

Due to paucity of space his introduction was missed. Here is a brief introduction about the author.

Shambhu Nath Roy possesses fourteen qualifications and certifications, both Indian and foreign, and almost 40 years of global experience in the General Insurance/ Reinsurance industry, IT industry (in the last as a Subject Matter Expert) and as a Senior Corporate Trainer. He has successfully executed IT projects in the Insurance, Reinsurance, Finance and Australian Superannuation spaces, in the USA, Canada, Germany, Malaysia, India and Australia. He is a published author.

-Editor

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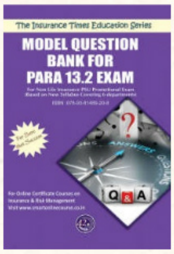

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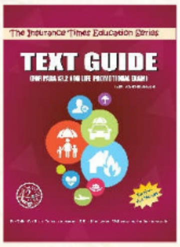

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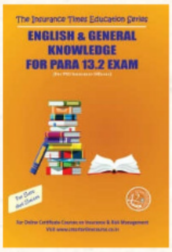

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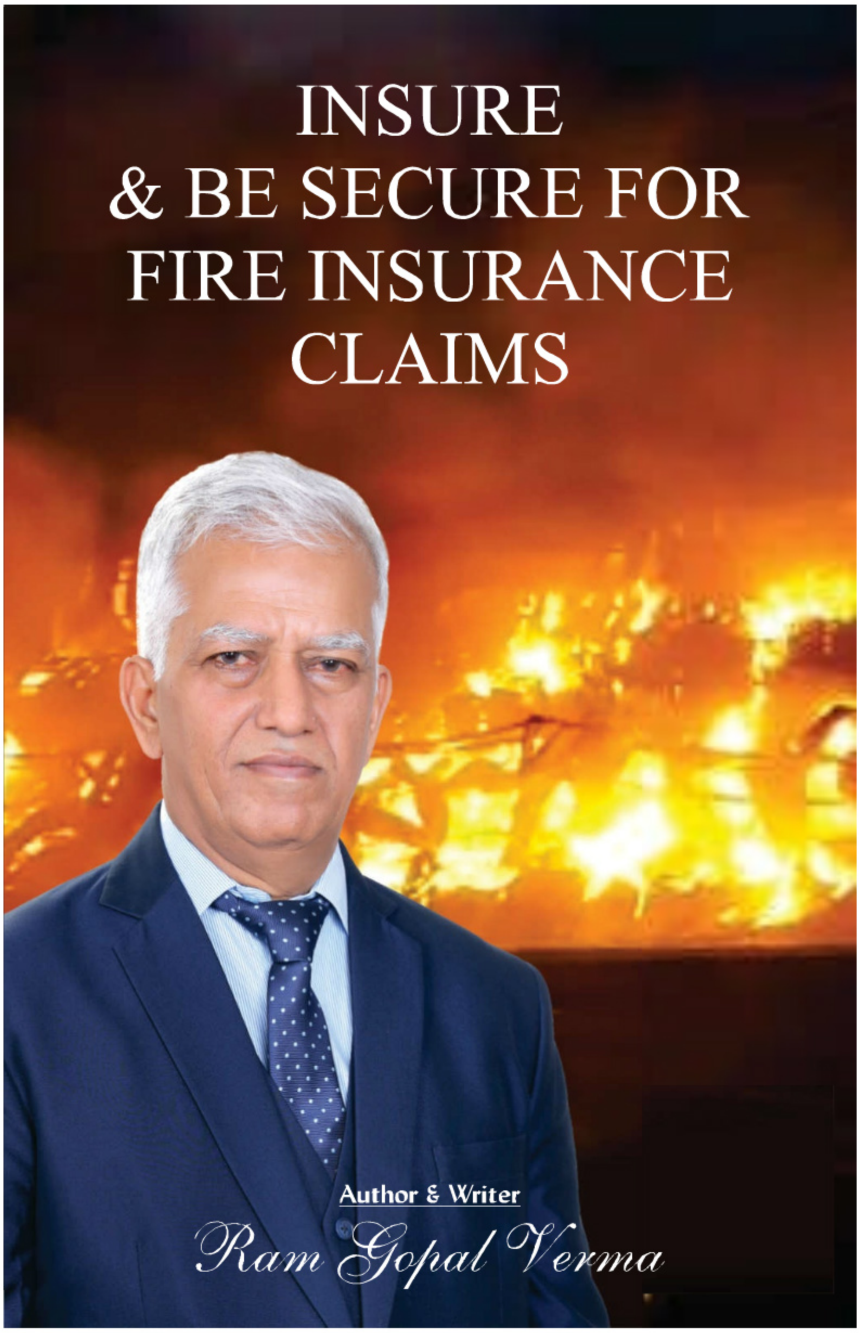

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Q. There has been a lot of buzz in Insurance Industry in last few months after new IRDAI chairman took over. Do you think Insurance Industry is poised for transformation in coming days?

Yes, I strongly believe that the Insurance Industry is poised for growth and transformation in the days to come with Shri Debasish Panda at the helm. After his taking over as Chairman of IRDAI, there is a dramatic change in the thinking of IRDAI. It feels that it is now the time to look at Development seriously as Regulations are already in place and it is a continuing process.

Technology trends set to transform the very nature of insurance. In motor insurance, risk will shift from drivers to the artificial intelligence (AI) and software behind self-driving cars. Satellites, drones, and real-time data sets gives insurers unprecedented visibility into the risk around facilities, leading to greater accuracy. Claims processing after natural catastrophes will be automated, infinitely scalable, and fast. Life insurance industry will bring to market specific products that focus on coverage based on the evolving needs of their customers. This is tomorrow's insurance. This is development. The technologies behind these already exist, and innovative offerings could become mainstream.

With this background, IRDAI is encouraging Insurance Companies for Product filing with Use & File as against the existing practice of File & Use. This change in thinking of IRDAI clearly shows that it is more focused in Growth of Insurance Industry.

Q. IRDAI has been stressing a lot on Insuretech model. How do you think this will impact the industry in long term?

I firmly believe that future lies in the adoption of Insuretech model of Insurance Companies and Intermediaries. Covid- 19 has made digital Technology inevitable. Since the start of Covid -19, globally, digital distribution channel is growing rapidly. Digital distribution is cost effective and therefore beneficial to customers. Recent statistics shows that LIC which has been focusing on Traditional Agency model is losing its market share to private players who are adopting digital distribution besides other distribution channels. Thus, there is a shift in marketing mode of distribution from Traditional mode to digital mode of distribution.

Technology trends can change some of the underlying inputs of insurance products and functions. In underwriting, for example, automated factories may fundamentally alter the nature of workmen's compensation cover by removing the majority of human workers from most operations. The impact of these trends on insurance will be experienced when technological forces interact and build upon one another. Similar innovations could take place across the insurance products.

Roy Amara was an American scientist and futurist. He famously coined the following, that was to become Amara's Law: "We tend to overestimate the effect of a technology in

> ***Recent statistics shows that LIC which has been focusing on Traditional Agency model is losing its market share to private players who are adopting digital distribution besides other distribution channels.***

the short run and underestimate the effect in the long run."With respect to the tech trends affecting insurance, it is unclear where the industry is in the impact continuum. Insurance companies have started using technology to offer new products and services. However, many insurers are still modernizing their technology stacks and are at an early stage of the digitalization journey, leaving them susceptible to being overtaken by more nimble players. This should be a wake-up call for insurance executives to develop an understanding of where and how these trends may affect their products and competitiveness.

Q. In India still a large number of business is done for compliance rather than covering the actual value of asset. How do you advise your clients for proper coverage of assets?

Due to lack of awareness, not allocating sufficient portion of funds(towards insurance) and by leaving things to destiny, a lot of Insurance coverage (such as Third-Party Insurance, taking coverage to the extent of loan taken from a bank etc..) is done to meet compliance where required rather than for an adequate amount. Many are either not aware of or not giving a thought of Insuring their lives/assets. There is a greater need of educating the general public about various Insurance needs. All stakeholders should participate in this deed. As we all know that squint is better than blindness. In the same way insuring to some extent is better than not insuring at all. But Insuring adequately is always advisable. We strive to educate our clients to cover their lives/ assets adequately and for all events.

While the Insuretech trends could affect property insurance in a range of ways. For example: The combination of applied AI, distributed data collection, future of connectivity, and next-level automation will allow insurers to underwrite accurate cover of risks using real-world, real-time data from a variety of sources. Insurers can increasingly use drones, satellite-generated radar imagery, computer vision, applied AI, and smarter edge devices to collect a variety of data on facilities and assets.

In just a few days, an insurer could compile a data set of radar-based and drone-generated images and image attributes of a property to inform underwriting in a fraction of the time currently required. Thus, business cannot be done for compliance, but for the actual value of asset.

Q. The growth of Risk Management culture in India has been muted, though after Covid, companies are realizing its importance and taking suitable measures. What development you expect in this space.

"Many are either not aware of or not giving a thought of Insuring their lives/assets. There is a greater need of educating the general public about various Insurance needs."

As long as things are happening as usual, people will not think of Risk and Risk Management. With the onset of Covid and its after effects, Individuals and Companies are realizing the importance of Risk Management and taking suitable measures. Regulators are thinking that each company should have a Chief Risk Officer, though small companies cannot afford to have such a professional.

Through technology, insurance underwriting becomes continual with innovative products emerging to reflect shifting customer behaviors. Ecosystem-enabled data sharing will give insurers greater access to granular information to support more specific pricing and risk tiering. The combination of tech trends will enable insurers to cover individuals in more dynamic and responsive ways.

The ability to engage individuals continually will lead to products that dynamically adjust premiums, benefits, or both on a regular basis. For example, many individuals today need to buy life insurance, critical-illness protection and disability coverage to fully protect their families from the financial disruption of high-cost medical events. In the future, the lines between these product categories will blur substantially, as insurers are able to offer "umbrella" coverage across risk categories tailored to each individual. In addition, with the bio revolution and the advent of precision medicine, insurers will be expected to have a significantly more nuanced perspective on a customer's risk. The ability to "unbundle" traditional protection products to create custom packages will be guided by broader regulation and actuarial standards.

Q. The competition among the different distribution channels is growing fast. How do you perceive to stay ahead of competition?

We need to get into fast moving train to reach the destination quickly. To fight with the fierce competition, we need to adopt digital distribution channel while not completely leaving the Traditional physical selling such as Agency model. Those who cannot follow and adopt latest Technology for marketing will eventually vanish from the market.

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CYBER INSURANCE

Look around today's world, and you'll see that daily life is more dependent on technology than ever before, benefits ranging from instant access to information on the Internet to the modern conveniences provided by smart home automation technology and concepts like the Internet of Things.

There is so much good coming from technology that it can be hard to believe that potential threats lurk behind every device and platform. Despite the world wide idealistic perception of modern advances, cyber security threats presented by modern tech are a real danger.

A steady rise in cybercrime highlights the flaws in devices and services we have come to depend on. This concern forces us to ask what cyber security & Cyber Insurance are & why are they essential.

About the author

Sweta Agarwal
Underwriter - Credit & Liability
Ideal Insurance Brokers Pvt Ltd

Cyber - This one word is enough to open thousand tabs in your mind& none, any clear. Today we will boil it down to few.. & crystal clear. Cyber is simply things related to or involving computer or computer networks.

Cyber-attacks or Cyber Crimes are attempts by hackers to damage or destroy a computer network or system leading to unauthorized accessing, changing, or destroying sensitive information, theft of or damage to hardware/software, interruption of normal business processes& even extortion of money.

Some common cyber threats are Cyber terrorism, Malware, Trojans, Botnets, Adware, SQL injection, Phishing, Man-in-the-middle attack, Denial of Service, etc.

Thirty years of history have shown us that cyber risk is difficult to understand, problematic to hedge, only likely to grow, and characterized by a continually changing threat environment. Tomorrow's cyber attacks may not look much like today's - as evidenced by 2020's spate of ransomware compared to the breaches of 2015 to 2017.

Cyber security is the practice of defending computers, servers, mobile devices, electronic systems, networks, and data from cyber-attacks.

Some of the best practices include:

- Using two-way authentication
- Securing passwords
- Installing regular updates
- Running antivirus software
- Using firewalls to disable unwanted services
- Avoiding phishing scams
- Employing cryptography, or encryption
- Securing domain name servers, or DNS

Cyber Insurance pays for your losses when your security has failed to deter attacks & you have suffered financial damages. It also covers your business' liability for a data breach.

Cyber Insurance typically pays for

- first-party losses (e.g. business interruption, restoration, and crisis communications) and
- third-party losses, (e.g. data breaches, network interruption, and notification expenses

However, cyber insurance offers much more than just compensation for losses. It also provides valuable prevention and incident response services through the Insurer's global partner network. These help companies to improve their cyber resilience and mitigate negative impacts after an incident. These services include 24/7 access to IT forensic experts or legal or crisis communications support.

Cyber Insurance is important because:

- We live in a digital world & there are more devices than people- These days, most of the gadget works on the wireless network, and people are more engaging in such network system. No doubt, it makes the overall process easy and contributes to making our life better. But the user ignores the other side of this - that is the cyber security concern.
- Attackers are becoming more innovative - Cyber attacks are no longer stopped by antivirus software or firewalls. The risk of cyber attacks is constantly increasing and for companies and institutions it is no longer a question of "if" it will happen but rather "when". There are only 2 types of companies - those that have been hacked, and those that will be.
- In today's high-tech world, data is everywhere. Data is the new oil, and every piece of data has value. We all rely on the safety of our data and personal information. A data breach exposes confidential, sensitive, or protected information to an unauthorized person leading to expensive legal battles. In the words of Bruce Schneier, Data is the pollution problem of the Information Age & Protecting Privacy is the environmental challenge.
- Pandemic, crypto currency, and the rise in remote working are coming together to create a target-rich environment for criminals to take advantage of.

Sectors such as health and finance are likely to find that cyber insurance policies cost more due to the sensitive nature of the fields, they operate in. And it's not just large organizations that are susceptible to being hacked or getting a virus. Most smaller companies lack adequate cyber security, making them a tempting target for cyber crimes such as malware, ransomware, distributed denial-of-service (DDoS) attacks, etc. Cyber attacks and data breaches are time-consuming and growing more so. The typical length of time it takes to discover and address a breach is 280 days. A cyber attack isn't merely an annoyance - it may put your company out of operation.

Cyber liability insurance, also referred to as cyber risk insurance or cyber security insurance, makes it much easier to address cyber attacks without going under financially. It can cover for incident response, involving a panel of security forensic experts, lawyers, PR agencies. Legal fees also add up quickly when cyber criminals are involved, sometimes reaching into millions of dollars. Many cyber incidents require notification to affected individuals and/or regulatory authorities, which can take time and incur fines or other penalties if done incorrectly. It can also help in covering business interruption losses. The insurance further aids in restoring personal identities of affected customers. Credit monitoring expenses are often in thousands of dollars for each individual client whose data has been compromised. It helps in recovering compromised data& repairing damaged computer systems.

Cyber Insurance can be personalized depending on the current business security status & the specific risks the business has.

However, cyber security defense cannot be replaced with cyber insurance. Insurance should complement cyber security technology as part of an overall cyber risk management plan. Cyber risk insurers analyze the strength of a company's cyber security posture before issuing any policy. Strong security postures allow for better coverage and, in some cases, access to enhancement coverages. Fragmented enterprise security approaches can make it difficult for insurers to fully understand an organization's security posture. The whole insurance industry is moving away from being a lender of last resort and payouts, to more like a risk advisor and a partner for your business operations.

Insurance is after all a contract and when it comes to a legal binding contract - Language matters. The definitions, warranties, conditions precedent, exclusions, carve backs are all to be read carefully.

Some losses specifically not covered in cyber insurance policies are -

- preexisting or prior breaches or cyber events, such as incidents that occurred before the policy was purchased;
- cyber events initiated and caused by employees or insiders;
- infrastructure failures not caused by a purposeful cyber attack;
- failure to correct a known vulnerability, such as a company that knows that a vulnerability exists, fails to address it and is then compromised from that vulnerability;
- the cost to improve technology systems, including security hardening in systems or applications.
- The financial damage caused by loss of intellectual property.
- Reputational costs that can be incurred following a cyber attack.
- Losses generated by attacks classed as an "act of war".

The problem that most companies face is in determining how much cyber insurance they need. They are yet to figure out both their exposure and their buying appetites. Some of them still look at cyber insurance as a luxury.

For companies looking to bring more cyber insurance into their risk management practices - or buy for the first time - a bit of planning is necessary. To build up enough cyber insurance, early purchases of smaller amounts with increases over time can help.

Cyber risks will persist and evolve, and companies will need to manage that risk, including securing insurance protection. Remember, there is no such thing as absolute security & one single vulnerability is all an attacker needs. ❑

Bajaj Allianz Life Insurance partners with DBS Bank India

Bajaj Allianz Life Insurance and DBS Bank India, the wholly owned subsidiary of DBS Bank Ltd., Singapore, have announced a strategic partnership to offer a wide array of life insurance solutions to the bank's 3M customers.

Through this partnership, Bajaj Allianz Life and DBS Bank aim to empower the customers to Live More and Bank Less by investing in life insurance products that best meet their life needs in a planned manner. New and existing customers across the 550+ branches of DBS Bank can now choose from Bajaj Allianz Life's retail products including term, savings, retirement, and investment products.

Mr. Tarun Chugh - MD & CEO, Bajaj Allianz Life Insurance and Mr. Prashant Joshi - MD & Head, Consumer Banking Group, DBS Bank India, along with other officials from both the companies, signed the corporate agency agreement in Mumbai.

Speaking on the occasion, Mr. Tarun Chugh, MD & CEO, Bajaj Allianz Life Insurance said, "This is a prestigious partnership and we are glad to offer powerful and value-packed products backed by new-age efficient services for the large customer base at the Bank. I'm confident that with our collective focus on customer delight the team will set higher benchmarks in the industry, while enabling many more life goals."

Mr. Prashant Joshi - MD & Head, Consumer Banking Group, DBS Bank India said, "Our partnership with Bajaj Allianz Life will pave the way for all DBS Bank customers to enjoy comprehensive end-to-end life insurance solutions. Customers across the 550+ physical network of DBS as well as digibank users will be able to avail all the offerings by either visiting any of our branches or with just a tap on the app. This initiative is a part of our ongoing endeavor to support every customer in securing a financially sound future with us."

INTERNATIONAL FINANCIAL REPORTING STANDARD 17 (IFRS 17) - INSURANCE CONTRACTS

Abstract

International Financial Reporting Standard 17 - Insurance Contracts, (IFRS 17), latest addition to Accounting Standards has been issued by the International Accounting Standards Board and is expected to be effective from the reporting periods beginning on or after 1st January 2023. It took about 20 years to give shape to this standard, is a testimony to the special and complex nature of insurance transactions and insurance contracts. Several new concepts and new models for measurements had to be introduced to meet the special reporting needs of insurance contracts. Adoption of this new standard is likley to have significant changes for insurers, particularly life insurers. The standard prescribes a simplified alternate measurement model called Premium Allocation Approach for those insurers who fullfill the conditions prescribed. One eligibility criteria for premium allocation approach is policy period being one year or less. Non-life insurers mostly issue annual policies. The current practices of non-life insurance industry to a great extent seem to be in compliance with this model. However long term policy segment of non-life insurance might require major changes, if the segment fails to fulfill the other eligibility criteria prescribed for adopting Premium Allocation Approach. There is a huge need for developing proper understanding of various provisions of the standard, amongst the stakeholders. The purpose of this write up is to, explore and develop some basic understanding of various provisions of the standard, concepts and models introduced by it, and more particularly, flag different provisions of the standard which might call for industry level deliberations to examine their applicability and relevance to non-life industry. The mist around the provisions will disappear slowly and clarity will emerge as the experts throw more and more light on various provisions and as the insurers start adopting the new standard.

About the author

S H Gejji

Post Graduate in Commerce. - M.com

Degree in Law. - LLB(General)

Fellow of Insurance Institute of India. - FIII

Introduction

International Financial Reporting Standards and International Accounting Standards with their adaptations like Ind-ASs, are mandatory (though a few provisions of these standards may be optional) guidelines for preparation and presentation of financial statements. The standards deal with the contents and formats of financial reporting. The purpose of these guidelines is to ensure transparent, consistent, faithful, true and fair reporting of financial performance and financial position. They also ensure that such financial statements remain comparable. The universe of financial reporting is so diverse, that one set of common prescriptions for all entities will not suffice. In addition to the common prescriptions relevant to all entities, because of the peculiarities of the transactions of certain sectors, some prescriptions have to be sector specific. Insurance is one such area, where specific prescriptions are required. International Financial Reporting Standard 17 is an attempt to fullfill this need.

Some notable / main features of International Financial Reporting Standard 17 - Insurance Contracts are -

1. It is a transaction / contract based standard (as against some entity based ones).
2. It has introduced several new concepts (if not new, substantially refined) like - Contractual Service Margin, Un-bundling, Portfolios and Groups as units of measurement. It has also introduced new Measurement Models - General Measurement Model, Variable Fee Approach and Premium Allocation Approach.
3. Two categories of contracts (Normally found in life segment) have been singled-out for special treatment 1) Insurance contracts with direct participation features, and 2) Investment contracts with discretionary participation features, where the entity also issues insurance contracts. In addition special provisions have been made for reinsurance contracts held.
4. IFRS 17 replaces IFRS 4 which was earlier introduced as a temporary / transitory measure.

International Financial Reporting Standard 17 - Insurance Contracts, represents a comprehensive review of accounting and reporting of insurance contracts. Financial service is a class in itself, different from other services. Though insurance is a financial service, it is quite different from other financial services and in insurance, life and non-life segments are worlds apart. Complexity, diversity and uniqueness of insurance contracts, including long-term nature, current practices / methods in product designing like clubbing non-insurance elements with insurance, dominant role of estimates in evaluation of insurance contract/s and possibility of contract/s being onerous are some important factors primarily behind the development of these new concepts and models. The Standard also attempts to align the accounting and reporting of insurance contracts with accounting and reporting of transactions in other industries.

A. Few new concepts

1. Un-bundling of Bundled Products

A bundled product is one, which is made up of multiple components, each one being distinct in nature from the other component. The economic characteristics of one component are different from the economic characteristics of other component/s. Each component is capable / has potential of being offered as a separate / independent product. However, it has been the practice (Marketing strategy) in insurance, particularly in life insurance to offer bundled products. Unit Linked Insurance Policy (ULIP), a bundle of insurance and investment is the best example of bundling in life insurance. Offering roadside assistance services along with insurance services is an example of bundling in non-life insurance.

Package polices (Householder's policy, Shopkeeper's policy, Banker's Blanket policy, Jewellers Block policy) in non-life insurance are also results of some kind of bundling, representing bundling of different insurance components as against bundling of non insurance component with insurance observed in previous examples. Subjecting different components of a bundled products to same accounting treatments, particularly when the cash flow behaviour of each component are different, will be antithetic to the idea of true and faithful presentation. The results of

a bundled product, where all its different components are treated uniformally, make those results incomparable with the results of other organisations which treat similar components under some other IFRSs (9 or 15).

Hence a need for separation of the components was felt and the standard prescribes separation of following components of bundled insurance contracts / products so that they are subjected to a treatment appropriate to the nature of the respective components. The standard also provides some instances where such un-bundling may not be required. Bundling of following categories is very common.

a. **Embedded Derivatives :** When a contract's cashflows are driven by changes in a variable such as interest rate, commodity price or an index, the contract represents a derivative. Such derivatives can be of two types - stand alone derivatives and embedded derivatives. In case of an embedded derivative, there is a non-derivative host contract with which a derivative contract is integrated. A catastrophe trigger where the trigger is defined as a financial variable such as dropin designated stock market is an example of such derivative from non-life sector, and death benefits linked to an equity prices or equity index represents such derivative from the life sector.

b. **Separable Distinct Investment Component :** Investment component is payable / repayable under all circumstances - Maturity, Death, Surrender including insured event as against the insurance component which is payable only on the happening of insured event. Where investment component is bundled with insurance component the investment component has to be segregated. ULIP is the best example of insurance product with investment component. In non-life segment Bhavishya Arogya Policies, Longterm Motor Insurance Policies and Longterm Fire Insurance Policies have to be scrutinised to examine the investment components in them. However as per the provisions of the standard, If the components are closely interrelated and intertwined, separation is not required.

c. **Non Insurance Goods and Services :** Claim processing services under stop loss health policies is an example of bundling of non-insurance service with insurance service. Road Side Assistance Services along with Motor Insurance is another example. (Roadside assistance may be provided when a vehicle has a mechanical breakdown which is not an accident. It may also be offered as part of accident benefit. In the latter case no separation is needed.) Health check up portion, where health check up expenses are reimbursed under health insurance policy and extended maintenance warranty under motor insurance policies are the other candidates for consideration under this provision. Life Insurance contract offering death benefit along with account balance is a common example from the life sector.

The preceding paras dealt with un-bundling of non-insurance component from insurance contract. Many times products are designed by combining different insurance components which belong to different portfolios (Package policies found in non-life sector). Is it necessary to unbundle them ? The standard seems to suggest unbundling, where combination is a matter of mere administrative convenience or components are priced separately they may have to be separated.

2. Contractual Service Margin (CSM)

The Contractual Service Margin is the most important concept of IFRS 17 that drives several other provisions of the standard. Where the services are rendered over a /multi year / long period, recognition of profits arising from such services, naturally, has to be over the entire service period. The standard has attempted to achieve this objective of spreading the profits over the service period by introducing the concept of Contractual Service Margin. It is a new concept developed to prevent the possibility of up front recognition of profits on contracts where services are rendered over a multi year / long period.

In contrast to this dictate of spreading the profits over the period over which services are rendered, the same the financial principle of prudence and conservatism dictates, immediate recognition / accounting of loss if any. Contractual service margin represents the unearned profit of the group of insurance contracts that the entity will recognise as it provides services in the future. (A component of the carrying amount of the asset or liability). This is measured on initial recognition of a group of insurance contracts at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from. CSM in the beginning is equal to estimated non-negative margin between expected outgos and income. After the CSM is initially established, it has to be subsequently appropriated as the services get rendered.

First, it is updated for changes in the fulfilment cashflows and changes in risk adjustments (both negative as well as positive). Then it is appropriated between the services rendered / yet to be rendered. The portion appropriated for services rendered is taken to P&L. And the portion pertaining to services remaining to be rendered will continue as CSM. If such negative changes are in excess of the CSM, such excess is directly taken to the P&L.Account. Thus the standard classifies the CSM into earned (for past services) and unearned (relating to future services). An associated issue is the loss on the onerous contracts (contracts where the economic result is negative). As stated above it has to be recognised immediately. In addition the amount of loss on onerous contracts needs to be tracked. The reason being, any positive changes in fulfilment cashflows and risk adjustment to the extent of loss earlier recognised in P&L can be reversed to P&L. Excess if any after complete reversal of earlier losses will have to be added to CSM and spread over the remaining period of services.

CSM is provisional, in the sense, it keeps on changing in response to changes in different components of fulfilment cashflows and risks associated with such cashflows and it gets adjusted subsequently. Though initial recognition of CSM is same in general measurement model and variable fee approach, the two approaches vary in subsequent adjustments. The items getting adjusted under general measurement model vary from the items adjusted under Variable Fee Approach.

There is no CSM under Premium Allocation Approach (which is permitted for contracts with a period of one year or less mostly found in non-life segment). As far as onerousness of the contracts (having period of one year or less and qualifying for Premium Allocation Approach), the current accounting practice of premium deficiency followed by non-life insurance segment approximates to the principle laid out by the general measurement model. If the general mesurement model (based on fulfilment cashflows) has to be followed for the loss on such onerousness of contracts, then groupping based on onerousness also becomes relevant.

As against the above CSM principles prescribed by the standard for insurance and reinsurance contracts issued, the standard permits a different treatment relating to profit or loss on re-insurance contracts held.

3. Portfolios and Groups as units of recognition, measurements and presentation.

a. **Portfolio level Presentation :** Under the provisions of IFRS 17, the hierarchy of insurance transactions begins with individual contracts at the base and porfolio at the top, with another level in between called "group". The standard requires preparation and presentation of financial statements at the level of portfolio. Portfolio - is a term used to identify a group of insurance contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Thus an insurer will have several portfolios. The current practices in insurance sector relating to preparation and presentation of financial statements appear mostly in line with this presentation expectation of IFRS 17. However, the life sector may have to examine the need for separate portfolios for insurance contracts with direct praticipation and investments contracts with discretionary participation features. Similarly there is a need to examine whether long-term policies in non-life sector need to be presented as a separate portfolio.

b. **Group level details in notes :** Group (based on the grouping criteria mentioned herein below) is a subset of portfolio. The level of group is no less important, as many significant / important recognition and measurement processes have to be carried out at the level of group. Group level details are expected in notes along with details of reconciliations. Grouping requirements of IFRS 17 appear to be new requirements. For the purpose of deciding the group, the standard prescribes different basis. First being the profitability of the contract / s, based on which three groups are defined - group of onerous contracts (contracts whose economic result is negative), group of contract with no significant possibility of becoming onerous subsequently and group of other contracts. Second basis for grouping is the concept of annual co-hort which prohibits contracts issued one year apart being included in the same group. Currently this grouping process does not seem to be the practice. Hence Insurers, both life as well as non-life, have to evolve practices to segregate the details of different groups so that they remain compliant with the requirements of the standard. The purpose behind this grouping concept appears to be the prevention of offsetting of profitability of one group against the other.

c. **Onerous Contracts :** A contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. An insurance contract is onerous at initial recognition if the total of the Fulfillment Cash Flows, any previously recognised acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. Purpose behind identification of onerous contracts is the need for immediate recognition of loss. As stated earlier the current concept of Premium Deficiency in Non-life Insurance some what approximates to this concept of onerous contracts. Long term motor third party liability insurance and the long term health insurance policies may have to be examined for the onerousness.

B. New Measurement Models

It is important for the insurers to recognise, not only all the obligations under the insurance contracts, but also the extent of those obligations with as much accuracy as possible. The obligations, particularly when they have components which differ in their economic behaviour, make this task rather difficult. Measuring insurance contracts / transactions has always been different from other contracts and transactions. Now IFRS 17 has refined the process of measurement and given shape to appropriate measurement models. There are three models under the new standard.

1. **General Measurement Model / Building Block Approach (GMM/BBA)**
2. **Premium Allocation Approach (PAA)**
3. **Variable Fee Approach (VFA)**

1. **General Measurement Model :** Also called, building block approach is the primary / basic model for measurement of insurance contracts. The model measures a group of insurance contract by sum of the following four building blocks.

   First block is that of Fulfilment Cash flows (inflows as well as outflows). Cash flows relate to premium, claims, acquisition costs, expenses overheads etc, Expected value of these expected cash flows (called fulfilment cashflows) over the entire contract period have to be estimated. And such estimation has to be probability-weighted, unbiased and explicit. Since these future cash flows are expected over a long future period, as the entity fulfils insurance contracts, they have to be discounted to arrive at their present value. (Hence is called current balance sheet mesurement).

   The fulfilment cash flows estimated initially may not remain relevant with the passage of time due to various dynamic forces in operation. Therefore at every reporting period they have to be adjusted to incorporate the effect of changes caused by the changing circumstances. These circumstances relevant to insurance contracts are classified as non-financial risks (insurance risks) and financial risks. These adjustments constitute respectively the second and the third block of the measurement model.

   The fourth and the last block is that of Contractual Service Margin. As stated in one of the preceding para, the entire amount of profit on the contract has to be systematically spread over the complete service period, while simultaneously ensuring up-front booking of the loss, if any.

Initially Insurance contracts have to be measured by general measurement model as stated above, Subsequent measurement at reporting periods involves updating all the blocks and will have an additional feature of splitting the measurement under the following categories.

Liability for Incurred Claims / (relating to past services which willl not have CSM)

Liability for Remaining Services / Coverage (relating to future services - measured on the lines of initial measurement).

Thus estimation of fulfilment cashflows, discounting of these cashflows, adjusting them for financial and non financial risks and managing the CSM for immediate recognition of losses and spreading of profits over the service period are the core features of the measurement concept under general mesurment model.

2. **Premium Allocation Approach :** This (comparatively, simple model) is an alternative approach for insurers who meet the prescribed conditions. Under this approach there is no need for separate identification of the four building blocks observed in the general measurement model. Hence there is no CSM under this model. Current practices of un-earned premium and the premium deficiency prevailing in non-life industry, approximates to the new concept of liability for remaining coverage. The Premium Allocation Approach also permits the expensing of acquisition cashflows. To be eligible to adopt this approach a group of contracts has to fullfill one of the following two conditions. Either the period of contracts should be one year or less, or the adoption of this approach will yield same results for liability for remaining coverage, as those of the general measurement model. Majority of policies of non-life insurers have a period of one year or less and will be eligible for this model of measurement. The long term policies of non-life insurers have to comply with the second criteria mentioned above. These long term policies of non-life insurers can be classified into two categories. Category one which qualifies for Premium Allocation Approach and category two which does not qualify for Premium Allocation Approach. The second category has to be dealt with the general measurement model / building block model. In addition the following features of Premium Allocation Approach are worth noting.

   Normally groups of insurance contracts with significant finance component have to adjust the liability for value of money. However this is made optional for those groups of longterm policies eligible for adopting premium allocation approach.

   While deciding the eligibility, the eligibility of reinsurance contracts held should be assessed independently of the eligibility of underlying insurance contracts. (Reinsurance contracts issued as well as held, have great degree of variations. (financial year, underwriting year, policy year, proportional and non proportional treaties) How many reinsurance contracts of non-life insurers become eligible for premium allocation approach?)

3. **Variable Fee Approach :** This approach is restricted in the sense that it is applicable only for Insurance contracts with direct participation features. Nor is it permitted or used for reinsurance contracts either held or issued. Based on contractual entitlement of policy holders for a share in the fair value returns/profits, policies are calssified as participatory and non-participatory. The entitlement may be discretionary or non-discretionary. The variable fee approach differs from the general mesurement model with regard to the items to be adjusted in the CSM. Initial measurement of CSM is similar to that under general measurement model. The difference is in the subsequent measurements when the insurers share of changes in returns on underlying items (items for the returns of which policyholders are entitled) affects the CSM. In this approach, Insurer deducts as fee some share of the fair value of the underlying items along with some amount relating to fulfilment cashflows which do not vary with the underlying returns. The changes in share of the insurer in returns of underlying items are also adjsuted in the CSM. It may be noted that all direct participation contracts may not qualify fo this model. Some of them may have to be covered in GMM

C. Changes in the Financial Statements - Statement of Financial Position and Statement of Financial Performance (Statement of Profit and Loss and Statement of Other Comprehensive Income)

Ultimately, various concepts and models developed and prescribed by the standard have to be reflected in the financial statements of the insurers. Hence some changes in the financial statements are natural and inevitable. Few implications in this regard are summarised below

A cursory glance at the current financial statements of life insurers reveals that the various items of liabilities like, unearned premium, premium deficiency, outstanding claims, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) etc are subsumed in a single amount called Mathematical Reserves / Policy Liabilities / Changes in Valuation of Liabilities. Where as these are separately disclosed in financial statements of Indian Non-life insurers. Neither the statements of life insurers nor those of non-life insurers, separately reflect the impact of financial and non financial risks or the profit earned and remaining to be earned (unearned - CSM).

IFRS 17, expects

1. The Statement of financial position to be presented at portfolio level, and group level details to be provided in notes. Standard also expects presentation of insurance / reinsurance assets and liabilities at portfolio level.

   Current practices of insurers show that though they are preparing portfolio-wise statement of financial performance the statement of financial position at entity level, with additional details in schedules supporting it. These schedules may not have complete portfolio level details. Hence some changes are necessary to ensure availability of portfolio level details.

2 In view of new grouping provisions, the present practices with respect to details in the notes might fall considerably short of the requirements. Hence significant changes to generate the group level details might be required.

3. IFRS 17 also expects separation of items relating to reinsurance contracts issued and reinsurance contracts held in the primary financial statements. The provisions also seem to prohibit all kinds of netting (with one exception / Option : Income and expense from reinsurance contracts held can be netted). Several kinds of netting are observed in the current practices of insurers. First, netting of reinsurance amounts from similar category amounts emerging from direct insurance. Second, netting of amounts from reinsurance contracts held against reinsurance contracts issued. Third, netting of reinsurance assets from reinsurance liabilities. Fourth, netting of reinsurance amounts due to and from same parties. In view of this requirement of IFRS 17, insurers have to develop processes to facilitate gross presentations to avoid the different degrees of nettings normally observed in the current presentation of statements of financial position.

4. The current disaggregation of items in revenue accounts and profit and loss accounts will have to change drastically. Some of the line items have to be replaced with new ones and some have to be added as IFRS 17 expects an entity to disaggregate the amounts recognised in the statement(s) of financial performance into: insurance service result, insurance finance income or expenses, reinsurance income or expenses and others.

   Insurance service result is the net of insurance revenue and insurance service expenses. Specified components of both revenue and expenses have to be separately presented.

   Insurance finance Income and Expenses are different from Investment income. Discounting of inflows and outflows reflecting effect of time value of money gives rise to Insurance finance income. Effect of financial risk and change in financial risk also give rise to insurance finance income or expenses. These income / expenses, at times are apportioned between P&L and OCI.

The transactions and items emerging from insurer's non-insurance contracts will continue to be governed by other standards and regulatory requirements. Presentations of transactions / items from insurance contracts and those from non-insurance contracts have to be synchronised in the new statements.

Conclusions

The above paras are only an attempt to present some preliminary views on different provisions of IFRS 17 and do not claim to be the last word on the topic. The mist around the provisions will disappear slowly and clarity will emerge as the experts throw more and more light on various provisions and as the insurers move to the new regime of preparing and presenting their financial statements.

Transition to IFRS 17 regime, Is definitely a big challenge for the insurers particularly for life insurers. The robust IT (Information Technology) set-ups of the insurers, should enable them to take up this challenge confidently. The future financial statements of insurers, presenting the performance and financial condition of insurers are set to look differently with more stakeholder friendly substance.

References :

- A closure look at New Insurance Contract Standard (June 21) by EY
- Annual Report LIC of India and some Indian general insurers

A STUDY ON INSURANCE SYSTEM OF AVIATION SECTOR IN INDIA

Introduction: The Indian Aviation Industry and The Aviation Insurance

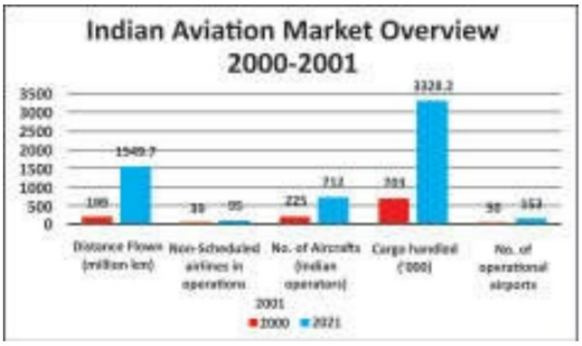
The aviation industry consists of almost all aspects of air travel and the activities that help to facilitate it. It includes the entire airline industry, aircraft manufacturing, research companies, military aviation, flight operations, air traffic and much more.

India is the 7th largest civil aviation market in the world and is set to become 3rd largest by 2025. The industry has grown significantly over the last two decades and even after getting hit by the pandemic the industry promises to bounce back to its normal by 2023 end. There are seven scheduled airlines, four regional airlines and three cargo airlines in India with a more than two dozen charter airlines owning small business jets in their fleet. These airlines have 722 aircrafts of all types- narrow and wide body.

About the author

Atul Sinha

Management Trainee, Business Process,
Go Digit General Insurance,
Bangalore - India



Domestic and International passengers ferried in the last 6 years by Indian Airlines

Fiscal Year	Domestic	International
FY16	168.89	54.72
FY17	205.68	59.29
FY18	243.28	65.48
FY19	275.22	69.48
FY20	274.5	66.54
FY21	105.25	10.13

Advantage for the sector:

1. Robust demand
2. Increasing investment
3. Opportunities in MRO - Maintenance, Repair and Operations
4. Policy Support

Aviation insurance

Aviation insurance is insurance coverage geared specifically to the operation of aircraft and the risks involved in aviation. Aviation insurance policies are distinctly different from those for other areas of transportation and tend to incorporate aviation terminology, as well as terminology, limits and clauses specific to aviation insurance.

Factors that determine aviation premiums are-

- Type of aircraft
- Value of the aircraft
- No. of engines in the aircraft
- Seating capacity of the aircraft
- Parking slot of the aircraft
- Use of the aircraft

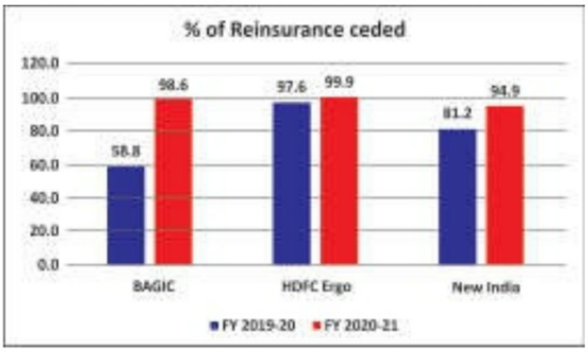
Indian Insurers have come a long way in developing the market capacity for aviation insurance business and as India's growth story continues, Insurers have kept pace with the growing demand from buyers in India. Today the Indian market is playing a key role in supporting not only buyers in India but also buyers in the sub-continent, including major support to the SAARC region.

On the Airline front, pricing continues to be driven by leading international markets especially in London, as Indian Insurers continue to off load major risks to international companies mainly in the European sub-continent, with insurance brokers playing a very important role in the entire process.

Types of Insurance policy offered-

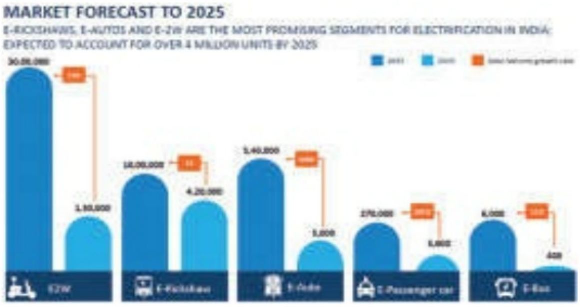
- Public liability insurance
- Passengers' liability
- Hull all risk
- Hull total loss only
- In-flight insurance
- Liability only

Aviation insurance policies are highly reinsurance driven.



Over the last 10 years GIC Re has emerged as one of the largest aviation reinsurers in the international market and is playing a key role in supporting Indian Insurers.

Reinsurance Companies earned premium (last 5 years)



Challenges for the insurers

Aviation as an industry itself is a challenge let alone the insurance related to it. The industry is so volatile and unpredictable that having a farsightedness is nothing but being hypothetical. The market is cruel due to heavy taxes, tough competition and unprecedented events such as pandemic. When the industry suffers an economical hit, the insurance takes the collateral.

In India, not every general insurance company provides the aviation cover. Therefore, there is a lack of aviation pool. The claims are very rare and happens once in a while. Still some insurers fear to enter the segment where claims have a potential to bankrupt the entire company. And that is why the insurers who are active in the segment goes for the reinsurance cover.

General Aviation claims in 2008 exceeded Rs. 500 million and started 2009 on a bad note with claims in first five months exceeding Rs. 350 million. As against this, past 10 years average general aviation losses are hovering around Rs. 400 million. When we compare these claim figures against the total general aviation premium in India, one may come to a conclusion from the insurer's perspective that general aviation is profitable over the last 10 years period. This may not be true for all insurers, especially considering the fact that 10 years average loss figure consists of two or three major losses in each year.

Claims figure of three biggest aviation insurer in India for the last 2 years

Claims Incurred (in Rs. '000)									
	BAGIC			HDFC ERGO			NEW INDIA		
	FY20	FY21	Change (%)	FY20	FY21	Change (%)	FY20	FY21	Change (%)
Claims Paid Direct	155704	222513	42.9	132705	51289	-61.4	1022400	2600473	154.3
Reinsurance ceded	93454	99653	6.6	126177	51193	-59.4	693139	2059193	197.1
Net Claims Paid	62250	122860	97.4	34313	15864	-53.8	335166	553163	65.0
Change in Claims outstanding	90940	68768	-24.4	88080	86863	-1.4	121029	272217	124.9
Total Claims	153190	191628	25.1	24052	14647	-39.1	456195	280945	-38.4

Reinsurance claims- GIC Re and Munich Re Claims schedule

Claims Incurred (Rs. '000)						
	GIC Re			Munich Re		
	FY20	FY21	change %	FY20	FY21	Change %
Reinsurance Accepted	10218839	9628835	-5.8	20439	53564	162.1
Net Claims Paid	8158622	7580103	-7.1	10232	27132	165.2
Total Claims Incurred	7872111	12016301	52.6	13007	56254	332.5

Conclusion

With excessive insurance market capacity and increased level of competition the gap between General Aviation premiums and claims is narrowing very fast and it remains to be seen which direction the market will move in the near future. The Airline market worldwide is witnessing rate hardening and airline buyers in India are expected to follow the international trend and treatment of their peers globally.

The unbridled growth in the aviation sector has come as a bonanza for the insurance sector. Thanks to capacity addition and the entry of new aviation players, a host of insurance companies are eyeing this growing market to offer insurance cover to new planes that are being brought to India.

India is expected to become 3rd largest civil aviation market by 2025. The insurers and reinsurers need to improve their strategies and diversity of products offerings.

Though India's contribution to the total global insurance premium paid by airlines which stands at US $5.86 billion is miniscule, the growth in aviation premium pay-out is highest in China followed by India.The aviation sector is enlarging its scope and scalability and therefore, the entry of more numbers of insurers is a must to balance the growing market.

Reference

Various Sources

HOW SALARY PROTECTION INSURANCE CAN HELP YOU

Here is a new feature that most life insurers now offer: salary protection insurance. This is a term insurance policy that typically offers a regular income payout option along with a lump sum payment and is also known as income protection insurance.

While opting for such a term insurance policy, you can choose how to divide the total sum assured amount between the two components (regular income and lump sum) at the time of buying the policy. Those who are not investment-savvy or want to choose lower but guaranteed returns can opt for the term policy with a regular income payout option.

Buyers, however, must know that it is a term policy without any maturity benefits. Only the nominee receives an assured death benefit—a lump sum amount—in the case of the policyholder's demise.

Akshay Dhand, the Appointed Actuary at Canara HSBC Life Insurance, said as per the terms of the salary insurance policy, regular payments are made to a nominee after the death of the insured for a given number of years.

This is basically a term plan with regular payouts. "This may, however, not appeal to some buyers as the conversion rate offered by the insurer may not be very attractive, considering the guarantees involved," added Dhand.

How this policy works

When you buy a salary insurance or income protection term insurance policy, you have to select the monthly income you want to provide to your family member. It can be less than or equal to your current monthly take-home income.

After that, you must select the policy and the premium payment term. For instance, at the age of 30 (for a non-smoker), you can buy a policy for 15 years for a regular premium payment term.

The insurer will decide on the percentage increase in the chosen monthly income by you. For instance, the insurer may offer you a yearly compounded increase of 6% on this income. This means that every policy year, the monthly amount will be 106% of the previous year's monthly income.

Let's say that you opted for a monthly income of Rs. 50,000 when buying the policy. In the second year of the policy, this monthly income will increase to Rs. 53,000, and thereafter to Rs. 56,180 the next year, and so on.

Now, let's assume the case of the policyholder's unfortunate demise at the beginning of the fifth policy year. The nominee will get the assured death benefits of Rs. 7.6 lakh and an increased monthly income of Rs. 63,124.

(Assured death benefit = 12 multiplied by the increased monthly income in fifth policy year = 12 X 63,124 = Rs. 757,488) . The nominee will continue to get the increased monthly income every year for the remaining term of the policy, subject to terms and conditions laid by the insurer.

Rakesh Goyal, director of Probus Insurance Broker, said, "Policyholders should understand that this is a term plan, and salary protection insurance safeguards their family members in case of their unfortunate demise. Such plans offer family members of the deceased a regular income payout option and the lump-sum payment. This will ensure that family members get a monthly income which they can use to continue with their existing lifestyle, spend money on their children's education or marriages."

You need to be cautious while opting for such policies as insurers can also sell other variants of life insurance policies in the name of salary insurance.

Term policies that come with critical illness, disability, and even loss of employment cover benefits can also provide you with a regular income in case of unforeseen events. So, if any mishap happens, the nominee can also get a regular income for a longer period compared to buying a salary insurance term policy, by investing the money wisely.

However, in such a case, the nominee must devise a meticulous plan to use the claim amount carefully after consulting a financial adviser. *(Source: Mint)*

Events and Happenings at Birla Institute of Management Technology (BIMTECH)

Visit by Industry Leader to the campus

Mr Joydeep Roy, India FS Advisory Leader & Global Health Insurance Leader at PwC (a leading global management consulting firm), visited our campus on 16th July 2022. He interacted with our PGDM-Insurance Business Management programme students.

The students were excited after having interacted with Mr Joydeep Roy. In response to a question about the prevailing trust deficit in the insurance industry, Joydeep felt that insurance transactions were not as predictable as banking transactions were. 'In banking, one can predict the time of clearance, but the same cannot be said about claim settlement in insurance'. He quipped.

International Management Development Programme

The Centre for Management Development and Consultancy conducted an international MDP on Agriculture Insurance for the participants from BRAC, Bangladesh between 18th and 22nd July 2022 at the MDP centre, BIMTECH.

Mr Malay Poddar, CMD, Agriculture Insurance Company of India Ltd. (AIC), was the Chief Guest. The Chairperson of CMDC, Prof. Manoj Kumar Pandey, elaborated on the necessity of the MDP on Agriculture insurance. Prof(Dr). Abhijit K. Chattoraj - Chartered Insurer, Dean - Students Welfare and Support Services Programme Chairperson, PGDM-Insurance Business Management, outlined the important issues that were touched upon in the program. Prof (Dr). Harivansh Chaturvedi, Director, BIMTECH, reminded everyone about the historical relationship between India and Bangladesh while inaugurating the MDP. 'We are closer to each other both geographically and culturally. He signed off.

Mr Malay Poddar was happy that BIMTECH had organised such a session and wished us well. The inaugural session ended with a vote of thanks by Prof. Pratik Priyadarshi.- the program coordinator. The program included a visit to Nimka village

Leadership talk in association with India InsureTech Association

Another session of the InsurTech Leadership Talk Series was held in collaboration with the India Insurtech Association on 16th July 2022. The theme was "Bridging the Trust Deficit in Insurance using Technology" with Mr Mahavir Chopra, Founder, Beshak.org

Alumni Engagement

Mr Siraj Dudekula, AINS FIII, a BIMTECH alumnus, addressed PGDM Insurance students, Batch 2022-24 on "Career Opportunities in I.T. Sector for Domain Scholars."

alumnus of the BIMTECH PGDM Programme, visited and met students on campus.

Mr Akarshan Srivastav, Co-Founder of Go Tezu a trainer aggregator platform and serial entrepreneur, and an alumnus of the BIMTECH PGDM Programme, visited and met students on campus.

Award of late Shri G.D. Birla Academic Merit Scholarships

The objectives of Late Shri G.D. Birla Scholarships are to continuously motivate students to improve their academic performance.

Late G.D Birla Academic Merit Scholarship for Term II & III (Batch 2021-23). of the PGDM (Insurance Business Management) programme was announced during the month. Manish Menon was placed at first position and Rizwan Iqbal Wani at second position for II Trimester. For the Third trimester Manisha Menon and Raichel Suseel took the first and second positions respectively and secured scholarships. ❑

Continued from Page 32 Interview with Dr. K. Raja Gopal Reddy

LIC, which is focusing on Traditional Agency model is losing its market share to private players who are using Technology is an eye opener to what is going to happen if Technology is not adopted.

Remain focused on what we do, less on what others do. While it's good to stay aware of what the competitors are doing, but we don't want to devote too much undue attention to what they have going on. After all, we are selling a product for customers and not just trying to keep up with a rival. In trying to match our competition move for move, we are allowing someone other than ourselves to dictate our actions and planning. Worse yet, we are straying from our own ideas in favor of trying to ultimately be second-best at executing someone else's.

Q. Do you think new innovative products will help to increase the size of the market and attract more people to buy innovative products.

I do think so. More than innovation, the product should be simple and it should be need based.

Q. Insurance Education and Awareness among all constituent of Industry is must for organised development. Do you think this area is lacking in India and all stakeholders need to gearup.

Insurance Education is a continuous process. All channels of communication should be used to educate people. Though with privatization of Insurance sector, insurance awareness among public is increasing day by day, but it is still lacking. When compared to many developed countries, we are lacking in insurance penetration. Insurance penetration will depend more on income levels rather than Insurance education and awareness among general public. If income levels are increased, people will think of Insurance and find the cost of insurance relatively cheaper.

The main problem with insurance is not whether or not someone is covered, it lies more within the issues surrounding people not having the proper education about what type of insurances are available or how to go about learning more. Financial education is frequently taught in secondary education, but it should be made a priority for higher education institutions.

Q. What is the USP of your company and how do you plan to expand your operations.

USP at the top of our mind is Distance Marketing. With the onset of Covid online business of all items have increased manifold and people have accustomed to do all types of transactions online and we have the necessary tools and technology in place for carrying out online transactions. While giving push for online marketing, we also wish to expand PoSP model. ❑

LEGAL

NDRF carries out pan-India security audit of ropeways

The NDRF has begun a nationwide survey of passenger cable cars and ropeway systems to find out possible security flaws in them and to prepare a structural blueprint that will help it launch effective rescue operations in case of an emergency.

The contingency force has also decided to train its rescuers in specific ropeway rescue skills apart from purchasing an assortment of tools like pulleys and carabiners to be used for transporting the salvager and evacuating stranded people from the car hanging in the air. The move comes as at least four ropeway-related incidents, including one in Uttarakhand, have been reported in the country so far this year.

"The aim of the exercise is to not only sensitise the operators of this mode of transport about the precautions they should practice and preparations they should have, it will also give us an action plan which can be used during emergencies and disasters that hit the ropeway system," NDRF DG Atul Karwal said.

IRDAI to look into rejected covid-19 claims

IRDAI agreed to look into the Covid-19 policy claims that were rejected by insurance companies.

This comes after a public interest litigation was filed by a Manav Seva Dham (petitioner), a social services' trust against various insurance companies before the Bombay High Court.

According to the petition, it has been alleged that various insurance providers engaged in a number of offences, misusing policyholder funds, rerouting funds through additional businesses, and paying exorbitant overriding commissions to banks and their agents.

"The insurance companies are unjustly denying their Covid-19-related claims, it claimed, even in the midst of the ongoing pandemic Covid-19, in which the country's residents have not only lost their jobs but also depleted their money", it said.

Additionally, the petitioner submitted that Insurance companies have caused wrongful losses to the policyholders. Essentially the petitioner asked the court to ass an order to ensure that the insurance claims submitted by the policyholders due to Covid-19 pandemic were not arbitrarily rejected.

The petition stated that due to the widespread pandemic the general insurance companies received a significant lot of claims from the policyholders. More than 80, 000 claims were received by the non-life insurance industry. However, despite having health insurance policies, the claims of the policyholders were blatantly rejected by these insurance companies citing frivolous reason.

Further, it was submitted by the social trust that during the second wave of the pandemic the insurance firms settled only 54% of the claims received from the customers who subscribed to an additional Covid health insurance as of March 2021.

The petitioner argued that only claims totaling to Rs.7,900 crore have been settled by insurers out of the total claims of Rs.14,680 crore under the Covid health insurance programmes.

The rest of the claims were arbitrarily been rejected without citing any valid reason or specifying the reason for denial or rejection of claims by referring to the corresponding policy conditions, the petition stated.

While on the other hand, only a handful of people got portion of the total treatment cost at hospitals as their claims from the insurance companies.

The social trust also claimed that it discovered that the policyholders were receiving just 45-80 % of the overall hospital expenses because they were embroiled in a fight between hospitals and insurance companies over the treatment of consumables. Despite having comprehensive insurance coverage.

More important, in terms of the year on year growth of the insurance companies under the head of advertisements were outrageous, the petition stated. The marketing spend of these companies did not actually correspond with the respective spend and reach of these companies.

The petitioner asserts that the marketing and customer reach of the insurance companies in the private sector do not correspond with their marketing spend, and the petitioner is concerned that these sums are being syphoned off by the insurance companies under the guise of advertising.

The petitioner compares the above numbers with a few of the rapidly expanding companies in India with significant revenue from operations and wider customer reach, such as Pidilite and Dabur India.

Insurer to pay for loss from stoppage to avert damage

BBF Industries, a Ludhiana-based company, had two manufacturing units for making cartons and packaging material. It had obtained two insurance policies from United India Insurance-one for Standard Fire and Special Perils with a coverage of over Rs 60 crore, and the other for Consequential Loss (Fire) Policy with a coverage of Rs 15 crore. Both the policies were valid from October 29, 2007 to October 28, 2008.

In July 2008, there was huge agitation against the government's move to acquire land belonging to the Amarnath Shrine Board. There were protest rallies, strikes and riots, due to which curfew was imposed. On July 25, 2008 at around 10.30 am, a mob of around 200-250 persons armed with lathis and stones gathered at the factory. The mob started rioting, entered the factory, damaged property, and set fire to stock.

Due to damage to the units, the factory had to stop its operations completely. The disruption continued till August 31,2008. After the agitation subsided, it took another seven days to restore the plant, after which production restarted on September 8, 2008.

The insured lodged a claim, both for loss due to riots and arson, and also for consequential loss due to stoppage of operations. The surveyor appointed by the insurer assessed the loss under the Fire Policy at Rs. 1,42,88,101, and the claim was settled at Rs. 1,32,93,663.

The claim under the other policy for Consequential Loss was assessed only for a period of six days spent on restoration of the factory to make it operational again. The period prior to August 31, 2008, during which the factory remained closed due to riots and arson, was rejected as not being covered under the policy.

The insured wrote several letters regarding the claim of Rs. 3,06,54,018 for the preceding period from July 25, 2008 to August 31, 2008. As the insured filed a complaint before the National Commission seeking a reimbursement of Rs. 3,06,54,018 along with interest, compensation and costs.

The insurer contested the case, contending that loss due to closure of the factory on account of riots and curfew in the area could not be considered as an interruption of work due to fire. Hence it had rejected the claim for the period prior to August 31, 2008.

The Commission concluded that the claim for consequential loss for the entire period of 45 days worked out to Rs. 1,06,46,422, when computed according to the formula mentioned by the surveyor in the survey report.

Accordingly, by its order of June 1, 2022, delivered by Deepa Sharma along with Subhash Chandra, the National Commission ordered the insurer to pay Rs. 1,06,46,422 along with 9 per cent interest and cost of Rs. 1 lakh. ❑

IRDAI Circular

Use and File Procedure for Retail Products for Agriculture & Allied Activities

IRDAI/NL/CIR/PRO/146/07/2022

Dated 14/07/2022

1. This is further Circular Ref: IRDAI/NL/CIR/MISC/107/06/2022 dated 01/06/2022 with regard to Product Filing Procedure.
2. In order to facilitate the insurance industry to promote insurance penetration and enhance coverage in the unserved and underserved areas by designing suitable and need-based products covering Agriculture and allied activities, the Authority, in exercise of the powers conferred under Section 14(2)(i) of IRDA Act, 1999 hereby permits the general insurers to file Retail products for Agriculture & allied activities under the Use and File procedure.
3. Accordingly, Para 7.2(I) and 7.2(III) of Guidelines on Product Filing Procedures Guidelines, 2016 for General Insurance products stands modified to the above effect (Para 2).
4. All other Retail products under the Miscellaneous category (other than the above as well as those permitted vide Circular ref: IRDAI/NL/CIR/MISC/107/06/2022 dated 01/06/2022), shall continue to be filed under the File & Use procedure as stipulated in the extant Product Filing Guidelines bearing Ref.IRDA/NL/GDL/F&U/030/02/2016 dated 18/02/2016.
5. This circular shall come into effect from immediately.
6. New as well as revised products/add-ons covering Agriculture and allied activities filed with the Authority prior to the operation of this circular will be processed as per the current provisions.

(D.S. Murthy)
General Manager (Non-Life)

Standards and Benchmarks for the Hospitals in the Provider Network

IRDAI/HLT/CIR/MISC/150/7/2022

20th July, 2022

1. Reference is invited to IRDAI Circular ref: IRDAI/HLT/REG/MISC/199/07/2021 dated 23rdJuly, 2021 on the captioned subject with respect to the standards and benchmarks at clause (a)(i) and (ii) and clause (b) of Chapter IV of the Guidelines on Standardisation in Health Insurance under Section I of Master circular (ref. IRDAI/HLT/REG/CIR/193/07/2020 dated 22nd July, 2020).
2. In partial modification of the above guidelines, in order to enhance the scope for offering cashless facility across the length and breadth of the country, the insurers are now empowered to empanel the network providers that meet the standards and benchmarks criteria as specified by their respective boards. While specifying the criteria, the board of insurers shall, amongst others, consider especially the minimum manpower and healthcare infrastructure facilities.
3. The board approved empanelment criteria shall be published in the website of the insurers from time to time.
4. While empaneling network providers for cashless facility, insurers are also advised to focus on the delivery of quality healthcare services.

5. These instructions shall come in to force with immediate effect.
6. This circular is issued under the provisions of Regulation 31(e) of the IRDAI (Health Insurance) Regulation, 2016.
7. This has the approval of the competent Authority.

(DVS Ramesh)
Chief General Manager (Legal and Health)

Accounting of Premium, claims and related expenses on estimation basis

IRDA/F&A/CIR/MISC/123/6/2022

Date: 15th June, 2022

1. At present, para 2 of Part I of Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002 provides as under for recognition of premium:

   "2. Premium

   (i) Premium shall be recognized as income over the contract period or the period of risk, whichever is appropriate.

   (ii) "Premium received in Advance" is the premium where the period of inception of the risk is outside the accounting period and is to be shown under current liabilities.

   (iii) "Unallocated premium" includes premium deposit and premium which has been received but for which risk has not commenced. It is to be shown under current liabilities."
2. The Authority has carried out an analysis of the premium recognized by the FRBs and GIC Re and observed that while some of the FRBs are accounting for the premium on "actual" basis, some others are doing so on "estimation" basis.
3. It is further observed that no uniform method / procedure has been followed by the reinsurers on accounting of the premium on estimation basis. The premium is accounted on estimation basis by the Reinsurer due to the following reasons:

   (i) lag or delay in receiving the statement of accounts from the Insurer(s); and/or

   (ii) alignment of accounting practices with parent organization.
4. Given that a significant part of the premium is being accounted on estimation basis, a need is felt to lay down guidelines to govern the accounting and disclosures of premium recognized on estimation basis in the annual report. Accordingly, the Authority, in exercising its powers given under Section 14 (2) lays down the following framework where under the FRBs/Reinsurers shall ensure that in annual financial statements no premium is accrued / accounted on estimate basis at least upto 3rd quarter of each financial year. However, for the fourth quarter ending on 31st March, where the statement of accounts has not been received in time, the premium, losses and related expenses may be accounted on estimation basis. However, in estimation of the said income and expenses, the reinsurers shall ensure that:

   a) a consistent methodology is followed across the entire portfolio;

   b) the estimates shall be trued up as actual values emerge;

   c) a statement shall be included in the annual report stating total premium, claims and expenses accounted for during the financial year and premium, claims and expenses accounted on estimation basis;

   d) complete disclosure shall be made for three years (including the current Financial Year) giving the segment wise break up of premium, claims and expenses accounted on estimation basis and its actual experience as per the attached formats – Annexure 1 and Management's comments on variation, if any, beyond 10% on a yearly basis under Notes to Accounts if the actual figures are available at the time of closing of books of accounts for the said financial year. In case of the information not being available, the above referred submissions shall be made in the annual report for the next financial year; and

   e) If the actual figures are not available at the time of closure of books of accounts for the financial year, any deviation beyond ± 10% shall be reported to the Authority in the format referred in above para 4(d) within 15 days from the end of first quarter of the next financial year.
5. This circular is effective from financial year 2022-23 onwards.

Executive Director –F & I

Performance Statistics - Non-Life Insurance

GROSS DIRECT PREMIUM UNDERWRITTEN FOR AND UPTO THE MONTH OF JUNE 2022

(Rs. in crores)

INSURER	For the month of June		Upto the Month of June		Market Share upto the Month of June 2022 (%)	Growth over the corresponding period of previous year (%)
	2021-22	2020-21	2021-22	2020-21		
Acko General Insurance Limited	123.41	60.87	318.21	170.26	0.58	86.90
Bajaj Allianz General Ins. Co. Ltd.	934.34	823.01	3,100.16	2,471.67	5.69	25.43
Bharti AXA General Ins. Co. Ltd. #	NA	134.15	NA	455.52	NA	NA
Cholamandalam MS General Ins.	441.05	340.78	1,290.30	900.50	2.37	43.29
NAVI General Insurance Limited	5.53	2.39	21.43	7.71	0.04	177.79
Edelweiss General Ins. Co. Ltd.	47.83	17.21	110.63	60.78	0.20	82.02
Future Generali India Ins. Co. Ltd.	259.12	222.60	866.00	699.46	1.59	23.81
Go Digit General Ins. Ltd.	454.01	281.84	1,529.30	788.10	2.81	94.05
HDFC Ergo General Ins. Co. Ltd.	943.68	757.98	3,073.35	2,386.31	5.64	28.79
ICICI Lombard General Ins. Co.	1,588.72	1,032.61	5,370.32	3,732.96	9.86	43.86
IFFCO Tokio General Ins. Co. Ltd.	886.72	692.92	2,129.35	1,832.48	3.91	16.20
Kotak Mahindra General Ins. Co.	80.22	45.22	217.52	118.98	0.40	82.82
Liberty General Ins. Ltd.	126.23	94.17	456.46	336.96	0.84	35.46
Magma HDI General Ins. Co. Ltd.	200.07	128.73	540.49	296.37	0.99	82.37
National Ins. Co. Ltd.	1,179.02	1,225.88	3,127.47	3,091.27	5.74	1.17
Raheja QBE General Ins. Co. Ltd.	41.56	31.59	111.69	87.25	0.20	28.01
Reliance General Ins. Co. Ltd.	871.34	720.07	2,474.41	2,054.46	4.54	20.44
Royal Sundaram General Ins. Co.	244.51	206.37	729.22	619.32	1.34	17.75
SBI General Ins. Co. Ltd.	618.28	420.15	1,750.38	1,164.36	3.21	50.33
Shriram General Ins. Co. Ltd.	168.63	133.66	401.47	344.29	0.74	16.61
Tata AIG General Ins. Co. Ltd.	890.53	658.72	2,915.34	2,074.01	5.35	40.57
The New India Assurance Co. Ltd.	2,759.44	2,752.23	9,550.16	8,831.89	17.53	8.13
The Oriental Ins. Co. Ltd.	1,223.72	1,032.79	3,639.75	3,144.37	6.68	15.75
United India Ins. Co. Ltd.	1,256.15	1,085.19	4,308.88	3,641.55	7.91	8.33
Universal Sompo General Ins. Co.	294.66	141.39	828.19	500.57	1.52	65.45
General Insurers Total	**15,638.77**	**13,042.52**	**48,860.47**	**39,811.39**	**89.67**	**22.73**
Aditya Birla Health Ins. Co. Ltd.	282.54	119.84	630.39	367.52	1.16	71.53
ManipalCigna Health Ins. Co. Ltd.	94.09	67.89	286.48	211.18	0.53	35.66
Niva Bupa Health Ins. Co. Ltd.	289.35	211.30	784.43	584.78	1.44	34.14
Care Health Insurance Limited	389.08	249.21	1,096.33	743.55	2.01	47.45
Star Health & Allied Ins. Co. Ltd.	949.72	860.84	2,466.15	2,185.10	4.53	12.86
Reliance Health Ins. Ltd.*	---	---	---	---	NA	NA
Stand-alone Pvt Health Insurers	**2,004.78**	**1,509.08**	**5,263.79**	**4,092.12**	**9.66**	**28.63**
Agricultural Ins. Co. of India Ltd.	64.68	112.58	113.45	207.00	0.21	(45.20)
ECGC Limited	102.34	96.87	253.56	193.39	0.47	31.11
Specialized PSU Insurers	**167.02**	**209.45**	**367.01**	**400.39**	**0.67**	**-8.34**
GRAND TOTAL	**17,810.57**	**14,761.05**	**54,491.27**	**44,303.91**	**100.00**	**22.99**

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*

#BhartiAXA General Insurance Co.Ltd has been merged with ICICI Lombard General Insurance Co.Ltd w.e.f 08.09.2021.

SUMMARY OF NEW BUSINESS PERFORMANCE OF LIFE INSURERS FOR THE PERIOD ENDED JUNE - 2022 (PROVISIONAL)

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies / Schemes				
		Month of Jun-2022	Upto Jun-2022	Month of Jun-2021	Upto Jun-2021	YTD Variation in %	Month of Jun-2022	Upto Jun-2022	Month of Jun-2021	Upto Jun-2021	YTD Variation in %
1	**Aditya Birla Sun Life Insurance Co. Ltd.**										
	Individual Single Premium	15.58	45.03	27.48	48.62	-7.38%	215	618	139	353	75.07%
	Individual Non Single Premium	169.88	404.37	174.34	320.39	26.21%	18268	42985	20941	39793	8.02%
	Group Single Premium	186.31	834.31	135.48	290.23	187.47%	6	23	8	18	27.78%
	Group Non Single Premium	0.32	1.06	0.49	0.76	39.84%	1	1	0	0	---
	Total	**394.47**	**1333.93**	**340.79**	**670.41**	**98.97%**	**18525**	**43691**	**21091**	**40191**	**8.71%**
2	**Aegon Life Insurance Co. Ltd.**										
	Individual Single Premium	0.00	0.00	0.01	0.01	-108.85%	199	199	2	2	9850.00%
	Individual Non Single Premium	0.05	0.37	1.83	4.48	-91.69%	126	409	1426	3478	-88.24%
	Group Single Premium	0.17	0.28	0.00	0.00	---	0	3	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**0.24**	**0.68**	**2.60**	**8.69**	**-92.15%**	**326**	**612**	**1430**	**3494**	**-82.48%**
3	**Ageas Federal Life Insurance Co. Ltd.**										
	Individual Single Premium	17.02	41.43	19.58	43.26	-4.23%	359	911	377	872	4.47%
	Individual Non Single Premium	33.93	61.51	18.68	38.62	59.26%	3762	7077	2450	4818	46.89%
	Group Single Premium	16.31	38.74	5.91	19.74	96.30%	1	3	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	564.29%	0	0	0	0	---
	Total	**67.25**	**141.68**	**44.17**	**101.61**	**39.43%**	**4122**	**7991**	**2827**	**5690**	**40.44%**
4	**Aviva Life Insurance Co. Ltd.**										
	Individual Single Premium	2.90	3.44	0.59	1.57	119.72%	28	40	12	-16	-350.00%
	Individual Non Single Premium	11.38	23.82	7.80	24.59	-3.14%	1568	3498	1284	2980	17.38%
	Group Single Premium	0.92	1.88	0.57	0.66	185.98%	2	2	0	0	---
	Group Non Single Premium	0.08	0.23	0.06	0.21	8.10%	0	0	0	0	---
	Total	**20.31**	**56.63**	**18.83**	**39.44**	**43.58%**	**1601**	**3558**	**1319**	**2987**	**19.12%**
5	**Bajaj Allianz Life Insurance Co. Ltd.**										
	Individual Single Premium	46.68	120.26	21.81	45.01	167.19%	490	1494	270	594	151.52%
	Individual Non Single Premium	339.61	882.68	224.23	488.83	80.57%	44428	120117	31934	69982	71.64%
	Group Single Premium	853.35	1697.61	355.01	683.84	148.25%	28	39	7	12	225.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**1259.14**	**2916.20**	**614.97**	**1295.93**	**125.03%**	**44948**	**121723**	**32216**	**70616**	**72.37%**
6	**Bharti AXA Life Insurance Co. Ltd.**										
	Individual Single Premium	3.44	6.85	6.45	13.65	-49.86%	48	121	17	76	59.21%
	Individual Non Single Premium	60.51	140.45	52.60	106.59	31.76%	8500	20242	9170	19489	3.86%
	Group Single Premium	16.38	44.27	8.07	31.19	41.95%	0	1	0	3	-66.67%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**82.48**	**195.45**	**67.18**	**151.70**	**28.84%**	**8548**	**20364**	**9187**	**19568**	**4.07%**
7	**Canara HSBC Life Insurance Co. Ltd.**										
	Individual Single Premium	18.75	50.55	41.31	66.58	-24.07%	171	406	471	714	-43.14%
	Individual Non Single Premium	115.88	238.87	72.97	135.42	76.40%	15452	29862	11181	20532	45.44%
	Group Single Premium	120.55	187.21	174.33	459.49	-59.26%	0	1	0	2	-50.00%
	Group Non Single Premium	0.08	0.17	0.17	0.69	-75.10%	0	0	0	0	---
	Total	**393.66**	**615.68**	**383.67**	**758.26**	**-18.80%**	**15630**	**30280**	**11658**	**21272**	**42.35%**
8	**Edelweiss Tokio Life Insurance Co. Ltd.**										
	Individual Single Premium	2.48	6.16	1.27	4.78	28.73%	21	69	27	386	-82.12%
	Individual Non Single Premium	31.40	67.76	25.96	57.26	18.33%	3768	11466	5343	11050	3.76%
	Group Single Premium	0.28	2.40	0.63	3.09	-22.21%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**34.15**	**76.51**	**27.96**	**65.66**	**16.52%**	**3789**	**11536**	**5370**	**11440**	**0.84%**
9	**Exide Life Insurance Co. Ltd.**										
	Individual Single Premium	8.64	20.65	11.11	34.50	-40.15%	82	224	99	221	1.36%
	Individual Non Single Premium	52.29	128.33	47.36	93.81	36.79%	9744	24040	9463	20501	17.26%
	Group Single Premium	0.02	0.04	0.02	0.16	-72.46%	0	0	0	0	---
	Group Non Single Premium	0.71	2.92	1.18	12.72	-77.03%	1	10	1	5	100.00%
	Total	**66.05**	**173.41**	**75.76**	**163.61**	**5.99%**	**9827**	**24274**	**9563**	**20727**	**17.11%**
10	**Future Generali India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.67	1.42	0.17	0.31	357.84%	18	42	6	12	250.00%
	Individual Non Single Premium	21.40	49.62	16.01	36.57	35.68%	3229	7027	2658	4750	47.94%
	Group Single Premium	1.41	2.45	1.60	7.71	-68.19%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**29.65**	**163.91**	**38.20**	**99.02**	**65.54%**	**3249**	**7072**	**2668**	**4769**	**48.29%**
11	**HDFC Life Insurance Co. Ltd.**										
	Individual Single Premium	321.35	821.55	275.86	663.47	23.83%	3849	9750	3425	7985	22.10%
	Individual Non Single Premium	573.08	1481.77	541.67	1238.36	19.66%	61128	156574	70206	162469	-3.63%
	Group Single Premium	942.81	2431.03	843.12	1837.37	32.31%	22	40	5	17	135.29%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**1875.01**	**4851.18**	**1685.66**	**3814.56**	**27.18%**	**65015**	**166412**	**73644**	**170485**	**-2.39%**
12	**ICICI Prudential Life Insurance Co. Ltd.**										
	Individual Single Premium	222.31	627.23	252.50	621.03	1.00%	2713	7839	2485	6211	26.21%
	Individual Non Single Premium	406.60	1038.01	416.37	880.26	17.92%	43261	112528	47924	113055	-0.47%
	Group Single Premium	323.44	800.32	101.65	393.44	103.42%	1	14	4	18	-22.22%
	Group Non Single Premium	0.00	0.00	0.01	0.11	-99.50%	0	0	0	0	---
	Total	**1079.88**	**3183.99**	**1263.19**	**2558.52**	**24.45%**	**46116**	**120663**	**50545**	**119990**	**0.56%**

Performance STATISTICS - LIFE INSURANCE

SUMMARY OF NEW BUSINESS PERFORMANCE OF LIFE INSURERS FOR THE PERIOD ENDED JUNE - 2022 (PROVISIONAL)

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies / Schemes				
		Month of Jun-2022	Upto Jun-2022	Month of Jun-2021	Upto Jun-2021	YTD Variation in %	Month of Jun-2022	Upto Jun-2022	Month of Jun-2021	Upto Jun-2021	YTD Variation in %
13	**IndiaFirst Life Insurance Co. Ltd.**										
	Individual Single Premium	4.95	12.63	5.31	11.75	7.45%	122	308	130	268	14.93%
	Individual Non Single Premium	127.55	294.58	77.70	149.40	97.17%	24136	58302	17048	31930	82.59%
	Group Single Premium	65.22	193.47	88.82	272.68	-29.05%	18	48	37	105	-54.29%
	Group Non Single Premium	0.02	0.02	0.07	0.18	-86.68%	1	1	0	0	---
	Total	**197.75**	**500.70**	**171.91**	**434.02**	**15.36%**	**24277**	**58659**	**17215**	**32303**	**81.59%**
14	**Kotak Mahindra Life Insurance Co. Ltd.**										
	Individual Single Premium	96.96	232.79	80.22	172.17	35.21%	2876	10979	2463	4170	163.29%
	Individual Non Single Premium	134.39	308.59	101.59	212.37	45.30%	22022	46370	18838	37393	24.01%
	Group Single Premium	171.39	489.20	50.04	229.92	112.77%	6	16	6	32	-50.00%
	Group Non Single Premium	2.06	4.10	0.01	0.06	6913.18%	0	0	1	3	-100.00%
	Total	**520.72**	**1219.83**	**290.88**	**715.03**	**70.60%**	**24946**	**57463**	**21358**	**41803**	**37.46%**
15	**Max Life Insurance Co. Ltd.**										
	Individual Single Premium	194.08	414.35	148.97	303.70	36.43%	1002	2133	674	1289	65.48%
	Individual Non Single Premium	388.54	903.19	400.32	800.08	12.89%	46898	110718	51594	108983	1.59%
	Group Single Premium	64.79	151.72	48.84	131.76	15.15%	1	1	0	21	-95.24%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**651.67**	**1483.98**	**599.46**	**1239.07**	**19.77%**	**47906**	**112881**	**52268**	**110298**	**2.34%**
16	**PNB Metlife Life Insurance Co. Ltd.**										
	Individual Single Premium	11.21	26.64	10.41	23.65	12.67%	216	494	148	341	44.87%
	Individual Non Single Premium	112.20	299.99	94.94	205.23	46.17%	21819	55777	18665	41695	33.77%
	Group Single Premium	64.86	144.09	23.07	64.69	122.73%	0	0	0	1	-100.00%
	Group Non Single Premium	-1.62	0.07	0.17	0.47	-84.16%	9	21	12	51	-58.82%
	Total	**196.58**	**497.70**	**136.22**	**321.20**	**54.95%**	**22044**	**56292**	**18825**	**42088**	**33.75%**
17	**Pramerica Life Insurance Limited.**										
	Individual Single Premium	0.63	1.54	0.21	0.38	304.64%	8	22	4	8	175.00%
	Individual Non Single Premium	11.28	29.81	9.86	25.03	19.09%	3089	6896	1867	4316	59.78%
	Group Single Premium	21.59	52.09	3.22	16.51	215.49%	5	9	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**38.09**	**97.86**	**18.97**	**54.84**	**78.44%**	**3111**	**6951**	**1888**	**4381**	**58.66%**
18	**Reliance Nippon Life Insurance Co. Ltd.**										
	Individual Single Premium	1.73	8.45	4.16	11.34	-25.49%	77	273	136	373	-26.81%
	Individual Non Single Premium	66.36	218.64	65.06	163.90	33.39%	12731	36534	12909	32924	10.96%
	Group Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Non Single Premium	9.38	21.68	0.66	5.53	292.03%	5	13	1	5	160.00%
	Total	**78.19**	**250.34**	**70.31**	**183.35**	**36.54%**	**12817**	**36836**	**13047**	**33313**	**10.58%**
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	376.35	944.61	253.32	499.77	89.01%	5658	15296	8022	21180	-27.78%
	Individual Non Single Premium	981.11	2485.14	692.65	1335.37	86.10%	158564	398676	118161	235502	69.29%
	Group Single Premium	1440.39	2076.41	788.02	1440.46	44.15%	14	24	8	15	60.00%
	Group Non Single Premium	0.91	7.52	2.69	12.40	-39.39%	0	0	0	0	---
	Total	**2826.14**	**5590.71**	**1767.05**	**3343.89**	**67.19%**	**164263**	**414067**	**126197**	**256727**	**61.29%**
21	**Shriram Life Insurance Co. Ltd.**										
	Individual Single Premium	3.72	10.60	6.33	12.94	-18.06%	858	2206	901	1184	86.32%
	Individual Non Single Premium	48.55	105.75	41.76	77.99	35.58%	21007	55865	19597	41315	35.22%
	Group Single Premium	23.34	69.09	4.39	23.78	190.57%	0	0	1	1	-100.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**84.02**	**209.27**	**66.10**	**145.16**	**44.17%**	**21865**	**58078**	**20522**	**42556**	**36.47%**
22	**Star Union Dai-Ichi Life Insurance Co. Ltd.**										
	Individual Single Premium	12.47	28.34	15.09	24.30	16.61%	310	725	278	488	48.57%
	Individual Non Single Premium	93.01	213.43	69.05	104.82	103.61%	13655	28828	9180	14603	97.41%
	Group Single Premium	25.77	61.09	15.13	29.71	105.62%	0	2	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.05	-109.78%	0	0	0	0	---
	Total	**214.15**	**625.72**	**206.37**	**299.61**	**108.84%**	**13967**	**29560**	**9462**	**15105**	**95.70%**
23	**Tata AIA Life Insurance Co. Ltd.**										
	Individual Single Premium	56.15	169.74	33.11	71.45	137.57%	528	1613	397	822	96.23%
	Individual Non Single Premium	410.32	1003.94	272.53	558.67	79.70%	48350	125512	37088	81235	54.50%
	Group Single Premium	16.76	43.99	3.52	8.82	398.83%	0	1	0	1	0.00%
	Group Non Single Premium	0.56	1.24	0.37	1.03	20.34%	0	8	2	10	-20.00%
	Total	**501.27**	**1288.15**	**322.94**	**660.98**	**94.88%**	**48929**	**127230**	**37509**	**82123**	**54.93%**
	PRIVATE										
	Individual Single Premium	1418.05	3594.26	1215.26	2674.25	34.40%	19848	55762	20483	47533	17.31%
	Individual Non Single Premium	4189.31	10380.59	3425.26	7058.06	47.07%	585505	1459303	518926	1102793	32.33%
	Group Single Premium	4356.06	9321.71	2651.46	5945.22	56.79%	104	227	76	246	-7.72%
	Group Non Single Premium	12.49	39.02	5.88	34.22	14.02%	17	54	17	74	-27.03%
	Private Total	**10610.89**	**25473.52**	**8213.19**	**17124.58**	**48.75%**	**605821**	**1516193**	**539809**	**1151926**	**31.62%**
24	**Life Insurance Corporation of India**										
	Individual Single Premium	1705.56	4633.24	1573.43	3355.47	38.08%	77200	194292	60174	128242	51.50%
	Individual Non Single Premium	2583.27	6283.43	2114.01	4656.09	34.95%	1447267	3487472	1004260	2179271	60.03%
	Group Single Premium	16068.57	36143.86	17912.99	27163.94	33.06%	143	307	11	33	830.30%
	Group Non Single Premium	253.88	1051.36	160.91	330.63	217.99%	499	1246	591	1296	-3.86%
	Total	**20643.67**	**48201.00**	**21796.28**	**35600.68**	**35.39%**	**1527002**	**3687386**	**1066534**	**2311806**	**59.50%**
	GRAND TOTAL	**31254.55**	**73674.53**	**30009.48**	**52725.26**	**39.73%**	**2132823**	**5203579**	**1606343**	**3463732**	**50.23%**

Glossary

Valued Policy
An insurance contract for which the value is agreed upon in advance and is not related to the amount of the insured loss.

Valued Policy Law
State legislation which specifies that the insured shall receive the face amount of the policy in the event of a total loss to a dwelling rather than the actual cash value regardless of the principle of indemnity.

Variable Annuity
An annuity contract under which the premium payments are used to purchase stock and the value of each unit is relative to the value of the investment portfolio.

Variable Life Insurance
Life insurance whose face value and/or duration varies depending upon the value of underlying securities.

Poll

Do you think Insuretech will drive future growth of Insurance Industry

Yes

No

Can't say

Results of Poll in our July 2022 Issue

Do you think IRDAI new chairman is quite proactive and industry should benefit by quick decisions?

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
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1/1A Biplabi Anukul Chandra St. Room No. 3F 3rd Floor, Chandni Chowk, Kolkata - 700072, West Bengal

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