The First Monthly Journal on Insurance in India in Service Since 1981

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"The pandemic has transformed the insurance landscape and elevated customer expectations."

Rakesh Jain
CEO
Reliance General Ins. Co.

"Life insurance has become a critical product for every individual looking for solutions around protection, morbidity and savings."

Suresh Badami
Executive Director
HDFC Life

"The US is world's largest greenhouse gas emitter. Now, standing on the verge of running out of carbon budget, US insurers need to abandon their fossil-fuel fixation."

Praveen Gupta
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Correspondence Address

25/1, Baranashi Ghosh Street, Kolkata - 700 007, India
Phone : 91-33-4007 8378/2218 4184/2269 6035
Website : www.sashipublications.com
Portal : www.bimabazaar.com
E-mail : insurance.kolkata@gmail.com

Registered Office

31/1, Sadananda Road, Kolkata - 700 026, India

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Editor-in-Chief's Desk

Ram Gopal Agarwala
B.Com, LLB, FCA.

The beginning of the year 2022 marked with rise in Omicron variant which again effected the country badly. Luckily this variant was not deadly enough, though its infection rate was much higher. The spread has slowed down a little and things are coming back to normal. There has been several reports that this epidemic will end by 2022. But ground situation does not suggest so. Omicron will stay like normal flu and we need to be better prepared.

Government has not yet appointed Chairman of IRDAI which is very sad state of affairs. Keeping the top post vacant for so long is unwarranted. Amidst the covid wave and development in the industry, Govt should not delay the appointment. It also sends a wrong message that Govt is unable to find a eligible person for the top post.

Insurance Industry is growing fast in India with more than 135 crore population and ever growing economic activities in all field be it Agriculture, Industrial activities, export and import apart from flourishing automobile and other sector. Demand of Insurance will increase proportionally with rise in economic activity.

Life Insurance Corporation of India is supposed to file its IPO with SEBI within March, 2022 and the valuation of IPO is expected to be around 5 trillion rupees. This will be one of the biggest IPO ever.

GST in insurance sector in respect of personal Insurance be it Health or otherwise should be withdrawn to make the Insurance premium cheaper for personal Health Care and other areas related to personal activities.

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General Insurance News

Reliance General Insurance to launch nine new products

The Reliance General Insurance Company said that it will soon come out with nine sandbox products to meet evolving consumer needs.

The company has already received approval for the same from the Insurance Regulatory and Development Authority of India (IRDAI).

This announcement is in line with the company's long-term goal of re-innovating and redefining the insurance sector to cater to the fast-transforming customer expectations in the digital age.

"Three out of the nine products are from the telematics segment, while the rest of the offerings are from the company's innovative product line designed to address customers' current and future policy requirements. Being one of the most tech-driven insurance companies, RGICL aims to introduce these pioneering product offerings to provide holistic insurance cover from a futuristic perspective," the company said in a statement.

According to Rakesh Jain, CEO, Reliance General Insurance Company: "The pandemic has transformed the insurance landscape and elevated customer expectations. The approved nine sandbox products are designed to meet customer expectations through personalised offerings."

"They are also modelled to address customers' current and futuristic requirements. We intend to take the customer experiences to the next level with these new-age offerings," Jain said.

Reliance General Insurance, a part of Reliance Capital, is one of the leading general insurance companies in India. It offers motor insurance, health insurance, travel insurance, and home insurance, among other customised solutions.

Go Digit General Insurance gets Rs. 378 crore from RS Filmcraft

Go Digit General Insurance has received capital infusion of nearly Rs 378 crore from R S Filmcraft, the new-age general insurance company said. RS Filmcraft (OPC) has invested Rs 50 million (Rs 377.91 crore) in Go Digit General Insurance, the insurer said in a release.

Go Digit is a four-year-old general insurance company which has crossed the 20 million (2 crore) customer mark.

"RS Filmcraft believes in Digit's mission of making insurance simple, especially for laypersons who may not understand legal jargon or complicated paperwork," Kamesh Goyal, the Chairman and founder of Digit Insurance, said.

Bengaluru-headquartered Go Digit has raised funding amounting to around Rs 990 crore from its parent company Go Digit Infoworks Services Pvt Ltd, backed by Canadian billionaire Prem Watsa's Fairfax Financial Holdings Limited.

Govt adds insurance experts to Banks Board Bureau

The government has appointed insurance experts to the Banks Board Bureau to help select and appoint directors on the boards of public sector insurance companies for a two-year term.

The three part-time, non-government members chosen by the Appointments Committee of the Cabinet are former LIC MD Usha Sangwan, former Oriental Insurance CMD AV Girija Kumar and former IRDAI whole-time member Sujay Banarji.

The appointments come after the Delhi HC said in an order that the Banks Board Bureau could not appoint insurance directors. The court order had also set aside the appointment of at least six directors. The court said that the appointments were contrary to the amendments in the General Insurance Business Nationalization Act.

"Consequently, The impugned selections could not have been undertaken by the BBB", said the HC, which directed the government to make appointments according to law.

Only one third of Claims from Amphan Cyclone settled

Insurance companies settled 29.72 per cent of the amount claimed by people and entities affected by cyclones and floods in 2020-21, even as the number of claims declined during the year.

While insurers got 34,304 claims for Rs 2,559 crore in cyclones and floods in 2020-21, they settled 27,576 claims for Rs 760.68 crore. As many as 3,428 claims for Rs 1,705 crore are still pending before insurers, according to the Annual Report of the IRDAI.

In the previous year, insurers received 1,40,804 claims for Rs 3,399.61 crore due to cyclones and floods with cyclone Fani reporting maximum claims of Rs 1,190.59 crore. In 2020-21, the maximum number of claims at 14,575 were from damages caused by cyclone Amphan. Insurers settled 11,512 claims for Rs 470.94 crore, while 1,693 claims for Rs 1,235.77 crore are yet to be cleared.

After the Telangana floods last year, 7,041 claims for Rs 329.83 crore were reported but insurers settled only 5,510 claims for Rs 151.30 crore, IRDAI said.

Further, insurance companies settled only 2.84 per cent of the amount claimed due to cyclones Tauktae and Yaas in the quarter to June 2021. As on June 30, 2021, claim amounting to Rs 1,351 crore were reported by 18,194 claimants due to cyclones Tauktae and Yaas and of this, claims totaling Rs 38.40 crore were settled to 6,671 claimants. "Disposal of pending claims at various stages is being monitored by the Authority regularly," the regulator said.

In 2021, cyclones Tauktae and Yaas caused losses to property in some parts of the country. The year 2020 saw the occurrence of several natural catastrophic events in various parts.

While in May 2020, cyclone Amphan created havoc West Bengal and Odisha, cyclone Nisarga had a similar impact in Maharashtra, Gujarat and other neighboring states in June 2020. There were floods in the states of Telangana, Andhra Pradesh, Karnataka and Maharashtra in October 2020. In November 2020, cyclone Nivar caused loss to property in some parts of the country.

"The Authority issues guidance to the industry during catastrophes, keeping the interests of policyholders affected, in view," IRDAI said. According to the insurance watchdog, in respect of the majority of the cases, claims are outstanding due to reinstatement of property not having taken place. It further said, "There are also some instances of the required documents not having been submitted by the insured due to lockdown. However, on account payments have been made in several instances."

During 2021-22 too, IRDAI issued guidance to insurers to attend to the claims arising out of the above events promptly, it said.

Centre sets up two panels to lower crop insurance premium

The Centre has appointed two separate groups of experts to suggest suitable working models with cost benefit analysis that will lower crop insurance premium and technology in crop yield estimation under the flagship Pradhan Mantri Fasal Bima Yojana (PMFBY). This follows the exit of several States including Gujarat, Andhra Pradesh, Telangana, Bihar and West Bengal from the scheme, citing high premium.

A ten-member committee under scientist K R Manjunath of Indian Space Research Organisation (ISRO) will explore the feasibility of adoption of various technology-based approaches developed through pilot projects by ISRO and its arm National Remote Sensing Centre (NRSC) as well as Mahalanobis National Crop Forecast Centre (MNCFC) of the Union Agriculture Ministry, the official said.

According to NRSC, satellite data at regular temporal interval enables monitoring of the natural resources for their effective management. However, the government has also been considering to utilise drones to capture yield data as satellite images are also considered not effective in case of fog or cloud.

The other sub-committee, headed by Saurabh Mishra, joint secretary in Ministry of Finance, will conduct cost benefit analysis of all "accepted models - agriculture insurance pool, cup and cap 80-110 per cent and co-insurance 20-80 per cent" as well as any profit-loss sharing model.

Coonoor crash: Insurers settle claims in 'shortest possible time'

PSU general insurers, including New India Assurance (NIA) and United India Insurance (UII), rushed to settle the personal accident (PA) claims of all military personnel, including the first Chief of Defence Staff (CDS) General

Bipin Rawat and Brigadier LS Lidder within hours after they lost their lives in a tragic helicopter crash in Coonoor.

United India Insurance has settled group personal accident (GPA) claims of deceased defence officials, including General Rawat and others, while NIA paid the claim of Brigadier Ladder at the shortest possible time, officials said.

For UII, the crash victims were covered under its State Bank of India (SBI) GPA Policy for account holders and all these claims worth around Rs 30 lakh each were settled in record time of 30 minutes on receipt of documents, a feat never heard of in the industry, sources said. Life Insurance Corporation (LIC) is also in the process of settling the claims, said an official.

Brigadier Lidder was covered under a policy issued by the Mumbai Large Corporate Broker Office-2, which covers defence personnel having salary accounts with Axis Bank. "NIA holds our defence personnel on the highest pedestal and this act of settlement of claim is our way of offering deepest respects to the departed soul and support to the family," said Atul Sahai, CMD, NIA.

"UII settled the GPA claims of all the decorated army and IAF officers including CDS Bipin Rawat in record time post the tragic helicopter crash. They were all covered under our SBI GPA Policy," said Satyajit Tripathy, CMD, UII.

The SBI Defence Salary Package (DSP) account is meant for the Indian defence personnel of the Army, Navy, Air Force, Indian Coast Guard, Assam Rifles, Rashtriya Rifles (RR) and a Group Accident Policy issued by the UII for this package has provisions to pay an insurance claim of Rs 30 lakh in case of death or total disability and Rs 10 lakh for partial disability of an account holder.

Insurance cover likely for traders under new policy

The Department for Promotion of Industry and Internal Trade (DPIIT) will soon start public consultation for a national retail trade policy, which is likely to include an insurance scheme aimed at providing financial protection against losses caused by theft, accidents or natural calamities.

The policy will also spell out ways to give traders access to low-cost finance, promote digital inclusion, and create necessary infrastructure to support them, a senior government official told.

This is expected to offer relief especially to traditional traders, who are facing stiff competition from large e-commerce players. The former have accused some of these foreignfunded behemoths of adopting illegal market practices. The policy is being rolled out at a time when the government is looking to dilute a set of proposed rules that sought to tighten regulations in the e-commerce space.

Tata AIG to vie for group's airline insurance business

Tata AIG General Insurance Company, will join the race to provide insurance cover for the Indian conglomerate's airlines, including Air India. Indian state-owned companies presently provide insurance cover to the airlines and re-insure the assets with foreign firms.

AIG is already the biggest reinsurer for Air India, counting among international consortium providing cover to the airline's 117-strong fleet. With its Indian partner now owning Air India and Air India Express, it will make a bid to get the business, said a source close to the development.

A source said Air India is insuring its fleet by paying a premium of Rs. 118 crore in financial year 2021 on a standalone basis as compared to Rs. 158 crore paid in the previous financial year ending March 2020.

Government owned insurance companies retain only one per cent of the insurance premium and pass on the rest of the premium and risk to an international consortium so as to de-risk their own books.

Soon, NatCat cover for microloan borrowers

With India becoming one of the most climate risk-prone countries and the frequency and severity of natural catastrophe (NatCat) events increasing every year, which is impacting repayment capabilities of borrowers of microloans, and the micro lenders' asset quality, the MicroFinance Institutions' Network (MFIN) is planning to introduce an insurance product for borrowers to protect them against such natural catastrophe events.

MFIN, which has applied for a pilot project to the Insurance Regulatory and Development Authority of India (IRDAI) under regulatory sandbox, has now received the nod from to conduct the project.

Cholamandalam MS General Insurance will provide insurance cover during the pilot project. "The pilot will cover three-four districts in Odisha," said Alok Misra, Chief Executive Officer and Director, MFIN. "We are now preparing the field, training the staff, to make the client understand the nuances of the scheme. There are three or four perils that will be covered, like cyclones, typhoons, and drought; the cover will be parametric insurance in nature," Misra said. ❑

IRDAI News

Insurers can't reject cocktail Covid therapy

IRDAI has asked companies not to reject Covid claims for antibody cocktail therapy.

By terming it as an 'experimental' treatment, the regulator has also asked insurers to review the claims denied or deductions made in all such situations and take appropriate action to settle them according to the terms of the policy.

The circular to the chiefs of all non-life and health insurance companies has come following complaints that many insurers are rejecting claims for treatment in the third wave where the hospitals have used expensive new antiviral drugs. "Authority has come across instances of denial of claims and/or deduction of expenses incurred towards 'antibody cocktail therapy' treatment for Covid, under the pretext that the said therapy is an experimental treatment," the IRDAI said in its communication.

The regulator pointed out that the antibody cocktail (Casirivimab and Imdevimab) has been given emergency use authorisation in May 2021 by the Central Drugs Standard Control Organisation in India. All health insurance policies have a clause that excludes experimental treatments. The objective is to ensure that money is spent on proven or established techniques. This clause has been used by insurers in the past to exclude robotic surgeries and new treatments like stem cell.

Drugmakers in India had launched the antibody cocktail in May 2021 at Rs 59,750 for each patient dose of 1,200mg (600mg of Casirivimab and 600mg of Imdevimab).

Govt seeks dispensation for PSU Companies

The government is in discussion with IRDAI seeking extension of special dispensation to the state-run general insurers for meeting solvency requirements.

National Insurance Company Limited, Oriental Insurance Company Limited and the United India Insurance Company Limited are loss-making insurers. In the last two years, the government has infused more than Rs 12,500 crore in these three companies.

The regulator is concerned over the current financials of these firms and has sought more details from the government, said an official aware of the developments adding that the regulator is most likely to extend the forbearance. IRDAI has been headless since the last nine months, its last chairman Subhash C Khuntia stepped down in May 2021 on completion of his term.

As per, IRDAI all insurance companies need to maintain a surplus of 1.5 times the liabilities at all times. The solvency margin - the minimum margin of assets required by an insurer in excess of its liabilities - is like a bank's capital ratios.

Non-life insurance companies register over 7 pc rise in gross premium at Rs 18,953 crore in Dec 2021

The gross direct premium underwritten by non-life insurance companies grew by 7.3 per cent to Rs 18,953.09 crore in December 2021, data from IRDAI showed. The non-life insurance companies had underwritten gross premium valuing at Rs 17,662.32 crore in December 2020.

The 24 general insurance companies had registered a gross premium of Rs 16,109.62 crore in December 2021, up by 4.2 per cent from Rs 15,463.51 crore in the year-ago period, as per data of the Insurance Regulatory and Development Authority of India (IRDAI).

The five standalone health insurance companies registered a 31.3 per cent rise in their gross underwritten premium at Rs 1,740.15 crore during the month, against Rs 1,325.03 crore a year ago.

The two specialised PSU insurers -- Agricultural Insurance Company of India Ltd and ECGC Ltd -- witnessed a 26.3 per cent increase in their gross premium at Rs 1,103.33 crore compared to Rs 873.78 crore, as per the data.

Health covers must include Omicron costs: IRDAI

The insurance regulator has said that all indemnity-based health insurance products that cover treatment costs of hospitalisation will include those toward the Omicron variant of Covid. In a separate order on Digit Insurance, the regulator said that non-life companies cannot provide a death benefit in their policies.

This clarification puts to rest any speculation over the admissibility of claims arising out of the new variant. Last year, the regulator had told insurance companies that health policies must cover Covid infection even though worldwide some companies rejected claims on the grounds of pandemic exclusion. "Insurance companies shall put in place an effective coordinating mechanism with all their network providers (hospitals) to make available seamless cashless facility to all policyholders in the case of hospitalisation if any and render speedy services to all policyholders," IRDAI said.

IRDAI to set up hubs on motor, property insurances

IRDAIhas decided to set up two hubs on motor insurance and property insurance and also an advisory committee with the overall objective to promote loss prevention measures in the general insurance industry.

"It has been decided to form a hub on property insurance at 'National Insurance Academy (NIA)' and one on motor insurance at 'Institute of Insurance and Risk Management (IIRM)," the Insurance Regulatory and Development Authority of India (IRDAI) said in a statement.

The decision to set up these hubs was based on the recommendations of a working group on loss prevention and minimisation in the general insurance industry.

In addition, there will be an advisory committee under the chairmanship of the NIA director, which among other things will create a repository of past risk inspection reports and developing standard survey/inspection report formats. There will be two subcommittees within the advisory committee.

The sub-committee on motor insurance will develop guidelines on inspection of vehicles and standard operating processes to be followed by vehicle owners in the event of loss.

Mapping high exposure accident spots across the country, and developing standard matrix (score) to incorporate safety features for each make and model of vehicles, are among the other activities tasked to the panel.

The sub-committee on property insurance will create a repository of past risk inspection reports and developing standard survey/inspection report formats.

The advisory committee, which has a term of two years, has been asked to work progress report to the IRDAI on monthly basis.

Intermediaries to keep current a/c in suitable number of banks: IRDAI

IRDAI said that insurance intermediaries, including entities sponsored by them, can maintain current accounts in appropriate number of banks so as to meet regulatory requirements and reinsurance business.

In August last year, the Reserve Bank of India (RBI) had instructed banks not to open current accounts for customers who have availed credit facilities in the form of cash credit or overdraft from the banking system. Later, on a review, the central bank permitted banks to open specific accounts that are stipulated under various statutes and instructions of other regulators/ regulatory departments, without any restrictions placed in terms of its August 2020 circular.

An Insurance Regulatory and Development Authority of India (IRDAI) circular said it has been observed that insurance intermediaries maintain multiple current accounts with banks at different operational levels (branch offices, corporate offices, etc), for regulatory and other purposes. ❑

Sebi begins hiring drive ahead of LIC IPO, to recruit 120 execs in 4 months

Capital markets regulator Securities and Exchange Board of India (Sebi) has started a drive to recruit 120 senior executives as it beefs up headcount ahead of the initial share sale by Life Insurance Corp. of India, in what will be the nation's biggest public issue. Sebi will be recruiting experienced officials across legal, information technology, research, general and official language departments over the next four months, the regulator said in a recruitment notice on its website. Its overall headcount stands at about 850 now.

The hiring follow Sebi processing a record number of applications for initial public offerings last year. Over 110 companies from online grocers to food delivery startups listed their shares in Mumbai and raised almost $18 billion, according to data compiled by Bloomberg. In 2021, Indian stock exchanges ranked seventh in terms of number of IPOs and eighth in IPO proceeds globally, Sebi Chairman Ajay Tyagi said recently.

LIC of India

News

LIC to take glide path for surplus transfer

Ahead of the Life Insurance Corporation of India's (LIC's) public listing, the finance ministry and the insurer have approved gradually lowering the public sector outfit's distributable surplus to its policyholders.

From next year, LIC will distribute 92.5 per cent of its surplus to the policyholders against 95 per cent at present, and then bring the level down to the industry norm of 90 per cent.

The pie for the shareholders, including the government, will go up to 10 per cent from 5 per cent at present.

"Starting 2022-23, 92.5 per cent of the insurer's surplus will be transferred to the policyholders, and the remaining 7.5 per cent to the shareholders, for the next two years," an official said.

After two years, the surplus transferred to the policyholders will be brought down to 90 per cent, he added.

LIC IPO: Actuary pegs insurer's embedded value at Rs. 4-5 trillion

The Government-appointed actuary has pegged the embedded value (EV) of the Life Insurance Corporation of India at Rs 4-5 trillion, a key parameter that will be used to compute the market valuation of India's largest insurer, said an official.

The computation of the EV is key for the launch of LIC's initial public offering (IPO) slated to be held in March, and such an exercise has been undertaken for the first time since the life insurer's inception.

The EV is the sum of adjusted net worth and value of in-force business or estimated future profits.

The EV has been shared with the Department of Investment and Public Asset Management (DIPAM) as it prepares for the IPO. The adjusted net worth will be high as the policyholder fund would be bifurcated into participating and non-participating funds, and official said.

"The insurer also should get advantage of equity gains it has made and, therefore, the valuation is expected to be high. The non-participating fund will be bifurcated as on September 30, 2021, which will include these gains, leading to a higher EV for the insurer in September," he added.

Participating fund has receipts from participating policies - in which the insurer's profits and surplus is shared with policyholders - and from which all payments to policyholders are made. A non-participating fund has all receipts from non-participating policies - in which non-bonuses or surplus is shared with policyholders. The market valuation of LIC's listed insurance peers in three-four times their EV. However, the valuation of LIC will be decided in consultation with government-appointed merchant bankers, the people quoted above said. The government is pushing for a Rs. 15 trillion valuation, as per reports.

LIC will file the draft red herring prospectus (DRHP) this month, which would include the insurer's EV. The government is looking to launch the IPO, which is slated to be the largest the country has ever seen, in March. The proceeds from the IPO would help the government in meeting a chunk of its Rs. 1.75 trillion disinvestment target for current fiscal.

The ministerial panel that includes Union Finance Minister Nirmala Sitharaman will give its final nod on the size of the IPO once it's finalised by the DIPAM in consultation with intermediaries.

LIC showcases its business dominance

Life Insurance Corp of India recently did a hard sell to institutional investors from across the globe positioning itself as the nimble giant growing fastest even while private sector insurers chart their growth paths.

LIC showcased that even after two decades of private players in the industry, it still has nearly 65% of new policies and is the only one that could capitalise on the opportunities in rural Bharat, with 71% market share while its nearest rival and the biggest listed entity HDFC Life has just 4%.

While competition has been intensifying in the insurance industry with private sector players getting aggressive in selling new products, the state-run behemoth pointed out that when it comes to insurance, it is the renewal of policies that matter more than anything else.

LIC said it is still the largest when it comes to renewal premium, said one of the persons aware of the presentation. It still seems to be having more than 63% market share in this segment.

The government plans to sell a minority stake in the state-run insurer before the end of the current fiscal year. While there has been no timeline yet on the filing of the IPO offer document or the pricing, the government is keen on it as its other plans for stake sales have hit a roadblock.

"People asked us this question when the industry opened up in 2004-05 and we said we will be able to compete in the market as well as anyone else," LIC chairman M.R. Kumar said. "We are also stepping up digital marketing and bancassurance. Over the years, the loss of market share is only a result of other people growing and not about us not growing."

While insurance penetration in India has been low, the urban areas have been oversold with many buying more than four or five polices per individual, but the rural areas have not been served. LIC showcased that with its more than 1.35 million agents, it is best positioned to capture the rural growth as income grows and that also necessitates need for more savings as well as protection instruments.

LIC dominates rural India with a 71% market share, followed by SBI Life at 7% and HDFC Life's 3%, data from the insurance regulator showed. The newer companies are relying on digital mode to expand their reach.

Government to amend FDI policy to boost LIC public offer

The government is set to amend the foreign direct investment policy to facilitate the mega public issue of Life Insurance Corporation of India (LIC), planned for this quarter.

While 74% FDI is permitted in insurance sector, the rules do not apply to LIC. Anurag Jain, secretary in the department for promotion of industry and internal trade (DPIIT), said the current policy related to the sector will not facilitate the disinvestment process of LIC and, hence, needs to be revised.

"We are working on further simplification of the FDI policy. A very important point for further simplification is required urgently as we have to do the LIC disinvestment. So, we would be coming out with a revised FDI policy which will facilitate LIC disinvestment," he told reporters here.

The matter is being discussed with the department of financial services (DFS) and department of investment and public asset management (Dipam).

"We have had two rounds of discussions at my level and, now, we have (DPIIT, DFS and Dipam) on the same page. So, we are in the process of drafting those changes in the FDI policy. We will go to the Cabinet (for approval)," he said.

Outlining the government's focus on making life simpler for businesses and common man, Jain said government departments have been asked to identify laws and rules that can be simplified or dispensed with by end of the month and steps to reduce compliance will need to be taken in two lots - one by March-end and the rest by August 15. A similar exercise has already led to nearly 25,000 compliances being reduced.

Jain said the government was seeking to provide a further fillip to startups and expected 50,000 of them to generate around 20 lakh jobs by the end of 2025. So far, 60,000 startups that are registered with the government have generated around 6.5 lakh jobs.

LIC IPO may open the floodgates for new retail investors in stock market

The buzz around the disinvestment of Life Insurance Corporation (LIC), is getting louder with every passing day. All eyes are peeled for the timelines of the LIC initial public offering (IPO), which is expected in the fourth quarter of financial year 2021-22.

Reports suggest the government may dilute 5% stake in LIC and raise about Rs 75,000 crore, thereby giving the insurance behemoth a valuation of Rs 15 lakh crore.

Colossal demand is expected not only from institutional but retail investors as well. The retail demand for recent IPOs has been going through the roof. For instance, in this calendar year, the retail quota of the Rs 600-crore Latent View Analytics' IPO was subscribed a whopping 120 times, while Paras Defence And Space Technologies' retail quota was subscribed 113 times.

Unfortunately, the extent of retail oversubscription results in many investors from this category failing to get even a single allotment. ❑

Health Insurance News

Rejections of insurance claims for antibody cocktail rise

Even as the number of Covid-19 cases witness a steep rise in the wake of the new variant Omicron, there has been a steady rise in demand for monoclonal antibody cocktail therapy. While insurance companies say they have been honouring the claims arising out of this line of treatment, hospitals say there has been rise in rejections as insurers say it is experimental drug therapy.

The antibody cocktail therapy (Casirivimab and Imdevimab) are given together as soon as possible after testing positive for Covid and within 10 days of the onset of symptoms. It is usually administered to elderly Covid patients who are prone to multiple co-morbidities such as diabetes, hypertension, diseases related to heart, liver, kidney; post-transplant patients; and also to those undergoing chemo therapy. The drugs typically come in a pack of two doses, each costing between Rs. 56,000-60,000.

According to Dr S Prakash, Managing Director, Star Health and Allied Insurance, the cocktail antibody therapy was considered effective against the Delta variant. However, experts have expressed their apprehensions regarding the efficacy of the treatment for the Omicron variant.

"We should be very careful and any abuse of such cocktail antibody should be avoided," Prakash told.

Hospitals across Kolkata confirm that with the upsurge in the number of cases, there has been a rise in demand for antibody cocktail therapy as compared to the second wave caused by the Delta variant.

"Typically, 10 per cent of the total number of patients admitted for Covid are administered this therapy at early stage of onset of symptoms before they start witnessing a decline in oxygen saturation levels," said Dr Aviral Roy, Consultant - Critical Care, Medica Superspecialty Hospital.

Retired Air India staffers to continue to get health cover

In a huge relief for retired Air India employees, the government has finalised a solution to the key issue of providing medical insurance to all retired employees of Air India - one of their key concerns. "Retired employees will get CGHS facility for their OPD requirement and National Health Insurance Scheme for their hospitalisation requirements," said a top government official, who did not want to be identified.

The number of retired employees at Air India is at about 50,000, of these, about 30,000 have opted for the post-retirement medical scheme.

The official quoted above added that this is not a pre-condition for the transfer of the airline to its new owners - Tata Group - but was a big concern of retired employees.

The government has assured retired employees that their medical benefits will continue and also provided job protection to all existing employees for a period of 12 months from the transfer of the airline.

Air India has about 10,000 employees on its rolls as on date and about 5,000 of them will retire in the next five years.

The Tata Group won a bid (through a holding company Talace) to buy 100% stake in Air India along with AI Express and 50% stake in ground handling company AISATS and the government plans to transfer ownership to the Tata group before the end of this month.

Bajaj Allianz launches Health Prime rider

Bajaj Allianz General Insurance, announced the launch of its unique 'Health Prime' rider. This rider can be availed along with the company's health insurance and personal accident policies.

The idea behind this rider is to provide holistic healthcare solutions. In order to provide seamless services under this rider, the Company has tied up with Bajaj Finserv Health Ltd., a health-tech company that will leverage its extensive network of more than 2,500 lab chains and 90,000 doctors with various specialties to serve the customers of Bajaj Allianz General Insurance.

The rider covers four key areas, including tele-consultation cover, doctor consultation cover, investigations cover for pathology or radiology expenses and annual preventive health check-up cover in a cashless manner.

Demand for standard health cover catching up in rural areas

With pandemic cases surging, people are increasingly looking at a standard basic health cover rather than opting for Covid-specific health insurance.

"We notice that the demand for basic standard health cover product Arogya Sanjeevani is on the rise, especially from customers in rural areas," S Prakash, Managing Director, Star Health & Allied Insurance

According to Prakash, Covid-19 needs health insurance cover 'without any compromise' and Covid-specific covers are not entirely helpful as they come with many ifs and buts.

"What happens if there are clinical symptoms while a Covid diagnostic test is negative? A comprehensive health cover is needed even if a person has no Covid after being suspected," he explains. Precisely, this is the reason why a standard health cover is being seen as more useful by the people, he said. "As a medical doctor I personally feel this is advisable," Prakash added.

While the urban middle class is generally more conscious of the need for a health cover, it is interesting to see more demand for tier-2 and rural areas for the standard basic health cover policy Arogya Sanjeevani.

IRDAI has mandated all insurers to offer Arogya Sanjeevani which will cover the basic healthcare costs such as hospitalisation, including for Covid-19, day-care treatment, pre- and post-hospitalisation expenses, and offers tax benefits.

The main objective of the regulator in introducing the product in April 2020 is to ensure standardisation, where the same policy terms are to be offered by all insurers.

Under Arogya Sanjeevani, the maximum sum insured is Rs. 5 lakh and the minimum Rs. 1 lakh. With the policy being the same with every insurer, it is easier for a policyholder to choose the insurer based on the premium, services offered and network hospitals.

Though the product got clouded due to the out-break of Covid after its launch and covid-specific cover of `Corona Kavach' now, it is now picking up, said Sanjay Datta, Head- Underwriting and Claims, ICICI Lombard General Insurance Company. "All those who had realised the need for health cover due to the pandemic impact are now staying invested in health cover policies," he said, adding that this is also applicable to other health cover products apart from Arogya Sanjeevani.

Sapna Desai, Head of Marketing & Digital Sales, ManipalCigna Health Insurance said t h e impact of Covid has certainly been instrumental in driving awareness about the significance of purchasing a comprehensive health insurance policy, to cater to the problem of ever-increasing medical inflation.

In the meanwhile, the insurance regulator is considering extending the validity of Covid-19-specific cover policies - Corona Kavach and Corona Rakshak - beyond the current fiscal.

However, last September, IRDAI had extended the deadline for validity till March 31, 2022.

How health insurance transformed into a 'pull product'

Health insurance is no longer a push product but a pull product, believe insurers. While initial demand in recent months was due to the pandemic, gradually, more people are buying medical cover on their own and insurers believe the demand will continue to increase.

"The pandemic created a lot of awareness on health insurance. Initially, insurers were a bit sceptical about how much of the demand was due to a fear of Covid and how much was awareness. Now we see that awareness also has increased. People are looking at various types of products and are more focused on understanding the offerings," said Shreeraj Deshpande, Head - Health Businesses, SBI General Insurance.

Deshpande expects the health insurance segment to continue growing faster than other lines of business for non-life insurers.

"Earlier, the demand for health insurance was driven by major towns and cities but even people in Tier 2, 3 and 4 cities are buying such covers now," he said, but stressed that the penetration of health insurance in the country still has a long way to go.

Instead of Covid specific covers, people are looking at comprehensive policies, and the average sum insured has increased to anywhere between Rs. 3 lakh and Rs. 5 lakh.

Anup Rau, Managing Director and CEO, Future Generali India Insurance, also said the demand for health insurance has not gone down despite the ebbing of the second wave of the pandemic.

"One of the things we discovered is that the effort required to advise the customer to buy a health insurance policy is far lower. I think people have an appreciation for health insurance," he said. ❑

Private Life Insurance News

HDFC Life Insurance announces bancassurance tie-up with South Indian Bank

HDFC Life Insurance Company announced a bancassurance tie-up with South Indian Bank (SIB).

This bancassurance arrangement will enable customers of SIB to avail HDFC Life's life insurance products, including solutions for protection, savings and investment, retirement and critical illness.

Suresh Badami, Executive Director, HDFC Life, in a statement, said "India as a country is largely under insured. The pandemic has further stressed on the need for financial security. Thus, life insurance has become a critical product for every individual looking for solutions around protection, morbidity and savings. It is our endeavor to reach out to a larger section of the population with our products."

HDFC Life aims to provide SIB's customer base with innovative products and superior levels of service via both the physical and digital routes, he added.

Murali Ramakrishnan, Managing Director & CEO of SIB, said: "With insurance getting paramount importance especially during the pandemic, South Indian Bank's strong customer connect and HDFC Life's product suite, will ensure the customer is getting the best-in-class insurance solutions on offer."

Policybazaar posts 67% growth in premium in Q3

PB Fintech - parent of online insurance and credit comparison platforms Policybazaar and Paisabazaar - has said the total insurance premium sourced out of its platforms grew 67 per cent to Rs. 1,786 crore during the quarter ended December 31, 2021.

For the first three quarters of this fiscal, the aggregate premium sourced grew 38 per cent to Rs. 4,803 crore, the company said in its Q3 operating performance update filed with the stock exchanges.

Meanwhile, premium for the first year transactions through Policybazaar for India business (not including the POSP business) surged 68 per cent to Rs. 1,052 crore for the December 31 quarter, from Rs. 627 crore in the same quarter in the previous fiscal.

Within this, life insurance business, health insurance business and other insurance business grew at 73 per cent, 50 per cent and 69 per cent, respectively for the quarter under review.

For the first three quarters in aggregate, the first year premium for Policybazaar India business (without POSP business) grew 36 per cent to Rs. 2,670 crore as compared to Rs. 1,963 crore (y-o-y). This was 42, 40 and 25 per cent growth for life , health and other insurance, respectively.

Meanwhile, disbursement of loans through its Paisabazaar platform (credit comparison platform) grew 89 per cent at Rs. 1,880 crore as compared to Rs. 994 crore (y-o-y).

The aggregate disbursement for the first three quarters grew 166 per cent to Rs. 4,370 crore.

Morgan Stanley said in a research note that PB Fintech's loan disbursements and premium growth was stronger than expected in the quarter. The research note said that the company's third quarter numbers whereas stronger than forecast, but broadly in line with expectations as regards the first nine months performance of the current fiscal.

Insurers to increase term policy rates for 2nd time in FY22

Top private life insurers are revising their term insurance rates by the fourth quarter. According to industry officials, reinsurers have taken a tough stance with the new Omicron variant adding to the uncertainty.

This is the second round of price increases in the current fiscal that the life insurance industry is witnessing. According to distributors, ICICI Prudential Life Insurance and HDFC Life Insurance have sounded them off about the likelihood of an upward revision in the fourth quarter.

HDFC Life Insurance chief financial officer Niraj Shah said protection prices in India are a lot lower than in some of the developed countries with superior healthcare facilities and higher life expectancy. "Historical increases in India have been lower than inflation growth. We should expect pricing and underwriting norms to evolve in line with expanding geographical and demographic coverage over time," said Shah.

IndiaFirst Life Insurance MD & CEO R M Vishakha said, "Global reinsurers follow business considerations in revising their rates. Domestic insurers are dependent on their support for providing cover and have to increase rates whenever reinsurance rates are revised."

HDFC Life is currently engaging with reinsurers to refine underwriting practices, deploy new technologies such as deep-learning underwriting models and address the protection opportunity through our group platform (Credit Life) apart from the individual business, which will distribute risks more evenly.

Life insurers' new business premium flat in Dec, but rises 10.5% in Q3

The new business premium (NBP) of life insurance companies was largely flat in December. This is owing to a 20 per cent fall in Life Insurance Corporation's (LIC) NBP.

However, in the October-December quarter (Q3), NBP of life insurers jumped 10.45 per cent over the same period last year, mainly backed by the robust growth of private insurers' NBP.

In Q3 of FY22, insurers earned NBP to the tune of Rs 73,249.97 crore, compared to Rs 66,318.76 crore earned in the same period last year. While private insurers' NBP grew by 33 per cent, LIC's NBP contracted by 2.6 per cent. NBP is the premium acquired from new policies for a particular year.

In December, private insurers' NBP rose 30 per cent year-on-year (YoY) to Rs 13,032.33 crore, surpassing that of LIC at Rs 11,434.13 crore. LIC's NBP dipped 20 per cent largely due to a 35 per cent fall in group single premium.

Among large private life insurers, NBP of HDFC Life reported 56 per cent YoY growth, while SBI Life saw 27 per cent growth, and Max Life reported 32 per cent growth. ICICI Prudential, on the other hand, reported a 6 per cent dip in NBP for December.

In Q2 of FY22, Indian insurers netted NBP to the tune of Rs 75,392 crore, up 16 per cent from the same period last year. LIC's NBP was up 14 per cent to Rs 51,488 crore and private insurers' NBP was up 20 per cent to Rs 23,904.2 crore.

Marred by pandemic-induced lockdowns and NBP of life insurers had plummeted more than 18 per cent.

For first nine months of FY22. life insurers's NBP rose 7.4 per cent to Rs 2.05 trillion.

Ensuring the safety of insurance sector

The RBI recently proposed to reduce the ownership by banks over insurance companies at a maximum of 20 per cent from a present 50 per cent.

This move is to be welcomed, as the close inter-relationship of banks with the insurance sector and other financial investment companies, causes opaque monopolies that distort the market and concentrate risks dangerously for the bondholders, lenders, depositors, home borrowers, persons taking out an insurance claim and shareholders. The recent takeover of Reliance Capital by the RBI is an example of where the sector as a whole should not be heading.

Insurance and banking are at their core two very different businesses. Insurance is a 'long term' stand-alone business in which companies have to wait for long periods to break even and make profits. It is liquidity rich. Capital gets locked up for longer cycles than banking. Insurers do not usually raise debt to purchase financial assets to cover claims.

It is a business that is required to be responsive to its customer base. Despite the need for skilled leadership, the Boards of insurance companies tend to be populated with the nominee members of promoters, investors and owners.

Banks, in contrast, are institutionally interconnected through the interbank market and are more exposed to liquidity risk. Banks' interest in lending and credit-creation is not conducive to the cash flow dynamics of the insurance companies.

Banks as corporate agents, obtaining commissions, are interested in selling the insurance packages to customers who are frequently unaware of the terms and conditions, leading to the closure of the policy within a short time though the premiums are not returned. The conflicts in objectives have an impact on the ability of those sitting on the Board of insurance companies to make optimal decisions about reliably selling insurance, making investments and managing cash flows. ❑

International News

Insurance industry in South Korea to reach $229.5bn in 2025

South Korean insurance industry is projected to grow at a compound annual growth rate (CAGR) of 3.5% from KRW220.5 trillion ($186.8bn) in 2020 to KRW262.5 trillion ($229.5bn) in 2025, in terms of direct written premiums, forecasts GlobalData, a leading data, and analytics company.

Anjuli Srivastav, Insurance Analyst at GlobalData, comments: "After growing by 4.2% in 2020, the industry is expected to contract by 0.4% in 2021. The decline is mainly driven by life insurance segment, which is expected to contract by 2.5% due to the persistent low-interest-rate environment, reduced disposable income due to the COVID-19 pandemic, and an aging population.''

Life insurance accounted for 54.0% of the industry's direct written premiums (DWP) in 2020. The segment is expected to revive in 2022 and grow by 1.9%, driven by post-pandemic economic recovery and increased awareness, which will boost the demand for health insurance products.

Srivastav continues: "Maintaining strict solvency and capital requirements for annuity insurance products under the upcoming IFRS-17 and K-ICS regulations will prompt insurers to shift their focus towards protection-type products over the next few years. As a result, life insurance is expected to grow at a CAGR of 1.6% during 2020-2025."

General insurance segment accounted for the remaining 46.0% of the DWP in 2020. The segment grew by 7.0% in 2020, driven by an increase in motor premiums and improved underwriting performance of general insurers. However, it is expected to witness a slower growth of 3.8% in 2021 due to the economic impact of the pandemic.

South Korean insurers' have also taken initiatives to divest from high-risk non-renewable energy projects and invest only in renewable energy projects, which is expected to support their underwriting performance in the coming years.

In June 2021, insurers like Hyundai Marine & Fire Insurance, Hana Insurance, DB Insurance, and Hanwha General Insurance pledged to stop providing construction and operational insurance coverage to any new coal projects.

Srivastav concludes: "The outlook for the South Korean insurance industry looks positive driven by economic recovery, increased investments by insurers in digital transformation, ESG related initiatives, and positive regulatory environment."

52% of UK consumers who buy income protection insurance do so because of COVID-19

According to findings from GlobalData's 2020–21 UK Insurance Consumer Surveys, 52% of UK consumers in 2021, compared to 37.4% in 2020, stated that their decision to buy income protection insurance was influenced by the COVID-19 pandemic.

Beatriz Benito, Senior Insurance Analyst at GlobalData, says: "Individuals have become increasingly wary about the unprecedented events of the last two years, rethinking how best to protect themselves now and in the future. The UK's furlough scheme prevented mass redundancies, yet many individuals still felt the financial squeeze. Some consumers may feel more vulnerable to job losses and health concerns than in the past and are therefore examining ways of protecting themselves in an uncertain economy.

"Equally, the pandemic has increased awareness about the importance of health and wellbeing. Many individuals may not have the funds to support themselves or their families if they were to fall sick and be out of work and short of income for an extended period of time."

GlobalData's survey also reveals that accident and sickness cover was the most purchased type of personal income protection policy in 2021 with a 44.6% purchase share.

Of all income protection products sold, 55.4% provide cover against redundancy – either unemployment insurance or comprehensive income protection. In addition to providing unemployment cover, comprehensive policies also offer protection in the event the policyholder becomes unable to work because of sickness or an accident.

Benito adds: "Soon after the onset of the pandemic, insurers temporarily withdrew unemployment cover as the prospect of high unemployment loomed. Had they not discontinued products temporarily, the proportion of income protection policies accounted for by unemployment cover would be significantly higher today.

While societies around the world learn to live with the virus, new variants continue to create economic uncertainty, impacting consumer behavior. As such, COVID-19 will continue to drive interest in income protection products over the medium to long term."

General insurers in Japan shift focus from motor to property and specialty lines

In a highly concentrated Japanese general insurance market, insurers are changing their focus towards property and specialty lines due to decline in motor insurance premiums, finds GlobalData, a leading data and analytics company.

Swarup Kumar Sahoo, Senior Insurance Analyst at GlobalData, comments: "The Japanese general insurance market has been dominated by four leading insurers, which accounted for 87% of the net written premiums (NWP) in 2020. The combined premiums of the top four insurers contracted by 0.2% in 2020 due to a decline in motor insurance premium, driven by a reducing vehicle sales and reduction in premium rates over the previous years."

According to the Statistics of Japan, traffic accidents have decreased at a CAGR of 12.7% during 2016-2020, which prompted insurers to reduce premium on compulsory motor third-party insurance twice during the last five years. Declining premium has impacted growth of motor insurers, which were already facing pressure due to sluggish business environment and declining vehicle sales. As a result, motor insurance declined at a CAGR of 0.3% during 2016-20. The share of motor insurance business for the top four insurers declined from 63.3% in 2016 to 60.5% in 2020.

On the other hand, property insurance premium rates registered double-digit growth in 2020, and subsequently became the focus area for general insurers. Property insurance segment grew at a CAGR of 5.2% during 2016-2020, driven by increase in reinsurance premium rates and increased risks associated with natural catastrophic (Nat-cat) events. Consequently, property insurance share within total premium for the top four insurers increased from 12.9% in 2016 to 15.2% in 2020.

Apart from property insurance, insurers are also focusing on specialty insurance lines such as cybersecurity, event cancellation, and business interruption.

Sahoo concludes: "With the country's vulnerability to natural catastrophic events and increasing cybercrime cases, insurers are expected to be more aggressive with product innovation in these segments, which will support their demand over the next few years."

Insurance industry adoption of environmental, social and governance practices driven by long-term climate change

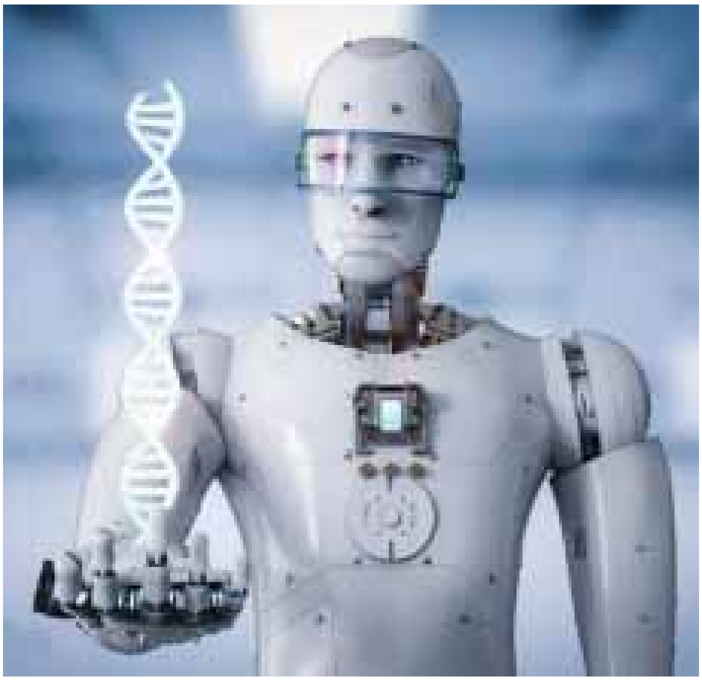
Environmental, social and governance (ESG) practices have become more than a buzzword, with businesses across all market sectors including the insurance sector, making efforts to adopt and integrate ESG practices into their day to day operations, says GlobalData, a leading data and analytics company.

A recent GlobalData insurance industry poll revealed that most respondents (21.6%) believed that managing the long-term risks of climate change is the main driver for the adoption and integration of ESG practices in the insurance sector. A slightly lower proportion of respondents 20.2% cited that the incorporation of such practices was already a key part of their company's values and ethics and a further 19.2% of respondents felt that ESG provided an opportunity for insurance businesses to differentiate themselves from the competition.

The impact of climate change is particularly damaging to insurers, prompting them to adopt ESG practices of their own to mitigate some of the risks involved, rather than being forced to through regulation or legislation.

Beatriz Benito, Senior Insurance Analyst at GlobalData, comments: "The insurance industry faces a future of escalating costs and the consequence of ever-increasing severe weather events and natural disasters, which will only worsen with climate change. An increasing volume of claims – more often than not associated with big payouts – will eventually make some areas of land uninsurable.'' ❑

APPLICATION OF ARTIFICIAL INTELLIGENCE IN THE GENERAL INSURANCE SECTOR



ABSTRACT

The Insurance industry today is on the brink of a massive revolution as we are witnessing the infusion of innovation and insurance (Insurtech). Data is a force that drives this industry and managing this is where the technology plays a major and efficient role. The role of AI is limitless and is transforming the way insurance business was done. AI helps to provide a business model that aligns with the customers. It has been predicted by the insurance experts that 'next insurance leaders will use Bots, not Brokers and AI not Actuaries'. We evaluate various methodologies in practice and what the future hold for the same. Looking and analysing various present- day insurtech companies and the ideas behind their workings. How the insurance experts are embracing the changes in the state of not getting left behind as the industry transforms. On how the on-going businesses are coming up with plans to create a new customer centric architecture with the AI support. Finally, we will evaluate the changes that are accelerating in several operation lines; underwriting, servicing, renewals, claims etc. with all the possible things that might go wrong with the use of AI.

Introduction

"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."

- Buckminster Fuller

About the author

Ms. Gaurangi Bhatnagar **Ms. Prachi Dhir**

National Insurance Academy

PUNE

Insurance was first practised by the Chinese and Babylonian traders in the 3rd and 2nd millennia BC, respectively. Later in 1680, Edward Lloyd opened a coffee house, which became the forum for those within the shipping industry who wished to insure their cargoes and ships, including those willing to underwrite such ventures leading to the establishment of the insurance market which we all know as the Lloyd's of London.

In the early years, a basic system for funding voyages to the New World was established. The merchants and companies, at first, would seek funding from venture capitalists. The venture capitalists would then help find people who wanted to be colonists and would purchase provisions for the voyage. The venture capitalists, in exchange, were promised some of the returns from the goods the colonists would produce.

After the voyage was secured by venture capitalists, the merchants and ship owners would hand over a copy of the ship's cargo at Lloyd's, so that the investors and underwriters who gathered there could read it. The people interested in taking the risk for a set premium signed at the bottom of the manifest beneath the figure indicating the share of the cargo for which they were taking responsibility (hence, underwriting). With this, a single voyage had multiple underwriters who tried to spread their own risk by taking shares in several different voyages.

Since then insurance has come a long way and has become far more sophisticated, specialized and customer friendly. Over the past few decades, a gradual shift into digitalization has taken place, thus, eliminating tangibility. Businesses have adapted to this prevalent culture and have consciously brought about changes to their functioning structure. The Insurance sector today, contributes 2.9% towards the GDP of India as of 2019 which means a benefaction of $629.7 towards the Indian economy, making it an essential player.

Technology has played a crucial role in the growth of the insurance sector from the concept of roomy offices providing services via direct calls, proposal forms being filled manually, to the digital results of a series of clicks. It is this aspect that has drawn more customers to the domain to check for the best offers in the market.

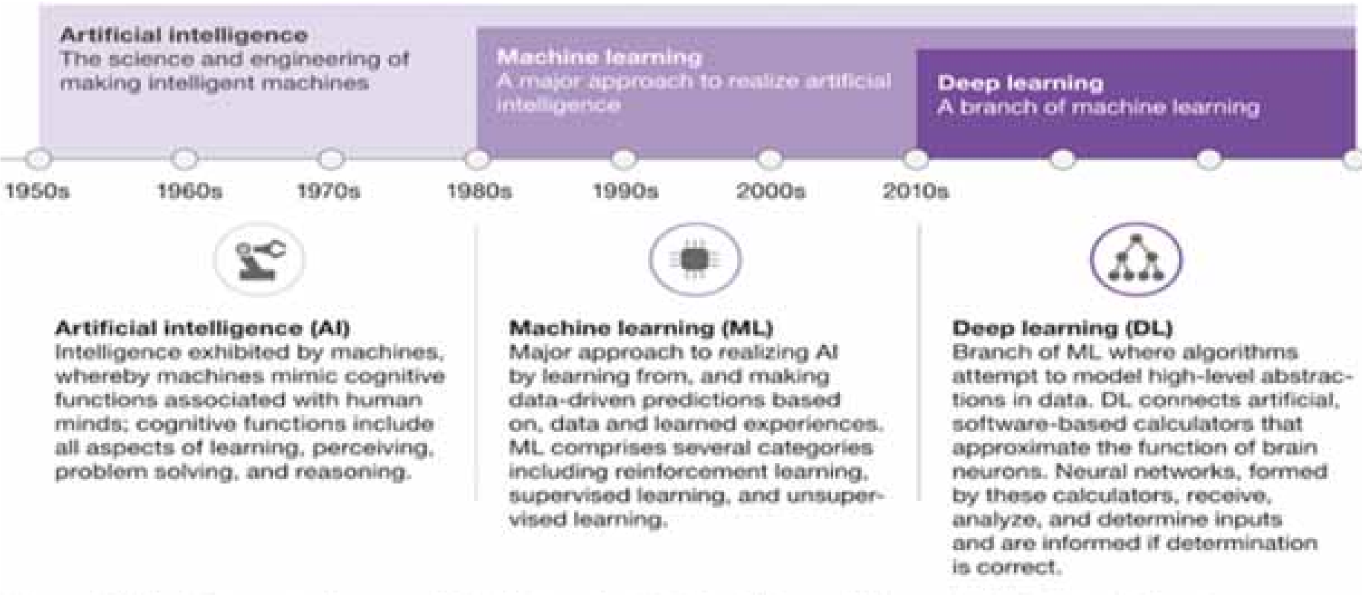
With this article we aim to bring forth various such digital developments, mainly focusing on the application of Artificial Intelligence brought about in the General Insurance Sector which has facilitated the functioning of the service providers to a great extent, be it, prudent underwriting, accurately pricing a policy or timely payment of claims.

Artificial Intelligence in the Insurance Sector

"Artificial intelligence (AI) refers to the simulation of human intelligence in machines that are programmed to replicate human intelligence and their actions. The term can also be applied to any machine that exhibits traits associated with a human mind such as learning and problem-solving."

The insurance industry has always dealt in data, but it hasn't always been able to put that data to optimal use, until now. With the rise of artificial intelligence, which analyses and learns from massive sets of digital information culled from public and private sources, insurers are embracing the technology's many facets - from machine learning and natural language processing to robotic process automation and audio/video analysis - to provide better products.

Customers, too, are benefitting - from comparative shopping and lightning-quick claims processing; 24/7 service and improved decision management.



Source: Nvidia; *Science in the news*, "The history of artificial intelligence," blog entry by Rockwell Anyoha, August 28, 2017, sitn.hms.harvard.edu

AI supports the insurance industry in putting their enormous amounts of data to optimal use. Insurers are using artificial intelligence to craft individualized policies, automate time-consuming back-end processes and provide estimates with greater accuracy to customers all over the world.

As per a survey conducted by Accenture, as on today, 74% of consumers would prefer interacting with modern technology and appreciating the computer-generated system of insurance advice.

Companies who have been quick enough to adopt automation of some aspects of their claims process can experience significant descent in processing time and cost, and a big surge in the quality of the service.

For E.g.: Allstate Business Insurance has recently designed ABI, an AI-based virtual assistant application, in partnership with EIS, to furnish Allstate insurance agents seeking information on ABI's commercial insurance products.

The perfect blend of Machine Learning, IoT sensors and advanced analytics facilitates insurers in identifying and approaching their prospective clients, studying their real-time needs, developing insight from their profile on risk magnitude, and ultimately creating custom-made solutions.

In 2017, AI has shown its substance in various business verticals by rapidly creating controlled, digitally enhanced automated environments for maximum productivity.

Apparently, Insurance companies, especially, have lots to gain from investing in AI-enabled technology which will not only automate the scheduling of executive-level tasks but can also enrich service quality by helping agents make right decisions and irrefutable judgments.

Scope of AI

The insurance industry is on the edge of a tech-driven shift from its current state of "detect and repair" to "predict and prevent," altering every aspect of the industry in the process.

With the new wave of deep learning techniques, such as convolutional neural networks, artificial intelligence (AI) has the potential to live up to its promise of mimicking the perception, reasoning, learning, and problem solving of the human mind.

The pace of change too, will accelerate, as brokers, consumers, financial intermediaries, insurers, and suppliers become more adept at using advanced technologies to improve decision making and productivity, lower costs, and optimizing the customer experience.

Artificial Intelligence can deliver on industry expectations through machine learning and deep learning paving way for more development in the industry.

As AI becomes more deeply integrated within the industry, carriers must position themselves to respond to the ever-changing business landscape. Insurance executives must understand the factors contributing to this change and the manner in which AI will reshape claims, distribution, and underwriting and pricing so as to build the skills, embrace the emergent technologies, and develop the culture and perspective required to be successful players in the insurance industry of the future.

Importance of AI

Today the global scenario is such that AI will add $13 trillion to the global economy over the next decade and China has emerged as number one, overtaking USA.

AI in the Indian Insurance Industry is a must as are witnessing underwriting losses, growing competition, increasing expectations of customers, increased costs- mainly sales/ service, increase court cases, need to cover all parts of the country, improve productivity per employee, increasing insurance frauds etc. Today, the most valuable asset is not machinery or stock, it is data.

The components of AI that are being used for improved efficiency, are:

- Machine Learning
- Speech Recognition
- Recommendation System
- Image & Video recognition
- Predictive Modelling
- Natural Language Generation

AI is applicable to various business applications like:

- Prudent Underwriting

- Claims Management
- Fraud Detection
- Finance & Banking
- Human Resource Management
- Supply Chain Management

Case Studies on Application of AI in the General Insurance Sector

There have been a lot of discussions on the various advantages that AI would bring to the insurance industry. The whole gig about the insurtech being encompassing to the industry should not just be confined to the discussions, seminars and conferences debating on its various aspects but, to its implementation as well. It is of utmost importance to understand the AI and its applications in order to bring in ease of doing business but, it is equally important to derive it to the practical grounds of its workings. Starting from tapping the opportunities that can be harnessed to finding potential in the idea of innovation and bringing it live, some companies have already placed their foot forward.

The Chinese market has opened up to technology driven insurance and availed the first mover advantage. They have demonstrated their technological soundness at a massive scale by building highly automated insurance platforms that work on a non- traditional approach to insurance fundamentals like, underwriting, pricing and claims. The adaption to technology can be heavy on the costs and regulations front but, the more mature the market is, it will be easier for the business to facilitate smooth working and growth. We shall discuss and analyse some 10 market disrupters in the field of insurtech and look upon the path that they have paved for others.

A. Lemonade

Headquarters: New York, USA

Founded: April 2015

Founder: Daniel Schreiber, Shai Wininger

A company whose founders thought that insurance was not a place to innovate, Lemonade has certainly disrupted the insurance arena with a new foundation. The two main basis of the workings in this company are Artificial Intelligence and Behavioural Economics that have proved to be enough to change the old workings of the industry. Lemonade's unique model is precisely the tech- focused aspect that was brought in. The results of which were that not only the insurance sector was viewed as attractive but also transformed it from a necessary evil to a social good.

The company's model of working is very innovative and stands on the pillars of transparency and overcoming conflicts of interest. The model comprises of Lemonade Giveback an option where the leftover premiums are donated to charities, that the customers choose themselves. To issue the policy, one can go to the app or website and having done that, the customers are prompted to choose the giveback option, to have options for their left-over premiums. People who choose this clause form a 'cohort' invisibly and each group's (cohort) premiums are facilitated to pay their respective claims. Any money left in such cohorts after paying off the claims is given to a common cause each year by Lemonade.

The company does not consider this as a CSR activity rather, believes that the model is to resolve deep distrust that prevails in the insurance sector from years. The company also doesn't believe in making profits by denying claims and instead believes in paying them faster. The idea is to change the existing abysmal view that is associated with the industry in term of: paperwork, hassle, delayed claims, pending claims etc. to a new and friendly approach to buy insurance with a hassle-free procedure. The company not only works with the motive of creating a digital platform and become tech savvy but also finds it incredible to see the community grow with the trilateral relationship on which it works.

The company has made a bold move by donating shares worth of $20 million to the Lemonade Foundation. The foundation would be further dedicated to harness AI, data, and software that would impact the society in the real world.

B. ZhongAn

Headquarters: Shanghai, China.

Founded: 9th October 2013

Key Person: Ma Huateng

ZhongAn is China's only Insurance Company, which was jointly created by Ping An, Tencent and Alibaba. It deals with Property Insurance and is China's first that sells all its products online along with handling claims on the same platform. This platform marks the expansion of the country's internet based financial services co- launched by the internet service and the insurance titans of China. The company being the only one to have an internet insurance license has till now underwritten over 630 million insurance policies and 150 million client's services in the first year itself.

ZhongAn's idea behind the online platform is based on reshaping the traditional way of doing insurance business by the application of internet thinking from product design to claim servicing. The model believes in lowering the operating and distributing costs and inculcating big data and analytics to ensure accurate product pricing and risk control methodologies making the digital arena more attractive and convenient.

Commenting on the launch of ZhongAn, Peter Tod (President of Insurance Institute of South Africa) says: "These are not traditional insurance players, yet they obviously see an opportunity in insurance. This is significant, considering the distribution challenge in China, where a population of 1.5 billion is spread out across a wide geography. Digital technology would be a good solution to overcome this challenge if they can get it right."

The company today boasts of more than 400 million customers with over 10 billion policies. In 2016, the company came into partnership with Ethereum to establish Zhong An Technology in order to carry out research in AI, blockchain and cloud computing.

C. Insurify

Headquarters: Cambridge, Massachusetts, US

Founded: 2013

Key Person: Snejina Zacharia

Insurify has been innovative enough in deploying a smart and 24 x 7 available virtual agent named Evia. The application is instant in verifying customer data in order to compare and provide the best results possible. The quotes are derived from various zip codes and provides recommendations on coverages based on that. The main motto is to provide the user with the most relevant options in accordance with the user profile. Insurify is deemed to be an internet company that specialises mainly in car insurance. The application has been successful is using AI, language processing, and chatbots to deliver desired and most relevant insurance policy for the customers. Amongst the various technological adaptations, the company has been credited for inventing the Rate Rank, which is a software that matches each drivers profile and risk levels thereby, proving with the most apt cover.

"When it comes to making your life easier, we make no compromises"

- Insurify

D. Atidot

Atidot is an Israeli start-up company providing a predictive analytics platform by using AI, machine learning & big data and in turn help the insurance companies to get a deeper insight to their data and so that they make meaning out of it. It empowers the life insurance company to become data driven and carry out the optimization using the technology. The idea of Atidot was perceived by their founders with the main idea of applying analytical skills to an industry which lagged in data analytics. And what better than insurance sector would have filled this criterion!

They finally saw huge scope that was untouched in the life insurance sector. Up to 40-50% of the life insurance policies were non profitable and about 80% data was idle and not been put to strategical uses. All such factors motivated the founders to create something path breaking in this field. Therefore, they launched Atidot, the first technology company that was made to deal directly with the life insurance data.

The tons of data collected is filtered and within seconds machine learning is used to generate insights from the data. The company has also partnered with some of the key technology leaders in the industry namely: Microsoft, iPipeline, Sureify, TechMahindra etc. in order to create an impact. The main agenda of this company is to help insurance companies maximise their profits with the help of solutions provided by them, and in turn enabling the insurers to understand the customers and anticipating their changing needs.

"Our plan is to continue to empower insurers with constant analysis of data on policyholders to create new opportunities for client communications, to either offer a new service or adjust a policy, thereby increasing policyholder satisfaction and retention."

- Atidot

E. Flamingo

Headquarters: Australia

Founded: 2016

Key Person: Catriona Wallace

Not all insurtech companies started with the idea of catering to the insurance sector, one such company is Flamingo which started as a provider of technology for the financial sector only, by guiding customers in their selection and purchase of financial products. Flamingo came up with a cognitive virtual assistant platform for the auto insurance and therefore came into a deal with Liberty Mutual. This move by the company was strategically placed in order to increase the sales and revenue, which are integral to a start- up. Flamingo recently announced the launch of a cognitive virtual enquiry assistant for auto insurance named MAGGIE.

This is aimed to assist customers and employees with questions relating to auto insurance it is said to have been pre- ceded with auto insurance knowledge and over 1200 FAQ's (Frequently asked questions). The interface learns rapidly from every interaction upgrading itself in the process. Flamingo is also a provider of LIBBY (self-organising library) a software used to analyse large unstructured text and the 'Brain' i.e. the machine learning engine that can be used by other tech companies for customer interactions.

"To start there, and rip people out and put robots in would be disastrous, it must start with the augmented approach."

- Ms Wallace (Founder Flamingo AI)

There are a lot of other players in this field with equally innovative stories and passion driven start-ups. The insurance industry is no more limited to the conventional way of doing business and is opening doors for creative minds. The adoption of insurtech has clearly defined progression in the insurance industry.

Indian Insurance Industry Today

Artificial Intelligence has helped refurbish businesses. It is producing new avenues for growth and profitability. Being an incredibly regulated industry that insurance is, organizations have comparatively taken up technological implementations relatively fast. Insurance no longer seems to be steeped in manual, paper-based processes that are slow. McKinsey's estimates an expected annual fee of $1.1 trillion, if artificial intelligence is fully applied to the insurance enterprise. With the cost-saving ratios that the technology has given, organisations are keen at adopting it in the future.

One major factor why AI will prove to be critical is the ever increasing "data fiction" of all forms of interactions.

As per a Deloitte report, AI is assisting insurers by way of predicting danger with greater accuracy, and the use of better foresight to hastily deploy new products. It lets the insurers to be more agile, allowing them to install new technology and techniques in reaction to the emerging risk.

Some significant examples of how the Indian Insurers are putting technology to use are as stated:

a. IFFCO Tokio General Insurance company has "leveraged AI for image processing to analyse the extent of the damaged vehicle (personal cars), which helps them in generating a list of repairable and replaceable parts that were damaged in the accident. Within a couple of minutes, the assessment and therefore the cost are given to the customer, which they will either accept or reject. If the assessment gets accepted, the payment is formed within fifteen minutes on to the customer's checking account. The company has automated claim settlement with AI."

b. To submit the certificate of existence, a user had to visit the branch. It was a time-consuming process for both customers and the company. We automated this process and made it digital by using AI. Now, the user can simply submit a photograph through application and therefore the intelligent algorithms verify whether the person is alive or not.

c. To service its customers in an instant, accurate and efficient manner, Max Life Insurance has put Artificial Intelligence to use. Its website offers a live chat supported by a bot that is constantly learning and providing more and more information to its customers in a timely and concise manner.

Insurance Industry 2030

The face of insurance industry will witness changes that are creating a buzz in the present. Implementations will be in full force, and changes will be accelerating. The insurance industry will be ready to work with a new force and pace that will be essential to their survival and enriching for their growth. A whole set of emerging trends will conquer for the greater good. According to our analysis, we present to you 10 such trends:

1. Customer satisfaction will prove out to be the ultimate goal of the insurance companies. The insurers must realise that the paradigm shift towards technology driven industry aims at providing satisfaction to their customers and in turn retaining them. It is the need of the hour to change the business models from the traditional approach of placing focus on the product and not the customer to just the contrary.
2. The mature markets are places that have successfully implemented the technology driven approach to their workings. Learnings from such markets will be the bible for the new players or companies who wish to put their foot forward in the tech driven space.
3. Speedy claim settlement is one common agenda that will be seen as targets for various insurance companies. The smooth claim settlement is directly related to the customer's satisfaction. The customers tend to perceive faster claim settlement as a positive feature that the company offers. E.g. Lemonade has set a benchmark in this area to settle claims in less than 3 seconds. This is what is expected from all the insurers and therefore adaption to the same becomes necessary.
4. Health wearables are greatly used and recommended as, they are a great source of data to the insurers. Hence, health ecosystems will prove to be important in the life sector. E.g. Smart watches that keep a track of your health time to time and report all the data directly to the insurance company. Such data stands very important when comes to renewal of policies or setting up of rates for specific age groups.
5. The old business models should be upgraded, a cultural change is what the time demands which is in alignment with the markets that the insurers serve in. It is essential to keep up with the pace of ongoing growth in the market and the various changes.
6. Technology driven mechanisms and models work completely on data. Predictive analysis cannot take place in the absence of abundant data. Data management is the key to success in the implementation of technology in insurance.
7. AI & Machine learning, two major players to bring in efficiency.
8. The motor insurance sector is talked to be the gateway of insurance. Personalized packaged polices will be popular in the near future where the insurance companies will give out policies based on the personal preferences of the client. Driverless vehicles may cause disruption leading to change in motor insurance business models.
9. The role of underwriters and actuaries will change with respect to the digital data generated.
10. Happy employees turn out to be more dedicated and innovative at the work front. Customer satisfaction is directly related to employee satisfaction. (good employee retention)

There are various other tools that might change the way business is done with the passage of time and development of innovation. The businesses should conveniently adapt to its dynamic environment for the very basic need of survival or else perish they will have to face!

Conclusion

Customer Satisfaction	Learnings from Mature Markets	Speedy Claim Settlement
Health Wearables	Change of business models	Data Management
AI & Machine Learning	Auto Insurance	Big Data
	Employee Engagement	

The market will move at its own speed, new changes will emerge, and the various stakeholders will have to tackle and imbibe all the changes and upgradations that the market will witness. Some changes might not be relevant to the core business but ancillary. Only sustainability in such times will count and the resilience shown by the insurance companies to run long in the race by following these universal objectives.

Data is the heart of innovation in the industry and all the technological developments revolve around the same. This further helps reduce costs of the insurance company thus providing a flexible and dynamic business model that brings in more power.

The focus shift has now been placed with the digital audience.

Interaction with clients for existing relationships should not be limited to policy anniversaries but to engage them further in the digital services. A huge amount of commitment is required to get engaged in such developments specially from the executives. It is important to tap the traditional processes and bring them to notice and in turn bring about changes in them.

AI and machine learning will bring about a more hassle free process, increase productivity and decrease the error rate in doing business. It is time that the insurance companies expand their area of providing services to not just handling policies but additional services that will not only be beneficial to the company but largely help in retaining clients.

The transformation aforesaid will be possible only by implementing cultural changes in order to get the new approach towards technology. Insurtech is no longer going to be seen as a side project but a disrupter in the times of doing insurance business largely because of the data pool the industry deals with. Some of the major problems like; opportunity cost, right advise, time consuming, cost, frauds, bulky operations etc. are being faced by the insurance industry at present.

The digital approach shall be placed here to the rescue for the insurance companies facing such traditional problems at the sales front. A cognitive approach to the workings is what one needs at the present. AI has the potential of changing and improving every day based on the judgements made yesterday. It keeps on learning from the humongous data available to it

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MESSAGE

Pranay Kumar
DGM, United India Insurance Co. Ltd., Lucknow Region (U.P.)

I note with deep pleasure that Sashi Publications Pvt. Ltd., which is an esteemed Publication House and has been rendering yeoman service to the insurance sector by spreading the light of knowledge and awareness, has completed 41 years of regular publication. On this occasion, I extend my heartiest congratulations and best wishes for their continued success.

The main factor behind the success is that they work hard at staying relevant, and their multiple initiatives in this regard like Online Insurance News Desk, Online Mobile App, Webinars and Online Courses have immense potential to aid the quality of the Employees, Stakeholders and other users across the Industry.

At this juncture, when the last two years of Pandemic have brought about a paradigm shift in Insurance Awareness and as Insurers we are set to tap this demand for more security & Coverage, the Readers of this Publication can derive lot of value, and perspective by remaining connected.

Wishing all a very Happy New Year 2022.

About Mr. Pranay Kumar

A Post-Graduate in Organic Chemistry and a former Junior Research Fellow of CSIR,New Delhi, I joined the Second Largest PSU Insurer in 1988 as Direct Recruit Officer. Since then I have headed Branch Office, Divisional Office and Regional Offices and have worked in more than 6 States so far across the Country, in various Roles and Capacities.

My passion lies in bringing about Transformation in the Service levels and Mindset of Units under my chargesince our Customers look up to us in their moments of distress and those are significant Moments of Truth for us where we need to deliver better.

Having witnessed the significant expansion of General Insurance Industry in the last 33 years,up close and personal, and the stellar role played by PSU Insurers, I believe we are set to play a redefined role in the Economic resurgence of the Country.

WHY CLIMATE CHANGE IS DRIVING MAJOR CHANGES TO INSURANCE SUPERVISION AND REGULATIONS IN THE US?

With 50 states and as many insurance regulators in the US, the existence of a Federal Insurance Office (FIO) almost sounds implausible. But thanks to climate change, an assertive US Department of the Treasury is nudging the FIO into action.

Moody's believes the credit impact of "a delayed and disorderly carbon transition" is the greatest threat to financial firms, as the increasing frequency of catastrophic weather events will lead to loan defaults and rising insurance claims. The task on hand for the FIO, therefore, is to identify and assess climate-related issues or gaps in the supervision and regulation of insurers, including their potential impact on financial stability.

About the author

Praveen Gupta

Praveen Gupta is a thinker, thought leader and a proven professional with profound understanding of the insurance industry. He pursues his passion of exploring, learning and sharing from the exciting inter-sections between Climate Crisis, Diversity, Governance, Risk and Tech. He essays his passionate views through his blog; www.thediversityblog.com.

The Dodd-Frank Act grants the FIO certain financial stability, monitoring and international responsibilities. The FIO advises the Secretary of the Treasury on major domestic and prudential international insurance policy issues, and it serves as a non-voting member on the Financial Stability Oversight Council (FSOC). Among other things, it is also specifically authorised to monitor all aspects of the insurance profession, including identifying issues or gaps in the regulation of insurers that could contribute to a systemic crisis in the insurance profession or the US financial system.

President Joe Biden's 20 May 2021 Executive Order on Climate-Related Financial Risk emphasises the important role that the insurance sector can play in combatting climate change. It instructs the Secretary of the Treasury to task the FIO "to assess climate-related issues or gaps in the supervision and regulation of insurers, including as part of the FSOC's analysis of financial stability, and to further assess, in consultation with states, the potential for major disruptions of private insurance coverage in regions of the country particularly vulnerable to climate change impacts".

The FIO intends to initially focus on the three following climate-related priorities, in particular:

1. Insurance supervision and regulation: Assess climate-related issues or gaps in the supervision and regulation of insurers, including their potential impacts on US financial stability.
2. Insurance markets and mitigation/resilience: Assess the potential for major disruptions of private insurance coverage in US markets that are particularly vulnerable to climate change impacts, and facilitate mitigation and resilience for disasters. Also, assess the availability and affordability of insurance coverage in high-risk areas, particularly for traditionally underserved communities and consumers, minorities and low/moderate-income persons.
3. Insurance sector engagement: Increase its engagement on climate-related issues and take a leadership role in analysing how the insurance sector may help mitigate climate-related risks.

Insurance supervision and regulation set for a sea-change

How should the FIO identify and assess climate-related issues or gaps in the supervision and regulation of insurers, including their potential impact on financial stability? In seeking answer to this, the FIO wishes to address:

(a) Prudential concerns

(b) Market conduct regarding insurance products and services

(c) Consumer protection.

The FIO also wishes to assess the effectiveness of US state insurance regulatory and supervisory policies in addressing and managing climate-related financial risks with regard to the threat they may pose to US financial stability. This would include identifying:

1. The major channels through which climate-related physical, transition, and/or liability risks may impact the stability of the US insurance market
2. The degree to which insurers' business models could be affected by each category of risk and the relevant time horizons for such effects.

In the process, identifying and assessing:

- The key structural issues that could inhibit the ability of insurance supervisors to assess and manage climate-related financial risk in the insurance sector (for example, accounting frameworks and other standards).
- The barriers that could inhibit the integration of climate-related financial risks into insurance regulation.
- The efforts of insurers - through their underwriting activities, investment holdings and business operations - to meet the US's climate goals, including reaching net-zero emissions by 2050.
- What role or actions states might take to encourage the insurance sector's transition to a low-emissions environment and an adaptive and resilient economy?

The scorecard urgency

Bloomberg Green recently noted: "The clock is ticking for banks, insurers and asset managers [that are] still providing support to oil, gas and coal producers. It's not just the moral imperative - that fossil-fuel use is destroying the atmosphere and life on Earth with it. It's that their financial health requires leaving such companies behind."

Meanwhile, Sonia Hierzig, head of financial sector research at ShareAction, warned: "It is baffling that most insurance companies still seem happy to invest in companies or provide insurance for projects that continue to fuel this crisis. Insure Our Future's most recent scorecard on insurance, fossil fuels and climate change found that insurers in the US, east Asia and the Lloyd's market, particularly, continue to support this sector with few restrictions - despite its clear incompatibility with the goals of the Paris Agreement."

The US is world's largest greenhouse gas emitter. Now, standing on the verge of running out of carbon budget, US insurers need to abandon their fossil-fuel fixation. Would the FIO be able to make that happen? The intent seems right and as of now, it appears to be getting into the driver's seat.

(With the permission of the author
Source: www.thediversityblog.com.)

"SUSTAINABLE" FUTURE, NEED OF THE PRESENT!

"I think the world desires more than just material and economic wealth. People also want other less tangible forms of wealth. They want to be enriched spiritually and culturally. Sustainability is a fundamental requirement for achieving this."

- Yasunori Ogawa
President & CEO
The Seiko Epson Corporation.

The above quote throws light on the fact why there is a need to be sustainable. It is important to realize now that entire technological advancements and development will become ineffective if we are not sustainable. The sustainability of planet Earth is paramount for our future generations, lest we meet the fate of dinosaurs, which became extinct some centuries ago.

About the author

Deepak Choudhary
CEO
insurance4life.in

We believe, that we are indebted to mother earth, which has provided us with bountiful resources to enrich our lives. Now, it is our responsibility to keep enriching these resources for the health and well-being of mother earth. Unfortunately, in the last few years,these resources have been subject to tremendous stress due to various factors like increasing Carbon footprint, rising pollution, heavy usage of fuel, mechanization, soil erosion, excessive usage of power, plastic usage, felling of innumerable trees, alarming population growth and dependence on technology.

Working towards sustainability is always a work-in-progress, it's never enough hence it should be part of our well-being. Sustainability is beneficial in the short-term and long-term both. There is a need to make choices accordingly to create a balance in the earth's ecosystem. If harmful processes sustain for long, then we will run out of fossil fuels, be bereft of clean air, and would be living in a toxic atmosphere with pollution ruling the roost.

While continuing our day-to-day business as an enterprise we should keep our focus towards fulfilling our Corporate Social Responsibility. Taking this belief forward, we are taking initiative towards restoring greenery on the planet by way of planting saplings and trees around to arrest Co2 emissions, which is the main reason for climate change. It is the biggest issue encountered by the world today which is being discussed at various crucial international forums and the world is looking at India for the initiatives taken in this direction.

Weare working towards fulfilling our social obligation by way of planting trees in good numbers as these are important for the sustainability of our future generations and critical for addressing climate change.

"We Do Not Inherit the Earth from Our Ancestors; We Borrow It from Our Children."

The way you take insurance for your children for financial security, likewise plant trees for the children, grand-childrenof mother earth and ensure her sustainability. ❏

Our new Editorial Advisory Board Member

Dr. Binod Atreya

We are pleased to inform you that Dr. Binod Atreya has been appointed as Editorial Advisory Board Member of our Journal The Insurance Times.

Dr. Atreya serves as a Managing Director at Banking Finance and Insurance Institute of Nepal (BFIN), a capacity development institution promoted by seven commercial banks, two development banks, two finance companies, two microcredit institutions, two capital market institutions, and the Emerging Nepal Limited - a PPP model investment company with shareholding from the Government of Nepal. Before joining this institution, Dr. Atreya served as the CEO of Emerging Nepal Limited. He is representing as a Board Member in Prudential Insurance Company, CARE Ratings Nepal Limited and also the Member in the Infrastructure, Banking and Finance Sub-Committee of CNI in Nepal. Dr. Atreya was also a Member of the Executive Committee of the Management Association of Nepal (MAN) and led the International Relations Sub Committee of MAN. He has been instrumental in the early period of the establishment of the Nepal Infrastructure Bank Limited (NIFRA).

Prior to joining BFIN, Dr. Atreya holds over 30 years of professional experience in various capacities in Nepal Rastra Bank, the central bank of Nepal. He served as Executive Director at Micro Credit Promotion and Supervision Department, Office of the Governor, Corporate Planning Department, Bank Regulation Department, General Services Department, Bankers Training Centre, among others. Dr. Atreya was instrumental in drafting policies for strengthening the microfinance institutions, and the cooperative sector. He also served as National Project Director for implementing UNNATI - Access to Finance Project (A2F) in collaboration with UNCDF and the Government of Denmark and conducted demand and supply-side study of financial inclusion roadmap for Nepal. Dr. Atreya contributed to developing a five-year strategic plan for Nepal Rastra Bank, and also in preparing the Financial Sector Development Strategy approved by the Government of Nepal.

He also served as Chief Executive Officer of Nepal Bank Limited, a commercial bank, for a period of over three years. He did serve with UNDP projects in the Republic of the Maldives, the Marshall Islands, and the Republic of Palau. His expertise includes in the areas of public-private partnership, entrepreneurship development, microfinance and developing the strategic plan, financial literacy policy, financial sector reform, management and administration, research, and training. He has presented a number of papers in international conferences and seminars and is regarded as a Strategist, Motivator, Management, and Banking Expert, and a practical Resource Person. He holds a Ph.D. degree in Public Management Reform from Victoria University of Technology, Melbourne, Australia, and an MBA (India) and an MPA master's degree from Nepal. Dr. Atreya has over four dozen publications, both in national and international journals and in daily Newspapers, to his credit. He is also on the Editorial Board of the Journal of Banking Finance and Insurance.

OPERATIONAL RISK MANAGEMENT IN OUTSOURCING ACTIVITIES IN A PARTICULAR INDUSTRY

1. What is Operational Risk?

Operational risk is the prospective loss because of inadequate or failed business processes, people, technology or any form of external event directly or indirectly impacting operations. Any event that disrupts the business process can be considered as operational risk.

Following are the few examples which can be classified as an operational risk:

- Failure of process or system
- Inadequacy of internal controls
- Human errors
- Frauds

2. Banking industry and its functions

Banking industry is a network of financial institutions licensed by government body to provide banking services.

Author

Aditi Patwardhan

Banks are institutions that help the public in the management of their finances. Public deposit their savings in banks with the assurance to withdraw money from the deposits as and when required. Also, banks are responsible for extending loans and advances to people and businesses. Banks perform various types of transactions and activities to support their banking business. These transactions may include making or accepting payments, trading, clearing and settlement of accounts, and custody. Broadly the banking functions can be categorised as below:

1. Primary Functions:

a) Accepting of deposits

b) Granting of loans and advances

2. Secondary Functions:

a) Agency functions

b) Utility Functions

3. Outsourcing activities in banking industry

Banking industry is a competitive business with multiple organisations operating in the market with different focus sector. In such a competitive environment, banks continuously face challenges to enhance their operational efficiency, reduce operating costs, and improve its services to their customers. As a result, outsourcing business functions has become an integral part of banking operations. Outsourcing simply means delegating some of the inhouse operations or processes to third party.

Some of the commonly outsourced functions in banking industry are as below:

- IT infrastructure management including managing and operating servers
- Network administration and management
- Core banking application products development and maintenance
- Managing isolated cloud centres
- Managing call centres and phone banking operations
- Loan recovery functions
- Housekeeping and premises infrastructure operations
- Physical security functions

4. RBI Guidelines on Outsourcing

The Reserve Bank of India has issued guidelines on Outsourcing to provide direction or guidance to banks, NBFCs to adopt sound and responsive risk management practices for effective oversight, due diligence and management of risk arising from outsourcing activities.

Some important insights of the RBI guidelines:

- The guidelines are applicable to material outsourcing arrangements which may be entered into by bank or NBFC with a service provider located in India or elsewhere. The service provider may either be a member of the group/ conglomerate to which the bank or NBFC belongs, or an unrelated party.
- The guidelines are concerned with managing risks in outsourcing of financial services and are not applicable to technology-related issues and activities not related to services like usage of courier, catering of staff, housekeeping and janitorial services, security of the premises, movement and archiving of records etc.
- Activities that cannot be outsourced:
  - Core management functions, including internal audit (internal auditors can be on contract).
  - Strategic and compliance functions and decision making functions, such as determining compliance with KYC norms for opening deposit accounts, according sanction for loans and management of investment portfolio.
  - However for NBFCs, these functions may be outsourced within the NBFC's group entities subject to compliance with certain instructions.
- Banks or NBFCs which desire to outsource financial services other than specified above would not require prior approval from RBI. However, such arrangements would be subject to on-site/ off- site monitoring and inspection/ scrutiny by RBI.
- In regards to outsourced services relating to credit cards, RBI's detailed instructions contained in its circular on credit card activities would be applicable.
- The risk management practices stated in the guidelines provides for :
  - Development of comprehensive board approved Outsourcing policy
  - Role and responsibility of Board and Senior Management
  - Evaluation of risks in outsourcing activities
  - Evaluation the Capability of the Service Provider
  - Outsourcing Agreement
  - Confidentiality and Security
  - Responsibilities of Direct Sales Agents (DSA)/ Direct Marketing Agents (DMA)/Recovery Agents
  - Business Continuity and Management of Disaster Recovery Plan
  - Monitoring and Control of Outsourced Activities
  - Redress of Grievances related to Outsourced Services
  - Reporting of transactions to FIU or other competent authorities

5. Operational risks in outsourced activities

In a quest bring in efficiency and optimise operating costs, outsourcing has become a standard business practice across industries. It has also created new risk avenues for the banks specifically with relation to quality of service, continuity of operations, and compliance with regulations which directly can impact customer satisfaction.

Such risks can arise due to-

- Insufficient knowledge of banking business process
- Lack of adequate training
- Third party practices not in line with bank practices
- Incompetent or under qualified or inexperienced staff deployed by service provider
- Unavailability of required technology competence
- Use of sub-standard technology by the service provider
- Use of unlicensed software
- Non adherence to the SLA by service provider
- Unavailability or Inadequate BCP/DRP plans with service provider
- Failure or insufficient internal controls at service provider
- Lack of awareness of different IT Laws applicable around data protection

Some examples of Operational risks in outsourcing activities:

Sr No.	Risks
1	Risk of unavailability of banking services or interrupted services to the customers
2	Risk of data leakage or breach of data confidentiality
3	Risk of inadequate data back up and potential data loss
4	Risk of cyber threats including identity theft or installation of ransomware
5	Hindrance to software development or system development
6	Vendor's system and applications may be vulnerable to external threats
7	Risk of delay in project deliveries
8	Excessive / Uncontrolled access to shared folders or right to manage shared folders
9	Physical or logical access by unauthorised personnel
10	Sub-contract by the vendor or operator without adequate approval from the bank
11	Threat of infringement of IPR

6. Operational Risk Management

Operational Risk Management is a continuous process of risk identification, risk assessment, providing risk treatment, monitoring and review.

Operational Risk Management (ORM) is at the core of bank's operations. ORM framework supports in aligning the business control environment with the bank's strategy by measuring and mitigating risk exposure, contributing to optimal return for stakeholders.

7.1. Risk management framework in outsourcing activities

Risk management framework must follow an approach to identify potential risks and should provide for controls that are in line with the level of risk present in outsourced activities. Special attention should be given to activities that may have a substantial impact on the bank's core functions and those that are subject to material compliance, legal and cyber risks.

The objectives of operation risk management framework in outsourcing activities are to-

- Identify key risks associated with outsourced activities at the time of on-boarding of service provider to ensure effective implementation of relevant applicable controls and to provide assurance on effectiveness of the control design and operation.
- To conduct performance evaluation on key performance indicators or metrics.

7.2. Following approach can be adopted in managing the outsourcing risk

a. Risk Assessment:

It is important to carry out risk assessment of the activity prior to engaging in outsourcing activity with external party.

A comprehensive checklist can be developed for risk assessment to ensure adequate controls are in place to mitigate probable risk associated with the outsourced activities and recommendation of new controls if current controls are insufficient to mitigate the risk. Further, risk assessment exercise can be done a regular basis to scale up (or scale down) the risk mitigation plans, if appropriate.

Following aspects shall be considered in risk assessment.

- Implications of performing the activity in-house or having outsourced
- Whether outsourcing is consistent with the business strategy and objectives
- Significance of the activity being outsourced in terms of contribution to revenue, capital allocations or importance to overall achievement of strategic and business objectives
- Benefits or outcome achieved by enabling the outsourcing function
- Materiality of the benefits or outcomes achieved in relation to potential risk exposure caused by outsourcing
- Interrelationship of activity to be outsourced with other activities within the organisation
- Cost implications of establishing an outsourcing arrangement
- Concentration of risk i.e. aggregate exposure to a particular outsourcing service provider where the organisation outsources multiple activities to the same outsourcing service provider

b. Due diligence and selection of service provider:

It is important to exercise due diligence and perform an objective evaluation of the service provider before engaging into the contract. The extent of the evaluation varies depending on the nature, scope, complexity and strategic importance of the planned outsourcing arrangement.

Following aspects shall be considered in due diligence and selection.

- Business Background, reputation and strategy
- Organisational structure and goals
- Financial performance and conditions
- Operations and internal controls enforced
- Any material regulatory issues, compliance findings or breaches relating to services to be procured
- Verification of required licenses and certifications
- Availability of qualified and experienced staff

c. Contract provisions and considerations:

The financial institution should explore the service contract for following clauses.

- Compliance with applicable laws, regulations and regulatory guidance
- Rights and responsibilities of each party
- Statement of Work and Term structure
- Structure of Service charges
- Term governing use of institution's property, equipment
- Support maintenance and customer service
- The ability to sub-contract services
- Contract timeframes
- Right to audit the activities or infrastructure by independent auditor
- The terms of the contract should be clear and unambiguous

The financial institution should also assess the exposure to the legal issues in relation to proposed outsourcing arrangements and get it vetted by institution's legal and compliance department before signing the agreement.

d. Incentive compensation review:

- Financial institution should also ensure that there is an effective process to review and approve any incentive compensation that may be embedded in service provider agreement.

e. Oversight and monitoring of performance:

It is important to monitor the whether the vendor services fulfil the contractual requirements effectively. It will be a deciding factor for the renewal of agreement. For this purpose, the financial institutions should conduct performance evaluation periodically. A scoring grid can be defined for performance rating.

Vendor performance evaluation can be done on the basis of following parameters.

- **Quality:**
  1) Output of the activity or service of vendor in achievement of business goals
  2) Whether the services rendered meet the quality standards, timeliness, specifications as determined in the SLA
  3) Whether the services are performed in a competent and professional manner
- **Delivery:** Delivery of the project or development as per SLA or TAT

- **Responsiveness:**
  1) Submissions of required data or report or MIS
  2) Whether the service provider responds to the issues or complaints within the timeframe defined
- **Risk and compliance Governance:** Sub-contract or outsourced any of its activities pertaining to services being obtained
- Penalty (if applicable as per SLA): Frequency and severity of penalty imposed on the vendor.

f. Business continuity and contingency considerations:

Following aspects shall be considered in evaluation of business continuity plans.

- Whether the service provider has robust BCP/DRP plan in line with institutions' framework.
- Whether the recovery time objects defined by service provider are in sync with institution's recovery time objects
- Is there capability to handle present work load and scale up resources to cope up with increased work in short notice
- Does the BCP include business relocation plan in the event of disaster

8. Expected outcomes from implementation of Risk Management framework

- ❖ Facilitating identification of key risks associated with vendor activities prior to engaging into the contract
- ❖ Ensuring duly implementation of applicable relevant controls to mitigate the risks
- ❖ Ensuring clarity of expectation and quality performance
- ❖ Minimizing the need for corrective measures due to poor performance
- ❖ Enabling better decision making on selection of vendor, continuity and renewal of contract arrangements with the vendor
- ❖ Compliance with RBI guidelines

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Courtesy : Risk Management Association of India

Indian Institute of Insurance Surveyors and Loss Assessors

In the AGM on 27.12.2021 following directors has taken the charge as Office Bearers

Mr. Lalit Gupta
President

Mr. B. Shivaprakash
Vice President

Mr. Ajay Girdhar
Secretary

Mr. Vipin Kumar Shukla
Treasurer

EXPECTATIONS FROM UNION BUDGET 2022-23 FOR THE INSURANCE SECTOR - AN ECONOMISTS PERSPECTIVE

I. Introduction

Over the years with persistent Government's efforts, the insurance penetration (premiums to GDP) in India has increased from 2.71% in FY01 to 5.20% in FY09 but thereafter the level of penetration was declining and reached 3.30% in FY14. To push it further, in 2015 Government of India has launched two insurance schemes under Jan Suraksha, - namely Pradhan Mantri Suraksha Bima Yojana (PMSBY) that covers accidental cover of Rs 2 lakh with Rs 12 premium and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) for life cover of Rs 2-lakh with Rs 330 premium - to provide insurance cover to the mass at a cheaper rate.

Subsequently, the insurance penetration has started increasing again from FY15 and is at 4.20% in FY21.

About the author

Dr. Tapas Kumar Parida
Senior Economist
Economic Research Dept.,
State Bank of India, Mumbai

However, India lags both in insurance penetration and density compared to other developed countries. In insurance penetration US is at 12.0%, UK 11.10%, in Asian countries like Japan at 8.10%, South Korea 11.60% and Singapore 9.50% and much below the world average of insurance penetration of 7.40% (Life: 3.30& Non-life: 4.10 (Swiss Re, Sigma; 4/2021).

The Jan Suraksha schemes has helped in spreading the awareness about insurance, especially in the rural landscape. Till November 2021, cumulatively there were 11.46 crore persons enrolled in PMJJBY and 26.23 crore persons in PMSBY, with claim servicing ratio of 93.7% & 77.3% respectively. Apart from the PMJJBY & PMSBY, all the PMJDY account holders with debit card, are covered with inbuilt accident insurance cover of Rs 2 lakh. Further, it is interesting to note that the number of people covered through life insurance by insurance companies during May '2015 to July 2021 stands at around 17 crores, while Government sponsored PMJJY scheme has enrolled around 12 crore people during the same period.

During 2020-21, the insurance industry has covered a total of 101.62 crore number of lives under Personal Accident Insurance. It includes 49.04 crore number of lives covered under Government Sponsored Schemes namely Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jan Dhan Yojana (PMJDY) and IRCTC Travel Insurance for e-ticket passengers.

The pandemic induced disruption did result in a behavioural change of households with the life insurance industry registering a smart growth, with new business premium indicates that single premium income expanded by 26.1% in FY21, compared to 10.7% in FY20. Despite the strong growth, the Indian insurance industry needs further support from Government to have an insured economy going forward.

II. Expectation from the Union Budget 2022-23

Given the progressive mind-set of the Government, it is quite natural to keep high expectations in the forth coming Union Budget, which is supposed to layout a clear roadmap to plug the protection gap, by increasing the insurance density in the country. In the following, we have briefly highlighted the expectations from the budget for the Insurance sector.

a) Ensure Appropriate Taxation Policies

In India, insurance has always remained a push product, as a very few number of people may demand it from their own. This may be due to lower awareness, literacy and other religious factors. Most of the people, especially in rural areas, used life insurance policies as a savings instrument but the trend is changing in urban areas. In urban areas, there has been a rising demand for term insurance policies in the last couple of years and Government should push these types of products to increase insurance penetration in the country.

Some recommendations relating to insurance sector regarding taxation is as follows:

- **Enhanced deduction for insurance premium in view of continuing distress caused on account of Covid-19:** Under 80C of the Income Tax Act, the maximum tax deduction is Rs 1.5 lakh, which includes a number of items like interest rate paid on housing loans, investments in tax savings bonds, PPF etc. Since, Covid-19 pandemic has amplified the need for adequate life and health insurance. To reduce social security burden on the Government exchequer, it is essential that citizens of the country opt for life and health insurance as per their personal requirements. We expect Government should consider as: (i) An aggregate deduction up to Rs 5 lakh should be provided for life and health insurance premium paid. To achieve this and to simplify tax laws, a single section may be introduced for insurance premium deduction. (ii) Alternatively, rebate of 30% (restricted to Rs 150,000) of the insurance premium paid should be available from tax payable on the total income. The deduction/ rebate for life and health insurance premium should be available irrespective of the taxation regime opted by individuals/ HUF since it will help to reduce social security burden of the Government.
- **Zero or 5% GST on Pure Protection Insurance Polices:** At present all insurance policies are taxed at GST of 18%. A significant reduction in premium will go a long way in building a secure nation where every household will have the ability to overcome financial stress caused by unforeseen events of life. So, the premium paid on insurance should not be taxed, as it is an instrument that provides financial protection against risk. Further, in India the insurance penetration is low; the introduction of tax in the realm of insurance may not represent the best step forward. After COVID 19 pandemic effect on the economy, it seems this is right time to reduce the GST rate to 5% or "Nil" rate on Life/health/Term insurance to cover maximum population of India.
- **Unit Linked Insurance Plan (ULIP):** In the Finance Act, 2021, various amendments introduced under the Act and Finance (No. 2) Act, 2004 with respect to taxation of unit linked insurance policies (ULIP) issued on or after 1 February 2021 and where the annual premium for any year during the term of the policy exceeds Rs 2.5 lakh,

whether individually or in aggregate (high value ULIPs). While the intent of the Government appears to be to keep parity in taxation of mutual funds and ULIPs, it may be pertinent to note that there are key differences in characteristics of the two products such as: (i) Providing life cover to the policyholder is a key consideration under ULIP which is missing in case of mutual fund which is a pure investment product. (ii) An investor invests in units of mutual fund scheme and each scheme is independent. On the other hand, units in ULIP are under an insurance policy and within the same policy. (iii) Typically, the policy term of ULIP is around 15-20 years as against shorter time frame for mutual funds. (iv) Further, ULIPs have a minimum lock-in period of five years unlike mutual fund units which can be redeemed at any point of time. Further, considering the rising income levels, improvement in savings rate clubbed with stock market performance, the customers are more inclined to cover the risk of life along with the benefit of increase in fund value. So, it is recommended that the current limit of the annual premium for any year during the term of the policy exceeds Rs 2.5 lakh, whether individually or in aggregate (high value ULIPs) should be increased to Rs 5 lakh.

b) Growing Disaster Risks

In India, the overall Protection Gap in all the segments (both life & Non-life) is about 70 to 80%. In other words, only 20% to 30% is availing any type of insurance. To plug the protection gap quickly, in line with Jan Suraksha, Government should come out with some standardised products for various sectors so that the protection gap in each segment can be reduced significantly.

- **Creation of an Insurance Pool:** To meet the economic losses due to disasters, India should go for a public-private solution, say a Disaster Pool, for natural disaster risk involving the insurance sector could offer many benefits over government crisis loans and grants. By considering 2020 floods in India, the total economic loss was of $7.5 billion (Rs 52,500 crore) but only 11% was insured. If Government would have insured it, then the premium for the sum assurance of Rs 60,000 crore would have only in the range of Rs 13,000 to Rs 15,000 crore.
- **Introduction of compulsory home insurance for a minimum basic sum insured:** The data on the frequency of natural calamities hitting the country has revealed very high number of losses to property, assets, and lives. While one protects family with life insurance and health insurance, people tend to overlook the need for home insurance. A natural calamity or any other misfortunate incident is not something one foresees. Since, a house is one's biggest financial asset, introducing IT exemption on premium paid will push more people to opt for home insurance. In the wave of natural calamities over the past years, the worst hit was property / home. We strongly believe making home insurance compulsory for a minimum basic sum insured will lessen the burden on individuals / families, especially for those staying in calamity prone areas.

III. Way forward

Despite a huge potential market in India, insurance penetration in the country is still at a very low level. So, the insurers should not confine to the metro, urban or semi-urban areas. They also need to explore the business opportunities at every corners of the country, especially in rural areas. In doing so, the insurance companies should not look at this just as a regulatory requirement to be fulfilled. Instead, it should be looked at as an investment into creation of future business opportunities. The Government should push the insurers to steps like 'adopting' villages and giving basic facilities like drinking water, arranging free medical check-ups etc, which will help to develop goodwill and a market for the insurance industry in these areas.

Going forward, the present downward interest rate scenario may help the insurance sector to push up the business but the return on investment would decline due to the fall in G-sec yields (Parida, 2015). So, this is the best time for the insurers to tap the rural market and sustain in the business for a long term.

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IDENTIFY THE TOP EMERGING RISKS AND POSSIBLE WAYS TO MITIGATE THOSE RISKS

Overview

Background

In a rapidly changing business environment characterized by advancing technology, shifting geopolitical tensions and increasing regulatory scrutiny, it is more important than ever for organizations to look beyond near-term threats to prepare for the risks they could face in the future. Broadly defined, these emerging risks are new or developing threats that have an unknown significance and impact and are therefore not well understood. Emerging risks can also be known risks that have transformed due to changes in the business environment. The key is that, even if the risk is known to some degree, the likelihood and impact of the risk is not. These "unknowns" defy traditional risk management techniques and, as a result, organizations often opt to allocate fewer resources to them. But by taking steps to identify and evaluate emerging risks, organizations can be better equipped to make important, risk-aware decisions to ensure the best long-term strategic outcomes.

Author

Deepti Raghav
Manager, Claims

Introduction

Just in beginning of 2020, when top business leaders were asked to identify the biggest risks of the coming decade, climate change was high on the list. But as we are standing today in coronavirus pandemic, concerns about sustainability and the green transition have fallen down to bottom of the agenda. Now business leaders were more concerned about specific threats like a prolonged global recession, which they were not speaking about back in January.

Various Risks

In order to address these risks, the insurance industry itself will need to innovate and implement those technologies which have help them at least mitigate if not eliminate future uncertainties.

1. Insurance Fraud

The Risk:

The insurance services industry is at risk from heightened levels of fraud, including cyber fraud, as criminals attempt to exploit the COVID-19 pandemic.

Following recent announcements of emergency measures, there are likely to be significant numbers of applications from both individuals and businesses to access support schemes. Claims may be made fraudulently, but processed rapidly, with less stringent controls than usual. If approved, funds may be transferred rapidly and with the whole system under stress, recovering funds due to fraud may be a relatively low priority.

The risk of internal fraud will potentially increase due to remote working and associated reduced oversight and challenge.

Considerations:

a. Employing predictive modeling: Data and analytics could improve organizations' understanding of consumer and identify factors and elements that can help prevent future fraud. The goal is to detect potential fraud as early as possible in the claims process and thus reduce payments made to fraudsters.

b. Using business rules to detect irregularities: Business rules can allow forthe identification of anomalies or irregularities during the processing of claims. Such rules, for example, compare claims based on various types of fraud (individual or organized fraud), and determine whether to have the personnel in charge investigate the fraudulent incidents, and if so, when.

c. Social Network Analysis: Social network analysis has proven effective in identifying organized fraud activities by modeling relationships between entities in claims. For example, social network analysis might show a high-activity account with links from many accounts, or a low-activity account with strong links to a master account. It might reveal multiple claims in a short period of time from related parties, such as members of a single family, or the classic ring associated with staged accident scams.

2. Economic Slowdown

The Risk:

Many economists believe world recession is in the cards by the end of 2021. But due to Covid-19, we are already entered into recession phase. Such a slowdown could hit businesses all over the world as declining trade, reduced earnings, cuts in capital spending and slowed real estate activity start to bite. An economic slowdown could also fan the flames of trade wars and geopolitical risks - or vice versa.

Consideration:

Conducting rigorous stress tests and considering hypothetical scenarios to assess a firm's ability to weather an economic downturn can then help it improve efficiency and productivity and find investment alternatives.

3. Cyber Attack/Data Breach:

The Risk:

Every organization is vulnerable to cyber risk, and industries relying heavily on digital technology to increase efficiency and competitiveness are in particular danger.

Considerations:

Every level of an organization must understand the potential impact of a cyber-attack and data breach and then work cross-functionally to address those risks.

Businesses should consider adopting a comprehensive approach to cyber threats to continually assess their risk profiles, address vulnerabilities and proactively fortify cyber defenses.

4. Cash Flow/Liquidity Risk

The Risk:

An event impairing an organization's cash flow or liquidity can leave the business unable to meet short- or intermediate-term obligations. Cash flow risk can be attributed to economic uncertainty and financial market volatility.

Considerations:

Industry experts recommend that companies concerned about cash flow risk should seek to monitor and maximize their cash positions. Organizations should also implement controlled cash management systems; either decrease or

pause spending, instead focusing on cash inflow; diminish working capital; and attempt to improve their financial structures and funding options.

5. Failure to Innovate/Meet Consumer needs

The Risk:

Whether using a ride-hailing app or asking a digital assistant to turn on the lights at home, consumers have quickly adopted tech-empowered solutions. Innovation, therefore, is a necessity if businesses are to remain relevant and competitive.

Considerations:

Data and analytics could improve organizations' understanding of consumer needs and provide perspective on how to shift their business model to keep up with consumers' demands. Innovation found in smaller, incremental changes - such as creating operational efficiencies, finding new ways to serve customers or even creating new solutions to address more traditional risks - is equally as important as the headline-making transformative technologies.

6. Millennials in the firing line

The Risk:

Within this challenging economic and political environment, the millennial generation is likely to be the hit hard, with a prolonged economic downturn affecting earnings at the beginning or middle of their career.

This generation has already suffered the fallout from the global financial crisis and austerity. Many have debts from university fees or have been unable to afford independent living. The pandemic and subsequent downturn could further exacerbate the intergenerational divide.

It is also possible that the frustration of millennials and a distrust of governments could foster social unrest or politically motivated violence, leading to possible property damage or other insurance impacts, the report warns.

Considerations:

Government should come up with a sustainable plan which should not only help young generation to live their dreams but help to nurture the growth of a country. We need to come up with affordable solutions for personal protection. If the insurance industry doesn't help here, it will lose out in the end.

7. Business Interruption

The Risk:

Man-made disruptions (such as acts of terrorism, civil unrest or cyber attacks) or natural disasters (such as hurricanes, earthquakes, wildfires or floods) both disrupt business operations. Whether the damages are physical in the case of natural disasters or nonphysical as in the case of cyber, the financial losses stemming from such interruptions can be significant.

Considerations:

Leaders need to identify areas of vulnerability from external forces that could disrupt operations and extent of potential losses, as well as the probability of an occurrence. Organizations should consider proactive steps (including risk engineering, risk financing and change management) to handle business interruption risks.

8. Impact on Contract Compliance

The Risk:

Companies are experiencing an impact on sales, production and supply chain, among others, as a result of COVID-19-related issues from business interruptions. These impacts have a cascading effect on the ability to meet contractual obligations.

Considerations:

Companies should consult their legal advisors and review their contracts to determine what, if any, contractual obligations may be impacted and the rights and remedies they have as a result of the delayed performance of contracts.

Companies should also take (and document) reasonable steps to mitigate the impact of COVID-19. If companies cannot fulfill their contractual obligations, they may need to quantify the amount of financial damage and the impact on their long-term business relationships. Companies should review their existing insurance policies to find out whether any losses they incur relating to COVID-19 can be covered under existing terms or whether they need to adjust their coverage for additional protection.

9. Impact on Supply Chain

The Risk:

Governments around the world have begun to take measures that limit the movement of goods and people across borders. Restrictions imposed by the Chinese government, for example, have included quarantine mandates and factory shutdowns across the country. As China is the factory of the world, supply chains are deeply affected.

Considerations:

If management believes there is a risk of disruption to their supply chains, they should take the following steps, among others, to mitigate the potential consequences:

a. Understand the behavior of disruptive models applied to the supply chain and establish the point in time at which such disruption is located.

b. Consider re-prioritizing the production line to respond to market impacts associated with the threat, increasing safety stock levels, and stockpiling essential supplies and resources.

c. Determine which vendors may be most severely impacted and if alternative vendors can provide a solution to meet business needs.

d. Pre-qualify alternative domestic or international suppliers and outsourced vendors in case primary suppliers can no longer provide support.

e. Formulate contingency measures, give first response and anticipate possible failures in the supply chain. For example, examine the capacity of other suppliers in other geographical areas, change the production mix and plan for new delivery methods to reach customers.

Conclusion

Although they are often unique, emerging risks can be identified, evaluated and monitored, and response plans can be implemented when they occur. Emerging risk identification and assessment creates a competitive advantage, helps "future proof" longer-term strategies, minimizes unwanted surprises, and allows organizations to capitalize on opportunities.

Understanding the potential impact assists in risk management strategies and may reveal opportunities for new revenue streams. Identifying and evaluating emerging risks empowers organizations to be forward-thinking, leading to increased readiness and resilience in the face of new and developing threats.

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Courtesy : Risk Management Association of India

NOW YOU CAN GET ZONE-WISE PREMIUM CONSUMABLES COVER

Care Health Insurance has launched a policy called Care Classic, which charges a lower premium from people belonging to non-metros. Over years, insurers have come out with policies offering better benefits. Customers having older products should consider porting to them to enjoy the benefits of these features.

Differential-based premium

“People who live in smaller towns on average incur lower health care costs and hence merit a lower premium,” says Ajay Shah, director and head-retail business, Care Health Insurance.

Such products offering zone-wise differentiated premiums were availble earlier also. But whe a parient from a lower zone went for treatment to a hospital in a higher zone, he had to co-pay, that is, bear a portion of the hospital bill.

"Our benefits are exactly the same for people residing in metros and non-metros. Non-metro customers will not have to co-pay when they go to a metro hospital for treatment of a major ailment," adds Shah.

Improved features

With the availability of more data, insurers have become better equipped to cover risks. "Earlier, if a customer had a stent implanted or a lady had undergone bysterectomy, they would have difficulty in getting a cover. But now, with improvements in under-writing, insurers are willing to cover such cases," says Kapil Mehta, co-founder and managing director (MD), Secure Now Insurance Broker.

During the Covid pandemic, people realised that their health policies did not cover the cost of consumables. They had to shell out hefty sums from their pockets.

"Now, some companies offer plans that cover the cost of consumables fully," says Abhishek Misra, chief executive officer (CEO) and principal officer, Bonanza Insurance Broker.

The 'Restore' feature has been around for many years. But insurers have made it more effective in recent times.

"Earlier, if you were hospitalised for one ailment and used up the entire sum insured, you could get the benefit for Restore only for another disease. Now, many insurers offer the benefit for the same disease also," says Mehta. Nowadays, this benefit is also available to the same person who exhausted the initial sum insured (earlier, only other family members could avail of it).

Policies with high sum insured now cover customers if they go abroad for treatment. Many policies offer the benefit of cashless OPD (outpatient department) treatment. This week, Bajaj General Insurance launched the Health Prime rider, which for a samll additional premium, offers customers four benefits - tele-consultation, investigation, doctor consultation, and auunal health check-up.

Many policies nowadays reward customers for staying fit. "Customers are asked to download an app that tracks their activities. If they perform certain levels of physical activity, they are given a discount on next year's premium," says Mishra.

Things to watch out for

Make sure that the waiting period on pre-existing diseases does not exceed two years. Avoid policies that come with room rent and intensive care unit (ICU) capping. Senior citizens should avoid dolicies with co-pay or ensure it doesn't exceed 10 per cent.

In recent times, many policies have begun to impose other sub-limits. "There could be a bub-limit for reobotic procedures, treatment of mental health issues, and so on. Such sub-limits have become more common in the past couple of years. Watch out for them," says Mehta.

Finally, customers relying on non-employer group health insurance policies should beware, even though they are relatively inexpensive. "Such policies could be shut down at any point. For older customers, buying another cover then becomes a problem. Sometimes, there is a steep hike in the premiums of these policies," says Amit Chhabra, head-health business, Policybazaar.com.

He suggests that customers should rely on a retail health insurance policy. These come with the promise of life-long renewal and insurers have to seek the regulator's permission for a large premium hike. *(Source: Business Standard)*

GREEN DELTA INSURANCE COMPANY& TRUST AXIATA PAY SIGN AGREEMENT TO OFFERHEALTH INSURANCE PACKAGES FOR RETAIL CUSTOMERS

Green Delta Insurance Company Limited and Trust Axiata Pay Limited have signed an agreement on 16 January 2022, which would enable customers to access health insurance services very soon.

Under this partnership, Green Delta Insurance's exclusive micro-health insurance packages will be sold at a very competitive price through the digital platform of TAP.This partnership will also enable parents can buy micro-health insurance products for their families while paying tuition fees oftheir children through TAP. The packages will cover hospitalization, surgery and accidental cashback with a reasonable premium. By removing the hassle of traveling distance and filling up numerous forms, the initiative promises to benefit both service providers and end-users in multiple aspects.

At the MoU signing ceremony, Green Delta Insurance Company's Addl. Managing Director & Company Secretary-Syed Moinuddin Ahmed, andHead of Digital Business- Md. Moniruzzaman Khan signed the agreement on behalf of GDIC, while Dewan Nazmul Hasan -acting CEOof TAP, andShahjalal Uddin - Vice President, Head of Sales and Distribution, Commercial ofTrust Axiata Pay,signed the agreement on behalf of their respective organizations. Other high officials and concerned members from both organizations were also present at the agreement signing ceremony.

HDFC Life launches Systematic Retirement Plan

HDFC Life has launched HDFC Life Systematic Retirement Plan, an individual, group, non-participating, non-linked, savings deferred annuity plan that systematically allows you to save for your retirement years. Insurance products such as annuity ensure a guaranteed income for life thereby helping consumers to cover against this risk of longevity of life. HDFC Life Systematic Retirement Plan offers individuals an opportunity to systematically save for a retirement corpus over a period of time and thereafter enjoy a guaranteed lifelong income. The plan offers flexibility to choose from two plan options - Life Annuity and Life Annuity with return of premiums. One can choose a premium payment term of 5 to 15 years. He / she can choose the deferment period up to 15 years.

BIMTECH
BIRLA INSTITUTE
OF MANAGEMENT TECHNOLOGY

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

Understanding financial literacy and Insurance Awareness- Research at Grassroots

A team of six students along with two faculty members- Ms. Saloni Sinha and Prof Pratik Priyadarshi had a wonderful opportunity to survey issues like Insurance awareness among people, understanding financial literacy, and opportunities for rural women, at Neemka Village, Greater Noida. This was a part of the Short Term and Live projects that the students are expected to work on as a part of their curriculum.

It was indeed a surreal experience for them to get to know the ground realities.

The students were able to grasp the subtleties of actual people's perspectives on insurance and also to know how important it was to have awareness in all respects. They also realised that the lack of enough resources to educate people exacerbates their problems.

Key Takeaways were:

- Seldom does one get such opportunities to visit a village and understand the mindset of people.
- It gave them an all-new perspective towards rural areas and rural people.
- Team work was an important factor during this visit as they had to coordinate all their activities

To sum up, it was an experience that they aim to cherish for the rest of their lives and develop in the best possible ways. (Students who participated in the exercise were Sunidhi Sharma, Shashi Banchhor, Satyam Sinha, Vipin Patel, Himanshu Sharma, and KeyaKundu).

Publication of a blog by a student.

Our PGDM (Insurance Business Management) student Aditi Saxena penned her thoughts in her first blog 'The Warrior Mindset'. In this blog, she talks about how in these difficult times our minds should be reprogrammed to cope with suffering and discover solutions. This blog is an outcome of a live project in the subject Applied Communication and has been developed under the guidance of Prof Saloni Sinha, Faculty-Business Communication and Mentor Majlis_BIMTECH-Debating and Theater Society.

Public speaking in Mentza Circles (Audio Based Pedagogy)
To foster a Curiosity mindset, the Mentza App is used regularly in Communication classes. Audio-based learning through the 20 min conversation app helps students engage in enriching conversations with experts, develop listening skills and fight the fear of public speaking. The students self initiate panels and speak on relevant topics which are chosen by them. This exercise has enhanced their confidence to speak on public forums. The topic chosen this December was "No Requirement of Mentor in this Age of Google?"

Participation of our faculties in International Conference of Asia Insurance Review

Asia Insurance Review magazine is the premier and comprehensive professional regional magazine, read by all the key decision-makers and readers in the insurance industry in Asia has been organising its annual conference every year. The India-specific conference called Rendezvous has over the years which has evolved as the flagship event for the Indian insurance market. Now in its 15th year, Asia Insurance Review's held the "The 15th India Virtual Rendezvous 2022 "between 19-21, January 2022.

The Theme of the conference was: **"Towards a Sustainable and Resilient Indian Insurance Market - The Way Ahead"**. The event sawindustry experts share their valuable thoughts on building a 'sustainable and resilient Indian Insurance

Market'. BIMTECH's Prof Abhijit K Chattoraj and Prof Pratik Priyadarshi were the esteemed moderators for this event.

Prof. (Dr) Abhijit K. Chattoraj, Chartered Insurer Dean - SW&SS, Professor & Chairperson - PGDM-Insurance Business Management Program, Birla Institute of Management Technology (BIMTECH) moderated a session at the 15th India Virtual Rendezvous, 19 - 21 January 2022. and the session: - Brokers Panel- " The Way Forward " with the following sub-topics:

- Innovation and the broker of the future
- How do brokers stay relevant in today's challenging environment?
- Post COVID-19: Returning to normalcy and the challenges ahead for the broking community
- How to keep the broking business sustainable?
- What constructive collaborative roles can brokers play in the insurance ecosystem?

The eminent Panellists were:

- Hari Radhakrishnan, Regional Director, First Policy Insurance Brokers Pvt Ltd
- R Balasundaram, Secretary-General, Insurance Brokers Association of India
- SumitDutt, Head - Sales and Client Management (Corporate Risk and Broking), Willis Towers Watson India Insurance Brokers

Prof Pratik Priyadarshi, Associate Professor, Member - Academic Council, Risk Management Association of India, Birla Institute of Management Technology moderated at the 15th India Virtual Rendezvous, 19 - 21 January 2022. and the session - Education Panel - "Will Hybrid be the Future of Insurance Education?"

The eminent Panellists were:

- G Srinivasan, Director, National Insurance Academy
- M C Chaturvedi, Director, College of Insurance, Insurance Institute of India
- Dr. T.P. Madhu Nair, Member, Academic Council, University of Mumbai

No instant term insurance for covid survivors

Covid-19 cases have been surging over the three weeks and there's a lack of clarity around the after-effects of omicron. Amid this ambiguity, getting a term insurance might take longer for those who have recovered from covid. To balance policy issuance with claims, many life insurers are now insisting on a three-month wait period for covid survivors who want to buy a term insurance policy.

Yogesh Aggarwal, founder at Onsurity, said, "The recent trend of insurance companies insisting on a waiting period varies between a minimum of one month to three months for covid-19 infected people." He further said, "The second wave has been a catastrophic event with the profound economic and social loss for all of us, leading to larger pay-outs for insurance companies as well. The year 2021 witnessed a substantial increase in the number of policies sold. To balance policy issuance with claims and to ensure that there is no misleading information on the declared health condition, the insurance companies have put risk assessment practices in place for safeguarding genuine customers' interest while keeping a check on the rising life insurance premium cost."

Sajja Praveen Chowdary, head, Term Life Insurance, Policybazaar.com, said, "Term insurance policy covers your life for a considerable amount at a nominal premium. In term policies, underwriters across the world are paying extra attention for ages now in case of any medical condition occurred six months prior the policy application date."

Therefore, insurers are also demanding extra medical tests to assess the risk and severity of infection for those who have not purchased the term policy yet.

"Pre-Covid, the number of individuals who had any health issues with themselves or family in the past six months would have been small. But, given the way omicron Covid infection cases have been, this number has automatically increased because many have turned positive in recent days. As a result, the term insurance policy proposal gets into the zone of inspection where extra medical tests are inquired for or might get postponed for three months. And as people are getting cautious of stepping out of their homes due to omicron Covid infection, it is understandable from their viewpoint that they don't wish to go out for medical tests or let somebody come to their homes to collect samples. Conversely, it becomes challenging for the insurer to accept the risk and issue a term insurance policy without assessing the risk accurately in the absence of fresh medical reports," said Chowdary.

What can the insurance industry expect from Budget 2022-23?

Mr. Rakesh Goyal
Managing Director, Probus Insurance

Rakesh Goyal

The ongoing pandemic seems to be far away from getting ended and it is high time that the individuals of our country realized the significance of having an optimum plan handy. The insurance industry has been investing a lot of effort towards increasing the penetration of insurance in our country, and so the Government of our country also needs to step up in this initiative, and focus on both affordability & accessibility. Having said that, the government must consider making some immediate changes to ensure a healthy ecosystem.

To start with, the GST added in the individual insurance plans could be overwhelming to the policyholders as they would have to pay more than before, and it contradicts the mission of increasing the penetration of insurance buyers in India. Hence, the government must work on this area to ensure that the mission is met by either removing or dropping the GST percentage from 18% (which is currently applicable for health insurance). This would also help in securing more people's lives and offer them the required financial assistance, especially during the ongoing pandemic scenario. The government must also work towards allowing the individuals to help invest this additional amount in significant life phases, like education, home expenses, etc. Also, the Tax exemption must be provided for individuals who are opting for home insurance as it could be an additional burden for people who have already brought their houses through home loans.

Considering the inflation of medical expenses for treatment of covid or any disease, the current deduction limit must thus be increased, and there should be some special provision for senior citizens as well. Furthermore, the additional expense on stamp duty along with the GST amount for term life insurance plans should also be exempted as they are purely risk products. Lastly, government must focus on providing universal health schemes and additional benefits should be added for the retirement plans, along with insurance-related financing solutions or relief schemes for areas highly prone to any sort of catastrophic events. This would ultimately save the government from unplanned relief expenses during such a situation. ❑

HDFC Life Launches Sustainable Equity Fund

HDFC Life, one of India's leading life insurers, has launched its Sustainable Equity Fund, currently available with HDFC Life Click 2 Wealth, a unit-linked product. The Company is committed to industry-leading ESG standards that help shape a sustainable future for the communities they serve and create long-term value for all stakeholders.

This Sustainable Equity Fund promotes Environmental, Social, and Governance (ESG) principles and will invest in stocks that form part of benchmark ESG indices or in stocks of companies with high ESG scores. This ESG score is calculated based on internal analysis, public disclosures, and ratings by external agencies.

ESG is a barometer of sustainable business practices, i.e., it helps identify if the business has a robust corporate governance framework, benefits society at large, and is run in an environment-friendly manner. The objective of this fund is long-term capital appreciation through investment in such select companies across market capitalisation.

HDFC Life's ESG strategy focuses on -five pillars - Ethical Conduct; Responsible Investment; Diversity, Equity, and Inclusion; Holistic Living; and Sustainable Operations. This ESG strategy has been developed based on global benchmarks and material topics for HDFC Life, with the intent to address ESG risks and drive meaningful impact.

LEGAL

Arbitration can be set aside only if award against public policy: SC

An arbitration award can be set aside only if the award is against the public policy of India, the Supreme Court has said.

A bench of Justices M R Shah and B V Nagarathna said the award can be set aside under the Arbitration Act, if it is found to be contrary to the fundamental policy of Indian Law, interest of country, justice or morality or if it is patently illegal.

The top court was hearing an appeal filed by Haryana Tourism Ltd against an order of the Punjab and Haryana High Court which set aside a 2005 award passed by the arbitrator as well as the order passed by the Additional District Judge, Chandigarh.

Haryana Tourism Limited (HTL) had invited tenders/quotations for the supply of Aerated Cold Drinks at its Tourist Complexes and the tender submitted by Kandhari Beverages was accepted.

HTL later terminated the contract after dispute arose between the parties and the matter was referred to the sole arbitrator.

The arbitrator directed Kandhari Beverages to pay Rs 9.5 lakh while the counter claim lodged by it claiming Rs 13.92 lakh was dismissed by the arbitrator.

Kandhari Beverages thereafter filed objection petition Additional District Judge, Chandigarh under Section 34 of the Arbitration Act against the award passed by the arbitrator.

The Additional District Judge dismissed the appeal/objection petition after which it filed further appeal before the high court under Section 37 of the Arbitration Act.

The high court allowed the said appeal by entering into the merits of the claim and has quashed and set aside the award passed by the arbitrator as well as the order passed by Additional District Judge, Chandigarh.

The apex court said the high court has exercised the jurisdiction not vested in it under Section 37 of the Arbitration Act.

In view of the above and for the reasons stated above, the present appeal succeeds.

The impugned judgment and order passed by the High Court is hereby quashed and set aside. The award passed by the arbitrator and the order passed by the Additional District Judge under Section 34 of the Arbitration Act overruling the objections are hereby restored, the bench said in January 11 order.

SC: Insurer can't refuse med claim citing existing condition

An insurer cannot repudiate a claim by citing an existing medical condition that was disclosed by the insured in the proposal form, once the policy has been issued, the Supreme Court has said.

A bench of justices D Y Chandrachud and B V Nagarathna also said a proposer is under a duty to disclose to the insurer all material facts within his knowledge. The proposer is presumed to know all the facts and circumstances concerning the proposed insurance, it added.

While the proposer can only disclose what is known to him, the proposer's duty of disclosure is not confined to his actual knowledge, it also extends to those material facts which, in the ordinary course of business, he ought to know, the court said.

"Once the policy has been issued after assessing the medical condition of the insured, the insurer cannot repudiate the claim by citing an existing medical condition, which was disclosed by the insured in the proposal form and which condition has led to a particular risk in respect of which the claim has been made by the insured," the bench said in a judgment.

The top court was hearing an appeal filed by Manmohan Nanda against an order of the National Consumer Disputes Redressal Commission (NCDRC), rejecting his plea seeking a claim for medical expenses incurred in the US. Nanda had bought an Overseas Mediclaim Business and Holiday Policy as he intended to travel to the US. On reaching the San Francisco airport, he suffered a heart attack and was admitted to a hospital, where angioplasty was performed on him and three stents were inserted to remove the blockage from the heart vessels.

Subsequently, the appellant claimed the treatment expenses from the insurer, which was repudiated by the latter stating that the appellant had a history of hyperlipidaemia and diabetes, which was not disclosed while buying the insurance policy. The NCDRC had concluded that since the complainant had been under statin medication, which was not disclosed while buying the mediclaim policy, he failed to comply with his duty to make a complete disclosure of his health conditions.

The apex court said the repudiation of the policy by the United India Insurance company was illegal and not in accordance with law. It said the object of buying a policy is to seek indemnification in respect of a sudden illness or sickness that is not expected or imminent and that may occur overseas.

Insurer must pay claim in auto-cover period

Ramprit Paswan purchased Super Cash Gain Insurance Policy from Bajaj Allianz Life Insurance. The policy was for the period October 13, 2012, to October 12, 2028, with a sum assured of Rs 4 lakh. The annual premium was Rs 46,176. His son Ugan Paswan was the nominee.

After Ramprit expired on January 22, 2015, due to cardiac arrest, his son lodged a claim. The insurer repudiated the claim on March 31, 2015, on the ground that the policy had lapsed due to non-payment of premium.

Ugan filed a complaint before the District Forum. He stated that his father had paid the premium annually for three years. However, when his father attempted to pay the premium for the fourth year, it was not accepted despite repeated attempts. When he demanded a written explanation, the insurer replied that the policy was valid and that no premium was due. So, Ugan questioned now the insurer could refuse to honour the claim on the pretext that the policy had lapsed on March 31, 2015, due to non-payment of premium.

Bajaj Allianz did not care to contest the case. It did not appear for the hearing, despite the Forum issuing several notices. So, the complaint was decided ex-parte. Te Forum observed that the requisite premium had been paid, yet the claim had not been honoured. It indicted Bajaj Allianz for being guilty of deficiency in service, and ordered it to settle the claim by paying the Rs 4 lakh sum assured, together with 10 per cent interest. Additionally, it ordered the insurer to pay Rs. 15,000 as compensation for mental harassment, another Rs. 15,000 towards financial compensation, Rs. 5,000 as litigation expense, and Rs. 2,000 towards miscellaneous expenses. Forth-five days were given for compliance. In case of delay, the interest rate would rise to 12 per cent per annum.

Bajaj Allianz Life appealed to the Bihar State Commission, which concurred with the District Forum's view and dismissed the appeal with the observation that the repudiation was wrong and unjustified.

Bajaj Allianz Life then filed a revision petition before the National Commission. It argued that the annual premium was received only for two years. The premium for the third year, which was due on October 13, 2014, could not be considered to have been paid as the cheque had got dishonoured due to insufficient funds. The company claimed the insured had not even approached it to revive the policy within the grace period. The insurer argued that the policy terms had not been properly interpreted. It relied on Clause 5 to justify its stand that the policy would lapse and the premium paid would stand forfeited without any benefits payable to the insured.

The National Commission disagreed with this contention. It pointed out that the policy provided for auto cover for two years from the date of unpaid premium. Since the policy was taken on October 13, 2012, and second annual premium had been paid on October 12, 2013, it concluded that the auto cover would be valid for the next two years till October 12, 2015. As the insured had died on January 12, 2015, well within the auto cover period, the Commission held the claim to be payable. The Commission observed that it was because of this clause that the insurer had initially replied that the policy was valid and that no dues were outstanding.

Accordingly, by its order of October 7, 2021, delivered by C. Viswanath, the National Commission dismissed the revision petition and upheld the decisions holding the insurer liable to settle the claim. ❑

IRDAI Circular

Maintenance of Current Accounts in multiple banks by Insurance Intermediaries including entities sponsored by them

IRDAI/INT/CIR/MISC/318/12/2021

Date:29-12-2021

1. It has been observed that the insurance intermediaries maintain multiple current accounts with banks at different operational levels, i.e., Branch offices, Corporate office, etc., for regulatory and other purposes.
2. RBI, vide its circular ref: RBI/2020-21/20 DOR.No.BP.BC/7/21.04.048/2020-21 dt. 6th Aug. 2020 on "Opening of Current Accounts by Banks – Need for Discipline", has instructed banks not to open current accounts for customers who have availed credit facilities in the form of cash credit (CC) / overdraft (OD) from the banking system. On a review, vide its circular ref: RBI/2020-21/79 DOR.No.BP.BC.30/21.04.048/2020-21 dt. 14th December 2020, RBI has permitted banks to open specific accounts which are stipulated under various statutes and instructions of other regulators/ regulatory departments, without any restrictions placed in terms of the above mentioned circular.
3. Based on the requests received by the Authority, to avoid hardships, if any, faced by the insurance intermediaries in maintaining current accounts with banks, it is clarified that the respective insurance intermediaries including entities sponsored by them may maintain current accounts in appropriate number of banks for the purpose of meeting regulatory requirements, reinsurance business, etc. that are in line with conditions given in regulations, guidelines, circulars issued by the Authority.
4. The insurance intermediaries shall review annually the need for having multiple current accounts and rationalization, if any, as may be required.
5. This circular is issued in exercise of the powers conferred under Section 14(2)(e) of the IRDA Act, 1999.

S N Rajeswari
Member (Distribution)

Guidelines on Remuneration of Non-Executive Directors and Managing Director/Chief Executive Officer/Whole-time Directors of Insurance companies

Date: 03-01-2022

In order to ensure sound remuneration or compensation practices and avoid situations resulting from excessive risk taking behaviour due to inappropriate compensation structures or incentive plans and also taking into account the experience of past 5 years, it is proposed to replace the extant guidelines on remuneration of non-executive directors and managing director /chief executive officer/ whole-time director of insurers, issued vide circular ref IRDA/F&A/GDL/LSTD/155/08/2016 dated 05.08.2016.

The salient features of the proposed Guidelines are as under:

1. The Guidelines cover the remuneration of Non-Executive Directors, CEOs /WTDs /MDs of private sector insurers including the format in which remuneration details are required to be submitted to the Authority.

2. For Non-Executive Directors (NEDs):
   i. Apart from sitting fee and other expenses, it provides for payment of remuneration commensurate with an individual director's responsibilities and demands on time, which are considered sufficient to attract qualified competent individuals, in the form of fixed remuneration. Such remuneration, however, shall not exceed Rs. Twenty lakh per annum for each such director excluding Chairman. For the Chairman of the Board, the remuneration may be decided by the Board of Directors of the respective company.
   ii. NEDs shall not be eligible for ESOPs. Prior approval of the Authority shall be required for any allotment of sweat equity to the NEDs.
   iii. The maximum age and numbers of years which a person can serve as NED, including as Chairman has been aligned with the guidelines issued by RBI.
3. For Whole Time Directors / Chief Executive / Managing Directors
   i. The remuneration structure shall be divided between fixed pay, perquisites and variable pay.
   ii. Fixed Pay should be reasonable and all the fixed items, including perquisites, shall be treated as part of fixed pay.
   iii. Variable Pay
      a) Limit on variable pay: at least 50% of the remuneration subject to maximum 300% of the fixed pay. Where variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay should be via non-cash instruments. The same limit would be 70%, in case the variable pay is above 200% of the fixed pay.
      b) Deferment – Minimum of 50% of the variable pay must be deferred on 'no faster than pro-rata' basis over a period of three years. No deferment required if the variable pay does not exceed Rs. 15 lakh.
      c) Variable Pay Formula – a variable pay formula with identified weightage has been prescribed with 70% attributing to quantitative parameters and 30% to qualitative parameters. The insurer is required to specify the performance parameters on the basis of which the variable pay will be evaluated.
   iv. Malus and Clawback – the deferred remuneration should be subject to malus/clawback arrangement in case of any negative trend in the performance of the insurer.
4. Tenure of MD&CEO and WTDs has been aligned with the RBI's stipulation in this regard.
5. Further, the remuneration guidelines also provide the broad principles for remuneration of risk control and compliance staff which are broadly in lines with RBI stipulations.

A copy of the Guidelines is placed as annexure-1. All are requested to offer their comments / suggestions on the proposed guidelines. The comments / suggestions should reach in the format attached as annexure-2 by 19th January, 2022 to Ms. Shruti Srivastava by e-mail at shruti.srivastava@irdai.gov.in with a copy to the undersigned at rksharma@irdai.gov.in .

R K Sharma
General Manager

IRDAI (Surety Insurance Contracts) Guidelines, 2022

IRDAI/NL/GDL/SIC/01/01/2022

Date:03-01-2022

The Authority, considering the specific nature of Surety Insurance owing to the unique risk and features of the products, hereby issues the following guidelines to regulate and develop Surety Insurance business.

The guidelines shall come into force with effect from 1st April, 2022. The guidelines have been placed on the IRDAI website (https://www.irdai.gov.in).

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

Performance Statistics - Non-Life Insurance

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

(Rs. in crores)

INSURER	For the month of December		Upto the Month of December		Market Share upto the Month of Dec. 2021 (%)	Growth over the corresponding period of previous year (%)
	2021-22	2020-21	2021-22	2020-21		
Acko General Insurance Limited	101.25	42.17	698.41	277.28	0.43	151.88
Bajaj Allianz General Ins. Co. Ltd.	1,123.59	1,540.97	10,419.69	9,793.85	6.47	6.39
Bharti AXA General Ins. Co. Ltd. #	---	212.96	---	2,429.36	(0.00)	NA
Cholamandalam MS General Ins.	418.21	377.84	3,442.02	3,118.00	2.14	10.39
NAVI General Insurance Limited	12.18	10.26	65.91	72.38	0.04	(8.94)
Edelweiss General Ins. Co. Ltd.	37.91	20.13	266.83	153.76	0.17	73.54
Future Generali India Ins. Co. Ltd.	245.94	437.93	2,906.01	2,755.24	1.80	5.47
Go Digit General Ins. Ltd.	442.04	230.94	3,170.18	1,653.23	1.97	91.76
HDFC Ergo General Ins. Co. Ltd.	999.17	944.14	9,547.12	8,745.69	5.93	9.16
ICICI Lombard General Ins. Co. Ltd	1,513.17	1,220.45	13,311.22	10,525.07	8.26	26.47
IFFCO Tokio General Ins. Co. Ltd.	641.68	709.12	6,314.49	6,439.95	3.92	(1.95)
Kotak Mahindra General Ins. Co.	83.72	53.45	500.55	382.31	0.31	30.93
Liberty General Ins. Ltd.	115.90	114.28	1,071.36	1,046.05	0.67	2.42
Magma HDI General Ins. Co. Ltd.	146.90	100.91	1,158.91	851.85	0.72	36.05
National Ins. Co. Ltd.	1,131.55	1,380.09	10,082.23	10,515.35	6.26	(4.12)
Raheja QBE General Ins. Co. Ltd.	34.42	50.31	271.58	180.09	0.17	50.80
Reliance General Ins. Co. Ltd.	714.92	583.97	7,203.33	6,302.24	4.47	14.30
Royal Sundaram General IIns. Co.	241.59	302.44	2,065.07	2,030.29	1.28	1.71
SBI General Ins. Co. Ltd.	612.94	530.24	5,971.91	5,280.13	3.71	13.10
Shriram General Ins. Co. Ltd.	149.72	176.61	1,268.86	1,558.32	0.79	(18.57)
Tata AIG General Ins. Co. Ltd.	850.99	737.68	6,952.14	6,031.04	4.32	15.27
The New India Assurance Co. Ltd.	3,630.96	3,179.01	25,477.44	21,329.00	15.82	19.45
The Oriental Ins. Co. Ltd.	1,287.16	977.20	10,363.97	9,212.46	6.43	12.50
United India Ins. Co. Ltd.	1,250.48	1,247.37	11,232.17	11,917.02	6.97	(5.75)
Universal Sompo General Ins. Co.	323.23	283.06	2,517.06	2,180.24	1.56	15.45
General Insurers Total	**16,109.62**	**15,463.51**	**1,36,278.45**	**1,24,780.19**	**84.60**	**9.21**
Aditya Birla Health Ins. Co. Ltd.	154.10	110.18	1,169.86	859.32	0.73	36.14
ManipalCigna Health Ins. Co. Ltd.	84.50	70.14	690.08	528.33	0.43	30.62
Niva Bupa Health Ins. Co. Ltd.	268.29	173.06	1,918.08	1,150.26	1.19	66.75
Care Health Insurance Limited	369.17	222.93	2,649.42	1,755.50	1.64	50.92
Star Health & Allied Ins. Co. Ltd.	864.08	748.72	7,770.99	6,127.85	4.82	26.81
Reliance Health Ins. Ltd.*	---	---	(0.02)	(0.01)	(0.00)	NA
Stand-alone Pvt Health Insurers	**1,740.15**	**1,325.03**	**14,198.42**	**10,421.26**	**8.81**	**36.24**
Agricultural Ins. Co.of India Ltd.	1,001.17	773.83	9,865.96	8,962.02	6.12	10.09
ECGC Limited	102.16	99.95	738.77	716.07	0.46	3.17
Specialized PSU Insurers	**1,103.33**	**873.78**	**10,604.73**	**9,678.09**	**6.58**	**9.57**
GRAND TOTAL	**18,953.09**	**17,662.32**	**1,61,081.60**	**1,44,879.54**	**100.00**	**11.18**

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.

Performance STATISTICS - LIFE INSURANCE

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

(` Crores)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies / Schemes				
		Month of Dec-2021	Upto Dec-2021	Month of Dec-2020	Upto Dec-2020	YTD Variation in %	Month of Dec-2021	Upto Dec-2021	Month of Dec-2020	Upto Dec-2020	YTD Variation in %
1	**Aditya Birla Sun Life Insurance Co. Ltd.**										
	Individual Single Premium	32.24	179.91	13.59	89.77	100.42%	322	1845	196	1387	33.02%
	Individual Non Single Premium	283.01	1436.38	241.47	1247.14	15.17%	24523	150710	25035	177691	-15.18%
	Group Single Premium	199.78	2065.68	256.84	1780.00	16.05%	10	56	5	40	40.00%
	Group Non Single Premium	16.82	21.24	-0.44	53.51	-60.31%	2	4	0	1	300.00%
	Total	**544.20**	**3807.88**	**514.04**	**3227.43**	**17.99%**	**24899**	**152732**	**25258**	**179496**	**-14.91%**
2	**Aegon Life Insurance Co. Ltd.**										
	Individual Single Premium	0.19	0.34	0.03	0.46	-27.02%	1	508	1	17	2888.24%
	Individual Non Single Premium	0.73	9.13	1.32	30.05	-69.62%	490	6376	638	11875	-46.31%
	Group Single Premium	0.00	0.00	0.00	5.23	-100.00%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**1.29**	**15.43**	**2.04**	**46.14**	**-66.55%**	**491**	**6901**	**640**	**11942**	**-42.21%**
3	**Ageas Federal Life Insurance Co. Ltd.**										
	Individual Single Premium	30.15	199.52	18.13	171.69	16.21%	515	3687	482	4602	-19.88%
	Individual Non Single Premium	42.16	237.36	29.81	154.00	54.12%	4264	26208	3904	21991	19.18%
	Group Single Premium	23.11	103.91	10.07	51.16	103.12%	1	1	0	0	---
	Group Non Single Premium	0.00	0.03	0.03	0.05	-36.88%	0	2	1	5	-60.00%
	Total	**95.42**	**540.81**	**58.03**	**376.90**	**43.49%**	**4780**	**29898**	**4387**	**26598**	**12.41%**
4	**Aviva Life Insurance Co. Ltd.**										
	Individual Single Premium	1.12	8.67	0.00	9.58	-9.47%	11	74	0	298	-75.17%
	Individual Non Single Premium	17.10	111.53	1.65	78.97	41.23%	1888	13772	192	12628	9.06%
	Group Single Premium	0.55	3.45	0.00	0.99	249.82%	0	1	0	0	---
	Group Non Single Premium	0.22	0.91	0.01	0.99	-7.65%	0	0	0	0	---
	Total	**27.16**	**183.76**	**5.76**	**133.62**	**37.52%**	**1903**	**13917**	**207**	**13040**	**6.73%**
5	**Bajaj Allianz Life Insurance Co. Ltd.**										
	Individual Single Premium	22.92	185.15	4.07	33.35	455.10%	367	2567	92	645	297.98%
	Individual Non Single Premium	459.06	2320.50	268.82	1475.06	57.32%	51677	305498	38717	288547	5.87%
	Group Single Premium	585.34	3091.55	384.04	2182.21	41.67%	10	60	1	46	30.43%
	Group Non Single Premium	0.00	0.00	0.00	0.00	-100.00%	0	0	0	0	---
	Total	**1164.55**	**5900.09**	**686.80**	**3819.97**	**54.45%**	**52071**	**308216**	**38817**	**289317**	**6.53%**
6	**Bharti AXA Life Insurance Co. Ltd.**										
	Individual Single Premium	5.72	40.67	2.35	72.62	-44.01%	49	329	83	2733	-87.96%
	Individual Non Single Premium	83.26	460.22	65.15	344.66	33.53%	12246	79111	11559	73549	7.56%
	Group Single Premium	15.31	114.34	13.46	83.15	37.51%	0	11	4	12	-8.33%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**105.50**	**617.95**	**81.14**	**502.74**	**22.92%**	**12296**	**79454**	**11646**	**76297**	**4.14%**
7	**Canara HSBC OBC Life Insurance Co. Ltd.**										
	Individual Single Premium	34.33	291.27	24.07	320.54	-9.13%	277	2500	265	2887	-13.40%
	Individual Non Single Premium	160.13	810.82	111.27	536.22	51.21%	20854	112229	19166	115829	-3.11%
	Group Single Premium	30.24	709.55	10.41	587.20	20.84%	0	3	1	9	-66.67%
	Group Non Single Premium	0.09	1.38	0.31	2.40	-42.49%	0	0	2	2	-100.00%
	Total	**226.23**	**1920.91**	**149.64**	**1580.20**	**21.56%**	**21132**	**114780**	**19442**	**118778**	**-3.37%**
8	**Edelweiss Tokio Life Insurance Co. Ltd.**										
	Individual Single Premium	2.21	17.37	0.28	4.27	307.09%	33	577	121	408	41.42%
	Individual Non Single Premium	44.08	253.54	44.49	246.53	2.84%	5908	39103	6508	51429	-23.97%
	Group Single Premium	1.91	19.86	1.53	8.37	137.35%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.20	1.39	-100.00%	0	0	0	0	---
	Total	**48.26**	**291.84**	**47.90**	**264.44**	**10.36%**	**5942**	**39686**	**6635**	**51861**	**-23.48%**
9	**Exide Life Insurance Co. Ltd.**										
	Individual Single Premium	7.35	110.55	8.59	57.68	91.68%	154	987	104	858	15.03%
	Individual Non Single Premium	72.33	451.87	56.32	348.24	29.76%	11251	84628	13502	99001	-14.52%
	Group Single Premium	0.00	0.41	0.07	0.44	-6.73%	0	0	0	0	---
	Group Non Single Premium	0.29	31.35	1.61	12.27	155.52%	0	11	3	21	-47.62%
	Total	**81.51**	**667.46**	**73.64**	**454.41**	**46.88%**	**11405**	**85626**	**13609**	**99880**	**-14.27%**
10	**Future Generali India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.39	3.06	0.27	1.94	57.81%	17	113	14	88	28.41%
	Individual Non Single Premium	33.85	177.57	32.34	185.42	-4.24%	4505	24459	4304	33609	-27.22%
	Group Single Premium	0.78	17.25	10.08	37.67	-54.20%	0	0	0	5	-100.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**47.53**	**288.97**	**57.04**	**271.86**	**6.29%**	**4523**	**24590**	**4324**	**33725**	**-27.09%**
11	**HDFC Life Insurance Co. Ltd.**										
	Individual Single Premium	434.67	2834.57	371.47	2462.28	15.12%	5298	33513	3491	28406	17.98%
	Individual Non Single Premium	886.19	5283.88	669.64	4365.34	21.04%	91747	605785	79829	647109	-6.39%
	Group Single Premium	1624.94	8813.96	847.64	6662.96	32.28%	21	94	18	120	-21.67%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**2973.74**	**17188.37**	**1910.27**	**13631.74**	**26.09%**	**97077**	**639436**	**83340**	**675700**	**-5.37%**
12	**ICICI Prudential Life Insurance Co. Ltd.**										
	Individual Single Premium	329.78	2395.64	237.18	1465.71	63.45%	3516	24322	2527	16732	45.36%
	Individual Non Single Premium	592.65	3984.95	540.96	3158.37	26.17%	59967	427005	59640	423189	0.90%
	Group Single Premium	314.67	1972.99	275.62	1324.04	49.01%	16	91	12	55	65.45%
	Group Non Single Premium	0.01	0.23	0.00	0.00	---	0	0	0	0	---
	Total	**1380.93**	**10247.54**	**1469.45**	**7898.93**	**29.73%**	**63547**	**452305**	**62423**	**441943**	**2.34%**

Performance STATISTICS - LIFE INSURANCE

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

(` Crores)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies / Schemes				
		Month of Dec-2021	Upto Dec-2021	Month of Dec-2020	Upto Dec-2020	YTD Variation in %	Month of Dec-2021	Upto Dec-2021	Month of Dec-2020	Upto Dec-2020	YTD Variation in %
13	**IndiaFirst Life Insurance Co. Ltd.**										
	Individual Single Premium	14.93	64.95	6.62	21.62	200.37%	291	1482	300	910	62.86%
	Individual Non Single Premium	161.70	888.24	100.44	530.11	67.56%	29618	178733	21314	127563	40.11%
	Group Single Premium	116.89	966.62	133.02	818.64	18.08%	11	217	23	141	53.90%
	Group Non Single Premium	0.00	0.42	0.02	0.36	16.44%	0	0	0	2	-100.00%
	Total	**293.52**	**1920.22**	**240.10**	**1370.73**	**40.09%**	**29920**	**180432**	**21637**	**128616**	**40.29%**
14	**Kotak Mahindra Life Insurance Co. Ltd.**										
	Individual Single Premium	123.63	760.52	132.57	658.53	15.49%	6280	26823	2362	25925	3.46%
	Individual Non Single Premium	221.40	1112.33	178.39	925.62	20.17%	31999	173718	29412	185558	-6.38%
	Group Single Premium	157.48	1028.91	101.21	548.82	87.48%	3	64	19	145	-55.86%
	Group Non Single Premium	1.57	2.52	0.08	0.42	493.02%	1	8	2	14	-42.86%
	Total	**563.94**	**3687.15**	**569.12**	**2843.73**	**29.66%**	**38307**	**201029**	**31838**	**212132**	**-5.23%**
15	**Max Life Insurance Co. Ltd.**										
	Individual Single Premium	186.04	1187.91	170.66	1040.63	14.15%	569	4914	568	3972	23.72%
	Individual Non Single Premium	751.34	3532.14	532.65	2877.01	22.77%	69052	406716	62907	426753	-4.70%
	Group Single Premium	77.88	523.83	60.14	255.58	104.96%	0	25	3	14	78.57%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**1013.08**	**5285.49**	**768.07**	**4243.61**	**24.55%**	**69625**	**411680**	**63458**	**431131**	**-4.51%**
16	**PNB Metlife Life Insurance Co. Ltd.**										
	Individual Single Premium	11.21	98.48	10.85	66.89	47.23%	170	1425	155	950	50.00%
	Individual Non Single Premium	217.12	1042.52	163.08	865.45	20.46%	27171	171293	24750	163773	4.59%
	Group Single Premium	46.93	297.08	42.43	199.95	48.58%	1	2	0	0	---
	Group Non Single Premium	0.07	0.84	0.07	0.48	73.28%	4	85	23	127	-33.07%
	Total	**282.67**	**1533.00**	**220.94**	**1170.39**	**30.98%**	**27346**	**172805**	**24928**	**164850**	**4.83%**
17	**Pramerica Life Insurance Limited.**										
	Individual Single Premium	0.62	4.13	0.10	1.54	168.95%	15	80	5	2013	-96.03%
	Individual Non Single Premium	10.62	82.69	10.28	84.53	-2.18%	3282	19816	3099	18759	5.63%
	Group Single Premium	11.97	74.82	11.43	48.57	54.03%	2	11	0	10	10.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	8
	Total	**26.91**	**197.71**	**22.73**	**156.05**	**26.69%**	**3302**	**19998**	**3109**	**20945**	**-4.52%**
18	**Reliance Nippon Life Insurance Co. Ltd.**										
	Individual Single Premium	4.51	34.37	9.94	38.25	-10.17%	134	1085	154	1106	-1.90%
	Individual Non Single Premium	124.31	633.49	103.77	582.06	8.84%	15468	109554	19018	130652	-16.15%
	Group Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Non Single Premium	92.63	197.26	19.80	83.30	136.80%	6	31	5	22	40.91%
	Total	**230.41**	**887.98**	**134.67**	**712.24**	**24.67%**	**15615**	**110715**	**19185**	**131820**	**-16.01%**
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	510.38	2820.87	307.55	1724.13	63.61%	8772	66348	5296	32388	104.85%
	Individual Non Single Premium	1872.29	8790.77	1584.89	6405.66	37.23%	233244	1244444	206240	1063178	17.05%
	Group Single Premium	523.97	6882.54	402.06	6035.14	14.04%	16	118	35	120	-1.67%
	Group Non Single Premium	1.84	16.49	0.51	11.32	45.68%	0	0	0	2	-100.00%
	Total	**2943.09**	**18792.00**	**2322.44**	**14438.41**	**30.15%**	**242041**	**1310995**	**211585**	**1095957**	**19.62%**
21	**Shriram Life Insurance Co. Ltd.**										
	Individual Single Premium	7.09	49.29	6.61	37.37	31.89%	971	6394	156	1054	506.64%
	Individual Non Single Premium	61.66	331.88	62.22	317.58	4.50%	24896	166076	34585	179152	-7.30%
	Group Single Premium	33.66	170.05	26.75	94.69	79.59%	1	3	1	3	0.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**118.13**	**628.72**	**106.31**	**525.74**	**19.59%**	**25869**	**172541**	**34784**	**180298**	**-4.30%**
22	**Star Union Dai-Ichi Life Insurance Co. Ltd.**										
	Individual Single Premium	14.45	110.50	23.07	127.75	-13.51%	312	2154	446	2468	-12.72%
	Individual Non Single Premium	131.98	689.01	98.47	424.08	62.47%	14819	87062	13194	61091	42.51%
	Group Single Premium	29.69	154.20	22.09	90.94	69.55%	0	3	0	2	50.00%
	Group Non Single Premium	0.00	0.06	0.09	0.96	-93.80%	0	0	0	0	---
	Total	**203.62**	**1309.31**	**156.92**	**728.30**	**79.78%**	**15136**	**89264**	**13643**	**63574**	**40.41%**
23	**Tata AIA Life Insurance Co. Ltd.**										
	Individual Single Premium	54.98	376.07	69.14	487.85	-22.91%	588	3745	389	2953	26.82%
	Individual Non Single Premium	580.78	2748.09	361.57	2061.53	33.30%	66708	339143	41792	300351	12.92%
	Group Single Premium	12.67	60.87	4.08	16.05	279.34%	0	2	0	1	100.00%
	Group Non Single Premium	0.61	3.15	2.26	44.68	-92.96%	0	12	2	43	-72.09%
	Total	**660.65**	**3304.24**	**440.67**	**2644.37**	**24.95%**	**67316**	**343078**	**42215**	**303534**	**13.03%**
	Private										
	Individual Single Premium	1828.90	11773.82	1417.11	8894.46	32.37%	28662	185472	17207	132800	39.66%
	Individual Non Single Premium	6807.74	35388.88	5258.99	27243.63	29.90%	805577	4771439	719305	4613277	3.43%
	Group Single Premium	3807.78	27071.87	2612.97	20831.79	29.95%	92	762	122	723	5.39%
	Group Non Single Premium	114.17	275.88	24.56	212.14	30.05%	13	153	38	239	-35.98%
	Private Total	**13032.33**	**79216.84**	**10037.72**	**61041.96**	**29.77%**	**834543**	**4960078**	**737110**	**4751434**	**4.39%**
24	**Life Insurance Corporation of India**										
	Individual Single Premium	2072.46	16671.27	1885.89	23007.18	-27.54%	88558	646388	86023	679742	-4.91%
	Individual Non Single Premium	2938.50	19154.58	2773.98	17494.63	9.49%	2053881	12001796	2195465	10853231	10.58%
	Group Single Premium	6017.79	87331.60	9328.42	84046.71	3.91%	183	364	102	271	34.32%
	Group Non Single Premium	313.20	1908.98	326.95	5016.21	-61.94%	729	5077	799	4763	6.59%
	Total	**11434.13**	**126015.01**	**14345.70**	**130004.43**	**-3.07%**	**2147889**	**12673354**	**2284675**	**11554067**	**9.69%**
	GRAND TOTAL	**24466.46**	**205231.86**	**24383.42**	**191046.39**	**7.43%**	**2982432**	**17633432**	**3021785**	**16305501**	**8.14%**

Glossary

Stop Loss/Excess Loss
Individual or group policies providing coverage to a health plan, a self-insured employer plan, or a medical provider providing coverage to insure against the risk that any one claim or an entire plan's losses will exceed a specified dollar amount.

Structured Securities
Loan-backed securities that have been divided into two or more classes of investors where the payment of interest and/or principal of any class of securities has been allocated in a manner that is not proportional to interest and/or principal received by the issuer from the mortgage pool or other underlying securities.

Structured Settlements
Periodic fixed payments to a claimant for a determinable period, or for life, for the settlement of a claim.

Poll

Do you think it is high time for insurance industry to focus on climate change and its future impact on industry?

Yes

No

Can't say

Results of Poll in our January 2022 Issue

Do you think insurance industry is suffering due to IRDAI remaining headless for months?

Yes	100
No	00
Can't say	00

You may send your views to :

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

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