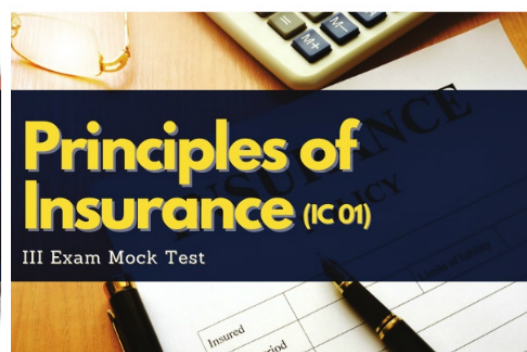




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The Editorial team of The Insurance Times wishes a very very happy and hopeful new year 2022 to all the Readers, Subscribers, Advertisers, Authors, and all the vendors directly or indirectly associates with the publication. We pray to god that we recover from the Covid effects soon. Stay Healthy. Stay safe.

Our Publication has completed Fourty One years of its successful and regular publication in December 2021. It has been a quite eventful journey over last four decades, which saw many ups and downs. Still our passion to serve and educate the industry remained on forefront and still continuing. The love and affection of our readers has been the pillar of strength.

We have taken lot of online initiatives like Mobile App, Online webinars, Online Insurance News Desk which has been quite popular among masses. We shall keep on innovating to provide best reading experience to our readers. We solicit your feedback and suggestions for more value additions.

Last year we also launched www.smartonlinecourse.co.in an online learning platform offering variety of courses on insurance, banking and risk management. Our flagship course Online Certificate Course on Risk Management has been quite popular and saw enrollments from more than 7 countries.

IRDAI is still headless with no Chairman being appointed, post retirement of Mr Khuntia. Government should take steps to immediately fill the vacancy. Being headless for so long sends a wrong message to industry and International markets. Insurance Industry is growing rapidly and Industry cannot afford to suffer due to indecisiveness of Government.

2022 will witness one of the biggest launch of IPO by LIC. LIC has been vigorously preparing for the IPO and it will set a trend for the market.

More innovation is expected in terms of product offering and services in the insurance industry. The Market dynamics and consumer demands and preferences are changing rapidly. Industry must rise upto the expectation of the market and should take initiatives to reach out to the remotest corner of the country.

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General Insurance

News

Edelweiss General Insurance joins hands with PhonePe

Edelweiss General Insurance (EGI) has partnered with PhonePe, a fintech firm in the digital payments space, to offer quick and easy, digital motor insurance products to all its customers. The partnership will help EGI reach out to PhonePe's vast and growing network of customers and offer them simple, end to end digital solutions in the motor insurance segment.

According to the press release, PhonePe customers can purchase EGI's motor insurance policy in just a few clicks with Zero paperwork. Customers can also opt for add-on benefits like depreciation protect, engine protection, consumable expense protect, roadside assistance, key and lock protect, to suit their individual needs.

Parliament passes bill to prevent clam disasters through surveillance

The Parliament passed a bill to prevent dam disasters through regular surveillance, inspection, operation and maintenance, with Rajya Sabha approving the legislation amid several Opposition parties calling it an assault on federal-

ism and demanding that the bill be sent to the select committee for scrutiny.

Lok Sabha had passed the Dam Safety Bill, 2019, which seeks to provide a robust legal and institutional framework for ensuring the safety of dams, in August 2019. The Upper House passed the bill by voice vote even as a motion to send it to the select committee of the house was defeated with 80 lawmakers voting against it and 26 in favour.

Responding to a discussion on the bill in which 22 MPs took part, Union minister of Jal Shakti Gajendra Singh Shekhawat alleviated the concerns of several opposition MPs that the Centre's intention was to encroach on the powers of state governments, saying the government followed the principle of cooperative federalism in its working.

Non-life insurers' gross direct premium up 5.5%

The gross direct premium written by non-life insurance companies rose by 5.5 per cent to Rs 15,743.22 crore in November, data from IRDAI showed.

The 31 non-life insurance companies had written premiums worth Rs 14,919.43 crore in November 2020.

Of these, the 24 general insurance companies witnessed a 4.2 per cent increase in their gross direct premium during the month at Rs 13,566.39 crore, Insurance Regulatory and Development Authority of India (IRDAI) said.

For the five standalone private sector health insurance providers, the gross direct premium in November stood at Rs 1,516.77 crore, a jump of nearly 30 per cent from the year-ago period.

However, the two specialized PSU insurers -- Agricultural Insurance Company Ltd and ECGC Ltd -- reported a decline of about 10 per cent in their combined gross direct premium during the month at Rs 660.06 crore.

On a cumulative basis, the gross direct premium written by all the insurers during April-November period of FY22 increased 11.72 per cent to Rs 1,42,128.88 crore, as per IRDAI data.

48000 people died in accidents on National Highways in 2020

A total of 47,984 people died due to road accidents on National Highways, including on expressways, during calendar year 2020, Parliament was informed.

In a written reply to the Lok Sabha, Minister of Road Transport and Highways Nitin Gadkari said as many as 53,872 persons died due to road accidents on National Highways, including on expressways, in 2019.

Gadkari said the major causes of accidents on the National Highways (NHs) are vehicle design and condition, road engineering, over-speeding, drunken driving/ consumption of alcohol & drug, driving on wrong side, jumping the red light, use of mobile phone, etc.

He also said the ministry has issued guidelines for improving the road safety through road safety audits at all stages (design stage, construction stage and O&M stage) by engaging independent road safety experts.

Replying to a separate question, Gadkari said during the oxygen crisis in March-April 2021, shortage of technically qualified trained drivers to handle Liquid Medical Oxygen (LMO) Tankers was reported.

"Taking into account the continuous rise in requirement for transportation of liquid oxygen (LOX), extended period of oxygen management, addition to the inventory of cryogenic tankers and high fatigue/ attrition rate due to 24X7 operations, the Ministry issued advisory to states to create a pool of trained drivers for transporting hazardous cargo," he said.

TCS to help expand Swiss Re's cloud-based digital workplace

Indian IT services company TCS has expanded its 18-year old strategic partnership with Swiss Re, an international provider of insurance-based risk transfer, to help the European firm a cloud-based digital workspace the to drive greater collaboration and innovation. TCS will help Swiss Re to further de-

velop a future-ready workplace using Microsoft technologies and manage the underlying operations. Adopting agile ways of working, Swiss Re and TCS will work collaboratively to deliver a persona-based, insights-driven user experience for over 18,000 end-users.

"Accelerating Swiss Re's journey to become a leading tech and data-led risk knowledge company, we work closely with our partners to co-create new and innovative solutions by leveraging technology and data to drive value for our clients," said Youngran Kim, Group Chief Technology Officer, Swiss Re.

"The key to building an innovative, future-ready organization is a vibrant digital workplace that fosters creativity and collaboration, while keeping data and interactions secure. TCS is thrilled to expand its long-standing partnership with Swiss Re to build a new digital workplace using Microsoft technologies and help them accelerate their innovation and growth," said Siva Ganesan, Global Head, Microsoft Business Unit, TCS.

Maharashtra warns of action against crop insurance firms

Crop insurance companies and the Maharashtra government are once again at loggerheads as the State Agriculture Minister Dada Bhuse has ordered the companies to make quick decisions on insurance claims submitted by farmers for Kharif 2020 losses incurred due to unseasonal rains. Farmers participated in the insurance scheme for Kharif 2020 season. Estimated crop loss evaluated is Rs. 1,068 crore of which Rs. 844 crore has been given to farmers.

"The pending insurance claim of Rs. 223.35 crore should be deposited in the bank accounts of farmers within

the next 8 days," Bhuse told company representatives in a recent meeting in Mumbai.

Bhuse added that farmers whose claims were rejected must be given another chance to get their losses evaluated.

Digital frauds a worry for central bank digital currency

The risk of cyber frauds is one of the major challenges to rolling out a central bank digital currency, requiring systems that thwart such malafide attempts, Reserve Bank of India (RBI) governor Shaktikanta Das.

"(The) main concern comes from the angle of cyber security and the possibility of digital frauds so we have to be very careful about that. A few years ago, we had major concerns around fake Indian currency notes. Similar things can also happen when you are launching central bank digital currency (CBDC)," Das told reporters at a post-policy press conference.

Das pointed out that even in the CBDC universe, one has to ensure cyber security and take preemptive steps to prevent any kind of fraud.

"There will be attempts so we need to have a robust system to present such things," he added.

A central bank digital currency is a sovereign currency in an electronic form and would appear as liability (currency in circulation) on a central bank's balance sheet. A 2021 survey by the Bank for International Settlements (BIS) found that 86% of central banks were actively researching the potential for CBDCs, 60% were experimenting with the technology and 14% were deploying pilot projects.

CBDCs can be designed for use either among financial intermediaries only

(wholesale CBDCs) or by the wider economy (retail CBDCs), according to BIS Annual Economic Report 2021. RBI deputy governor T Rabi Sankar said that the central bank has already made significant progress on the wholesale component of the CBDC, while the retail component will take longer.

Shriram Group to merge fin biz, spin off insurance

Shriram group has announced a consolidation exercise that will create India's largest retail financing NBFC. The Chennai-headquartered group said that the boards of its group companies have cleared a restructuring process which will bring all finance businesses under one entity, spin off insurance business into a separate entity and thereby sharpen focus on businesses.

Under the terms of restructuring, Shriram Capital, the holding company of the group which counts promoters, Piramal and TPG as shareholders and Shriram City Union Finance, the retail lending arm of the group, will be merged into Shriram Transport Finance. The merged Shriram Transport will be renamed as Shriram Finance. The insurance business will be hived off and all other businesses will be held separately outside the listed entity. Pursuant to the merger, Shriram Transport will issue 1.55 shares for every one share of Shriram City and 0.097 shares for every one share of Shriram Capital.

InsuranceDekho hires Haitong India to raise up to \$100 million

InsuranceDekho, an insurtech startup, plans to do a Series A capital raise of \$ 40-50 million, Ankit Agrawal, CEO and Co-Founder has said.

"We will hit the market soon. This will

be one of the biggest Series A capital raise round for a company in this insurtech space", Agarwal said.

To further expand its reach in Tier 3 and beyond cities, InsuranceDekho has come up with a new initiative, 'InsuranceDekho Saathi' under which users would be able to evaluate and buy insurance products from their trusted local offline stores. For this initiative, this insurtech proposes to partner with 50,000 micro-entrepreneurs by the end of FY'22 across 500+ Tier 3 cities to further deepen its reach and give more choice to its customers. These micro-entrepreneurs are engaged as Point of Sales Persons (PoSPs) of InsuranceDekho.

All InsuranceDekho Saathi partners will create awareness about and cross-sell insurance products as allowed under IRDAI guidelines like life insurance, health and motor insurance to their network and assist local customers with policy support and claim settlement on the field.

"Insurance penetration in India is ~4% currently, and this number further dwindles as we move to Tier 3 and beyond cities. We believe that there is an imminent need for us to create awareness about and expand the distribution of insurance products in the country. Backed with this vision, we launched the InsuranceDekho Saathi program earlier this year and have observed high traction from both partners and customers. The initiative is a true win-win for the ecosystem as it helps our Saathi partners to find social standing and increase their income opportunities while at the same time enabling customers to buy an insurance product from their trusted local retail partner," Agrawal said.

Flipkart to offer furniture protection plan

E-commerce major Flipkart announced

the launch of insurance cover for accidental and stain damage on select furniture products sold on the platform. The items covered will include office chairs, office tables, and mattresses, among other things.

Flipkart has partnered with Cover Genius to offer the insurance plan titled 'Complete Furniture Protection'.

The company said the insurance plan will cover accidental stains and damage protection for one year and also come with a three-year extended warranty. Additionally, it can go up to a period of six years including manufacturer warranty, it added.

The plan offerings start at Rs. 199 and go up to Rs. 1,999 as per different slabs for different products and their pricing.

Flipkart said starting with furniture, it will, in partnership with Cover Genius, continue evolving such value-added service offerings across various product categories in the future.

Bajaj Allianz General Insurance announces 'Drone Insurance'

Bajaj Allianz General Insurance announced its association with TropoGo, a deep-tech start-up, for the distribution of a one-of-its-kind Drone Insurance product in the country. The drone insurance product will cover Damage to the Drone & Payload it carries, Third Party Liability along with additional covers for BVLOS (Beyond Visual Line of Sight) Endorsement and Night Flying Endorsement. The insurance protection offered for the Damage to the Drone & Payload it carries will provide coverage for the replacement or repair, accidental loss of or damage to the UAS (Unmanned Aircraft System) arising from the risks covered, including disappearance if the UAS is unreported after the commencement of Flight. □

IRDAI questions price hikes by reinsurers

Concerned over pricing pressures in life and non-life products in the wake of Covid, the Insurance Regulatory and Development Authority of India (IRDAI) has questioned global reinsurers on rate hikes at this juncture. The insurance regulator has also asked the government for health regulations or some power to regulate hospitals as it is not possible to control health insurance costs without control over hospitals.

The pandemic is making both life and health insurance more expensive. Life insurers have been complaining about back-to-back rate hikes by international reinsurance companies like Munich Re, which control the prices of term insurance. Non-life insurance companies have seen hospitals increase their billing and reject cashless treatment, a mode where insurance companies have more control over pricing.

Speaking at an insurance summit IRDAI member (non-life) T L Alamelu said that, during the pandemic, the health insurance industry has settled 27.5 lakh claims for Rs 25,000 crore, while the life industry has settled death claims of nearly 1.7 lakh amounting to Rs 14,000 crore as claims. Alamelu said that unlike insurers, hospitals can keep increasing tariffs. "As an insurance regulator,

we do find it difficult to regulate the health ecosystem."

Comparing it to having to operate with hands tied behind the back, she said that there have been cases where patients were stuck as hospitals were refusing to accept 'cashless treatment' where insurers settle bills directly with insurance companies. "We had to step in and ask the state governments in such cases," she said. "There should be a regulator for the health sector, or we should be allowed to regulate," she said.

'Delay in appointing IRDAI chairman unwarranted

An over three month delay by the centre to appoint the new IRDAI chairman following the retirement of former chairman Subhash Khuntia on May 6, is impeding regulatory progress and causing business disruptions for India's insurance sector amid the coronavirus pandemic, according to industry stakeholders.

Insiders claim that the backlog of crucial policy considerations as well as routine clearances are getting delayed even as companies themselves are suffering from a possible lack of regulatory oversight. These concerns have been further exacerbated as the country's life and health insurance sector have taken massive hits on finances in the June quarter owing to the devastating second wave of infections.

Highlighting one such concern, an industry executive requesting anonymity said: "The renewal of reinsurance Unique Identity Numbers (UIN) has been stuck for several weeks now in the general insurance category. These are routine clearances and delays are affecting the pricing of policies being offered to brokers and customers alike."

Hospitals needs to be regulated

Insurance regulator IRDAI wants hospitals to be regulated and is not averse to even doing it by itself if allowed by law, a top official said.

"We wish that there is a regulator or we are allowed to regulate hospitals," said T L Alamelu while virtually addressing the Insurance and Pensions Summit.

This stance comes on the heels of captains of the general insurance industry pitching for a separate regulator for hospitals. Recently Tapen Singhel, who is MD&CEO of Bajaj Allianz General Insurance Company and Chairman of CII National Committee on Insurance and Pensions, had said that concerns over rising health insurance premiums during the pandemic could only be addressed by setting up a regulator for hospitals and a revision in GST rate from 18 per cent to 5 per cent.

Krishnan Ramachandran, Co-Chair, CII National Committee on Insurance and

Pensions, said at the summit that "even with increasing penetration, etc. we will need to factor for general and medical inflation and given that medical inflation operates significantly higher than CPI, there will need to be a correction cycle from a pricing standpoint".

Meanwhile, even as the insurance industry favours another round of premium increases, the regulator does not see merit in such an approach. Alamelu noted that IRDAI is keeping a close watch on how insurers handle the premium increase aspect.

Alamelu also said that "InsurTechs and FinTechs are both ways for the industry to move forward" and that the "regulator has allowed the industry to do digital policies and we have in the regulatory sandbox encouraged this marriage between the InsurTech and insurers."

Intermediaries can maintain current accounts in appropriate number of banks: IRDAI

IRDAI said insurance intermediaries, including entities sponsored by them, can maintain current accounts in appropriate number of banks for the purpose of meeting regulatory requirements and reinsurance business.

In August 2020, 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 RBI 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.

In a circular, the Insurance Regulatory and Development Authority of India

(IRDAI) said it has been observed that the insurance intermediaries maintain multiple current accounts with banks at different operational levels (branch offices, and corporate offices, among others), for regulatory and other purposes.

"...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," IRDAI said.

The regulator had received representations from the intermediaries in regards to maintaining current accounts with banks.

The circular has been issued to avoid hardships, if any, faced by the insurance intermediaries.

IRDAI, however, asked the insurance intermediaries to review annually the need for having multiple current accounts and rationalisation.

General insurers settle only third of claim amount due to natural calamities during FY21

General insurers settled only a third of the total claim amount due to natural calamities during the financial year ended March 2021, amounting to nearly Rs 761 crore, according to data from IRDAI.

Catastrophic events due to cyclones and floods in 2020-21 led to the reporting of as many as 34,304 claims worth Rs 2,559.10 crore, according to the 2020-21 annual report of the Insurance Regulatory and Development Authority of India (IRDAI).

The fiscal gone by witnessed cyclones such as Amphan, Nisarga and Nivar af-

fecting states such as West Bengal, Odisha, Maharashtra, Gujarat and other neighbouring states during June 2020.

While Telangana, Andhra Pradesh, Karnataka and Maharashtra witnessed floods in October last year.

Against a claim amount of Rs 2,559.10 crore due to these catastrophic events, the general insurers settled claims worth Rs 760.68 crore (27,576 claims), nearly 30 per cent the claims amount.

Claims worth Rs 1,705.52 crore are outstanding against a total of 3,428 claims, IRDAI said in its annual report FY21.

Of the claims settled during the year, the highest was towards cyclone Amphan at Rs 470.94 crore (11,512 claims) affecting West Bengal and Odisha, followed by floods in Telangana (Rs 151.30 crore), cyclone Nisarga in Gujarat and Maharashtra (Rs 93.03 crore).

"In respect of the majority of the cases, claims are outstanding due to reinstatement of property not having taken place. 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," IRDAI said.

In 2021, cyclones Tauktae and Yaas caused losses to property in some parts of the country.

IRDAI said that during the current financial year 2021-22 also, it has issued guidance to insurers to attend to the claims arising out of such events promptly.

As on June 30, 2021, claims amounting to Rs 1,351 crore were reported by 18,194 claimants due to cyclones Tauktae and Yaas. Out of this, claims amounting to Rs 38.40 crore were settled to 6,671 claimants, it said.

The disposal of pending claims at various stages is being monitored by the Authority regularly, it said in the report. □

LIC of India

News

LIC can hike Kotak stake to 10%: RBI

The RBI has allowed LIC to hike its stake in Kotak Mahindra Bank to up to 9.99% from the current 4.96%. Kotak Mahindra Bank's shares rose 3% following the announcement.

The RBI's permission comes in the wake of the central bank finalising new norms on ownership of private banks where it clarified that non-promoters would be allowed to hold up to 10% for individuals and non-financial institutions. Analysts feel that this is an enabling provision to ensure that the insurance giant is not in breach of norms.

The RBI requires prior permission before investors buy more than 5% stake in a bank. At current levels, LIC was very close to the 5% limit. In an exchange filing, Kotak Mahindra Bank said that it has received an intimation from LIC of the approval, which is valid for a year.

Link PAN to LIC policies for IPO quota

Life insurance major LIC has asked its policyholders who also have a demat account to link their income tax PAN with their policies so that they can apply in its IPO under the reserved category. Those LIC policyholders who do

not have a demat account yet could open one and link PAN to their policies under this facility to apply in the IPO under this category.

The government is eyeing around Rs. 1 lakh crore by divesting part of its stake in the life insurance major through the IPO, expected in the next few months. This is sure to be the largest IPO in India, far ahead of the recently closed PayTM offer that was worth about Rs 18,300 crore, official data showed.

Earlier this year, the government amended the LIC Act, 1956 to allow the company to offer shares to its policyholders when it goes for an IPO. Through an advertisement, LIC also informed its policyholders that NPAs fall ahead of IPO.

Life Insurance Corporation (LIC) of India has provided heavily against its debt portfolio and managed to bring down its net non-performing assets (NPAs), as well as gross NPAs, in 2020-21 (FY21). The corporation has made provisions to the tune of Rs 37,341.6 crore, of which Rs 34,934.97 crore is towards doubtful, sub-standard, and loss assets.

LIC launches new plan, Dhan Rekha

LIC has introduced a plan 'Dhan Rekha' with special rates for women and guar-

anteed benefits. The benefits include a periodic return of the basic sum insured plus the entire sum assured upon maturity. The corporation has said that this policy is also allowed for the third-gender.

The policy is a non-participating, non-linked individual savings plan, which enables the corporation to offer assured benefits. Guaranteed additions accrue at the end of each policy year starting from the sixth policy year to the end of its term. The life cover is 125% of basic sum insured for single premium policies while for limited period premium payment, the cover is 125% of sum assured or seven times the annualised premium, whichever is higher.

For single premium death sum assured is 125% of basic sum assured plus guaranteed additions. For limited payment premium, death sum assured is 125% of basic sum Assured or seven times of annualised premium, whichever is higher.

There is a provision to receive maturity and death benefit in installments over 5 years instead of lump sum. The minimum sum assured under this plan is Rs 2 lakh and no limit for maximum sum assured. The minimum age at entry ranges from 90 days to 8 years according to chosen policy term. The maximum age at entry ranges from 35 years to 55 years.

RBI allows LIC to raise holding in IndusInd Bank to 10%

Reserve Bank of India (RBI) has approved the largest insurer in India Life Insurance Corporation to raise its stake in IndusInd Bank to up to 9.99 per cent.

"We are pleased to inform you that the Bank has received an intimation from the RBI on December 9, 2021, that it has granted its approval to Life Insurance Corporation (LIC) to acquire up to 9.99 per cent of the total issued and paid-up capital of the bank," said IndusInd Bank in a regulatory exchange filing.

LIC already holds a 4.59 per cent stake in the bank.

LIC investment income grows by a robust 16.66% in FY21

LIC recorded a robust 16.66 per cent increase in income from investments (including capital gains) in financial year 2020-21 at Rs. 2.73 lakh crore (Rs. 2.34 lakh crore), its annual report for 2020-21 showed.

Total premium income of LIC grew 6.33 per cent to Rs. 4.03 lakh crore in 2020-21 as compared to Rs. 3.79 lakh crore in the previous year.

During 2020-21, the LIC's long-term investment holding in equity saw a massive jump to Rs. 5.94 lakh crore from Rs. 3.31 lakh crore as of end of March 2020.

LIC, which is expected to hit the capital market with an IPO in the fourth quarter this fiscal, is now capitalised at Rs. 10,000 crore, with the entire holding by the government. The Reserves and Surplus of LIC as of end March 2021 stood at whopping Rs. 5.94 lakh crore.

In financial year 2020-21, the total first year premium of life insurers increased by 7.49 per cent to Rs. 2,78,278 crore as compared to Rs. 2,58,897 crore in the previous fiscal. The number of new policies declined by 2.49 per cent to 2.82 crore in 2020-21 from 2.89 crore in the previous fiscal.

The market share of LIC stood at 66.18 per cent in total first year premium and 74.58 per cent in the number of new policies as of March 31, 2021. LIC reported a slight increase of 0.8 per cent on its Group New Business Premium in 2020-21 to over Rs. 1.28 lakh crore from Rs. 1.27 lakh crore in the previous financial year.

LIC acquires 2% stake in BPCL

Life Insurance Corporation of India (LIC) bought 4,38,02,790 equity shares or

2.01% stake of Bharat Petroleum Corporation from 11 June 2018 to 28 December 2021.

Post transaction, Life Insurance Corporation of India (LIC) increased its shareholding to 15,25,08,269 equity shares or 7.03% stake from 10,87,05,479 equity shares or 5.011% stake held in Bharat Petroleum Corporation. The deal was executed as market purchase.

As of 30 September 2021, Life Insurance Corporation (LIC) of India held 5.66% stake while the Government of India held 52.98% stake in the PSU OMC.

Embedded value of LIC likely at \$150 billion

An actuarial valuation exercise has arrived at a \$150 billion embedded value for Life Insurance Corp. of India, the first such valuation done by India's largest insurer, which is set to start road shows for its initial share sale, two people aware of the development said.

India's largest insurer has also initiated talks with several foreign investors, including pension funds, to join as anchor investors in its initial public offering, the people said.

Anchor investors are typically financial institutions that are allotted shares in a company ahead of the public offering on a discretionary basis. □

Motor insurance in Asia-Pacific to grow

The motor insurance industry in Asia-Pacific (APAC) is projected to grow from \$226.0bn in 2020 to \$294.2bn in 2025, in terms of written premiums.

A report reveals that the motor insurance industry in Asia-Pacific will grow at a compound annual growth rate (CAGR) of 5.4% over 2020-2025, supported by the recovery in new vehicle sales and product innovation in motor insurance.

Recovery in vehicle sales in 2021 is mainly driven by growing sales of electric vehicles (EV) as many economies aim to phase out internal combustion engine vehicles as part of their climate goals. For instance, Singapore aims to phase out diesel-powered vehicles by 2025, as a result, EV sales rose by over 80% during January-September 2021.

Insurers are also focusing on product innovation to drive sales. Pay-as-you-go and short-term car insurance are examples of products that gained traction during the lockdown as demand for customized motor insurance surged particularly from ride-share services providers such as Uber, Tada (South Korea), and Ola (India).

Health Insurance

News

Digit reduces health insurance waiting period for specific illnesses

Digit Insurance announced that it will start offering one of the industry's lowest waiting periods - of one year - for pre-existing diseases and specific illnesses. According to the press release, "Specific illnesses typically have a waiting period of two years, while pre-existing diseases may have a waiting period of up to four years. The offering is aimed at ensuring that more people can make a claim for hospitalization related to pre-existing illnesses or conditions and specific illnesses instead of waiting for longer periods of up to four years."

Most common specific illnesses like arthritis, gastric and duodenal erosions/ulcers, cirrhosis of liver, fibroids, ovarian cyst, haemorrhoids, fissures, etc, which typically have a waiting period of two years, will now be covered after a waiting period of one year.

As previously prevalent, the insurer, however, may ask for a medical test on a case-to-case basis before issuing a policy. Also, the policyholder will need to declare all pre-existing diseases, conditions, and symptoms at the time of buying the policy as the claim may

otherwise be rejected in case any of the information is concealed at the time of issuing the policy.

Bajaj Allianz General Insurance offers 'Health Prime' wellness rider

Underlining the importance of preventive healthcare and regular medical screening for a healthy life, Bajaj Allianz General Insurance recently launched a wellness rider, namely Health Prime, which offers cashless benefits and 4 main healthcare covers.

This includes telephone (teleconsultation) and doctor/in-person consultation, along with investigation cover (pathology/ radiology services) and annual preventive health check-ups cover. The extensive medical network where these services can be availed includes 2,500 lab chains, 90,000 doctors across 35+ specialities.

Notably, the rider is available only for existing Bajaj Allianz policyholders who hold health insurance and personal accident policies, given that it is not a standalone product and only an addition to the base policy. Accordingly, the entry age for the rider will be determined per the base policy opted by the insurer. The rider also offers 6 plans

for individuals where yearly premiums range from Rs. 63 to Rs. 1,084. There are 3 family floater plans as well, with a premium range of Rs. 1,146 to Rs. 2,348. The insured members can also avail of a free preventive healthcare checkup once every year from a range of 45+ test parameters, which include Hemogram and ESR, Liver function, Urine routine and more.

Plum partners with Razorpay Rize to offer health benefits

Employee health insurance startup Plum has partnered with Razorpay Rize to offer exclusive group health benefits to early-stage startups. Plum aims to cover over 1,00,000 new businesses and entrepreneurs. This partnership fructifies Plum's vision to help startups create a culture of 'health insurance and employee wellbeing from day-one', the company said.

"Razorpay Rize is envisioned to promote entrepreneurship in India and help first-time entrepreneurs during the early days of setting up and growing a business. Through this association, Plum aims to take an industry-first approach of helping startups with under 10 employees get insured and provide them with best-in-class health

benefits. Many early-stage entrepreneurs leave their corporate jobs along with its existing health insurance benefits to take a risk and startup. Plum wants to have them covered and encourage them to focus only on their disruptive growth journey," Plum said in a release.

No GST on top-up cover cost employees pay: AAR

The Maharashtra bench of the GST Authority for Advance Rulings (AAR) has held that recovery of an amount towards top-up of medical insurance and parental insurance premium from employees is not a supply and hence not subject to goods and services tax (GST).

The AAR held that Tata Power, which had sought this ruling, is not rendering any service of health insurance to its employees or their parents and there is no supply of insurance services. Hence, the issue of levy of GST does not arise. However, it should be noted that the company had not availed of input tax credit for the GST charged by the insurance company. In this case, the AAR bench relied on a similar ruling given in 2018 in the case of Posco India Pune Processing Center.

Lately, several AAR benches have adopted a similar stand that GST cannot be levied in cases of recovery of sums from employees for a wide range of services, such as a nominal amount recovered for canteen services or even parking. As reported by TOI earlier, the Gujarat bench of the AAR had held in the case of Tata Motors that GST would not be levied on the nominal amount recovered from employees for canteen facilities, which is passed on by the company to the third-party caterer. However, it had also added that input tax credit would be blocked.

Omicron may surge in Jan-Feb, mild cases likely

India could see a major surge in Omicron cases during January-February as the variant is expected to outpace the speed at which the Delta strain spread, a senior official source told. He said the infections, however, are likely to remain mild.

The spike, predicted after conducting modelling studies, should be no cause for panic as the infectious disease appears to be approaching a stage of endemicity in which transmissibility will remain high, but the virus will not cause severe disease, he said.

New strain infects 70 times faster, but is less severe

The omicron variant replicates around 70 times faster than delta and the original Covid-19 strain, though the infection severity is likely to be much lower, according to a University of Hong Kong study that adds weight to the early on-ground observations from South African doctors.

The supercharged speed of omicron's spread in the human bronchus was found 24 hours following infection, according to a statement from the university. The study, conducted by a team of researchers led by Michael Chan Chi-wai, found that the newest variant of concern replicated less efficiently -- more than 10 times lower -- in the human lung tissue than the original strain which may signal "lower severity of disease."

The study, which suggests that omicron jumps faster from one person to another but doesn't damage lung tissues as much as its predecessor strains did, is currently under peer review for publication in a scientific journal. Bloomberg didn't have access to the entire study.

Covid fuels 29% jump in health premium income for insurers

Covid pandemic has proved to be a boon for insurance companies. With people increasingly taking health cover to meet medical expenses, general insurance companies have reported a 29.81 per cent rise in premium income from the health segment to Rs 42,571 crore during the seven-month period ended October 2021.

This is almost double the growth of 14.3 per cent at Rs 32,796 crore witnessed in the same period of last year, when people spent most of the time indoors under a nationwide lockdown. Health premium income shot up by a record 34 per cent to Rs 5,463 crore in the month of October alone, according to figures released by insurance regulator IRDAI.

Industry sources say that demand from the retail segment is rising at a faster pace as demand for individual health policies is rising rapidly. The premium growth of standalone health insurers continues to be higher than industry average, indicating that retail premiums are growing faster than the group business as the standalone health insurers derive most of their premiums from the retail segment. Standalone health players reported a 37.85 per cent rise in premium income at Rs 10,500 crore during the 7-month period.

The rapid rise in health policies is being led by public sector New India Assurance which reported a 53.23 per cent rise in premium income to Rs 9,176 crore in seven months as against Rs 5,988 crore a year ago. The company reported a 135 per cent jump in premium income to Rs 1,327 crore in October alone, according to IRDAI. □

Private Life Insurance

News

Max Life Insurance Launches 'Max Life Smart Wealth Income Plan'

Max Life Insurance announced the launch of the 'Max Life Smart Wealth Income Plan', a comprehensive Non-Linked Participating Individual Life Insurance Savings Plan. This new product offering from Max Life provides customers with a complete solution to fulfill the financial needs of their family and loved ones. Offering additional income options, the plan allows the customers to achieve a financially protected future through various life cover and income options.

Depending on whether one wants an early income or a few years down the line, the Max Life Smart Wealth Plan offers customers the flexibility to choose a plan that matches their requirements.

There are three plan options to build a secondary income stream. The accrual of survival benefits ('Cash Bonus' and 'Guaranteed Income') can be opted for any time during the policy term as per the need.

The plan offers the flexibility to receive income and avail of life cover till 100 years, 85 years, or 75 years of attained age. One can also customize their protection cover by opting for riders.

Life premiums to rise in 2022 on spike in reinsurance costs

Life insurance premiums are set to increase in 2022 as large reinsurance companies are likely to raise charges that are likely to be passed on to customers.

Higher premiums may mean higher profitability for insurers but could also impact demand for policies at a time that awareness about insurance is at a peak.

Expectations are that premiums will rise between 20% and 40% as reinsurers will look to cover for increased losses due to higher claims.

Many companies have already applied to the Insurance Regulatory and Development Authority of India (IRDAI) seeking permission to hike charges while some are negotiating with global reinsurers to minimise the hikes. The hike in premiums is likely to impact both online and offline policies and will be the first time the online market will witness a shake-up in at least six years.

"The price increase has been talked about for six months and now looks inevitable. Higher claims due to Covid have hit reinsurers as a result of which prices have increased. We have already filed for an increase with the IRDAI on

some plans and depending on the products the increase has either been implemented or to be shortly implemented," said Vighnesh Shahane, CEO, Ageas Federal Life Insurance.

Tata AIA life insurance bets on 40% growth over next 3 years

Tata AIA Life Insurance expects a 30-40 per cent growth in business over the next three years backed by a strong push to protection and pension plans, ramping up of distribution network and with renewed emphasis on branding.

According to Naveen Tahilyani, MD and Chief Executive Officer, Tata AIA Life Insurance, pension as a category is currently a small part of their total portfolio. But the company plans to launch new products starting this month to tap into the potential growth in the segment.

The company will also continue its focus on protection plans, which currently accounts for nearly 25 per cent of its product mix.

"We grew by nearly 30 per cent in H1 and in Q2 of this fiscal. Our growth has been close to 40 per cent. We have had strong numbers in November. We are hopeful of 30-40 per cent growth over the next three years," Tahilyani told.

In FY21, the total premium income grew by 34 per cent to Rs. 11,105 crore, compared with Rs. 8,308 crore in FY-20. The total renewal premium income also witnessed a 37 per cent growth at Rs. 6,961 crore (Rs. 5,066 crore). Its 13th month persistency remained at 88.28 per cent despite the adverse impact of Covid-19 pandemic while the claim settlement ratio stands at around 98.05 per cent. The company claims to have registered 35 per cent CAGR in the retail protection business over the last two years.

Life insurers' new biz premium spikes 42%

Life insurers' new business premium (NBP) reported good performance in November after a poor showing in October, on the back of strong growth in group single premiums for both private insurers and Life Insurance Corporation (LIC) of India. In November, 24 life insurers, including LIC, reported NBP to the tune of Rs 27,177 crore, up 42 per cent year-on-year (YoY) from the year-ago period.

Private insurers' NBP rose 58.63 per cent YoY to Rs 11,209.75 crore as group single premiums more than doubled during this period. Private players saw their individual single premiums rise 32.5 per cent, while individual single premiums, as well as renewable premiums, posted decent growth in the same period.

NBP is the premium acquired from new policies in a particular year.

State-owned insurance behemoth LIC also posted impressive growth of 32 per cent in NBP during the same period after a muted performance in the last few months. LIC reported NBP of Rs 15,967.51 crore.

Among large private players, SBI Life

witnessed exceptional growth of 150 per cent YoY in NBP, while other large entities like HDFC Life, ICICI Prudential Life, and Max Life Insurance posted NBP growth of over 25 per cent.

ICICI Pru first insurer to sign UNPRI on ESG issues

ICICI Prudential Life Insurance has recently signed United Nations supported Principles for Responsible Investment (UNPRI) demonstrating its commitment towards Environment, Social and Governance (ESG) In its journey towards promoting sustainability, the Company is integrating ESG factors into its investment management framework. As a responsible corporate it has also adopted sustainability principles across its business activities. The company in a recent release said, the sustainability framework is built on three pillars of ESG which include leaving the planet a better place for the next generation, giving back to society and transparency in functioning.

With Assets under Management of over ₹2.37 trillion, ICICI Prudential Life Insurance is a key institutional investor and believes integrating the ESG framework in its investment management practices will ensure sustainable value creation for all stakeholders, the release said adding, "The Company also engages with investee companies on ESG issues to ensure the business operates in a responsible and sustainable manner, benefitting the environment, society and investors."

Insurance plan for defence, security and police

Canara HSBC Oriental Bank of Commerce Life Insurance has launched

'Guaranteed Suraksha Kavach', a life insurance plan primarily aimed at personnel in defence, security & police. The company's dedicated defence channel, GARV will be used to distribute the product. The insurance plan aims to provide guaranteed benefits for the life term and financial aid against risk of death from two plans Futures Suraksha and Income Suraksha. It also provides the option of creating early retirement benefits. The lifestyle and the requirements of national forces are different which need to be serviced by a customized product.

Max Life Insurance Enhances 'Buy Now, Pay at Approval' Feature

Max Life Insurance has enhanced the 'Buy Now - Pay at Approval' feature available on term insurance purchase for customers. Launched last year for policies bought online, the feature allows customers to apply for a policy through a digital payment method. This helps ensure that the premium amount is not deducted until the proposal evaluation by the insurer.

While the feature was only available on credit card payments last year, with the increase in digital transactions and diversification of payment options, the facility now applies to transactions made through Credit Cards, Debit Cards, and UPI platforms.

Launched last year only on Credit Card payments, the 'Buy Now, Pay at Approval' feature saw a 25% customer penetration last year. Introduced across varied payment modes of Credit, Debit cards and UPI for the customers, the enhanced iteration aims to increase its penetration to ~20% over the next couple of months. □

International

News

Motor insurance in Asia-Pacific to reach \$294.2bn in 2025

The motor insurance industry in Asia-Pacific (APAC) is projected to grow from \$226.0bn in 2020 to \$294.2bn in 2025, in terms of written premiums, according to GlobalData, a leading data, and analytics company.

GlobalData's insight report, '2021 Global Motor Insurance Market', reveals that the motor insurance industry in Asia-Pacific will grow at a compound annual growth rate (CAGR) of 5.4% over 2020–2025, supported by the recovery in new vehicle sales and product innovation in motor insurance.

Kotu Keerthi Naimisha, Insurance Analyst at GlobalData, comments: "After registering 0.4% growth in 2020, APAC region's motor insurance industry is expected to report strong recovery with 5.1% growth in 2021. Recovery in vehicle sales, new product development coupled with the easing of lockdown restrictions will support demand for motor insurance."

Recovery in vehicle sales in 2021 is mainly driven by growing sales of electric vehicles (EV) as many economies aim to phase out internal combustion engine vehicles as part of their climate

goals. For instance, Singapore aims to phase out diesel-powered vehicles by 2025, as a result, EV sales rose by over 80% during January–September 2021.

Insurers are also focusing on product innovation to drive sales. Pay-as-you-go and short-term car insurance are examples of products that gained traction during the lockdown as demand for customized motor insurance surged particularly from ride-share services providers such as Uber, Tada (South Korea), and Ola (India).

China is the largest motor insurance market in the region with a 52.9% share of premiums in 2020. The country's growing middle-income population and rising disposable income are the key drivers of motor insurance growth. The motor insurance premium in China is expected to grow by 5.7% in 2021.

China's motor insurance industry will also be supported by the undergoing reforms through which the regulator aims to control premium prices and develop commercial motor insurance. The penetration of commercial motor insurance is very low in the country due to a lack of insurance availability and high premiums. With this reform, motor liability premium prices were lowered by up to 50%.

Japan, South Korea, Australia, and India are among the region's top five markets, with a collective share of 39.9% in 2020. Motor insurance premiums in these markets are expected to grow by 2.5%, 3.7%, 13.8%, and 3.2%, respectively, in 2021.

Naimisha concludes: "APAC motor insurance industry is expected to maintain its growth trend over the next five years. However, the industry is exposed to the resurgence of COVID-19 pandemic and the ongoing supply chain disruption, which can impact the premium growth."

Rising road accidents to dent profitability of Singapore motor insurers in 2021

After registering underwriting profits of S\$104.5m in 2020, the profitability of Singapore motor insurers is expected to decline in 2021 due to a rise in claims, driven by an increase in road accidents and insurance frauds, says GlobalData, a leading data, and analytics company.

Swarup Kumar Sahoo, Senior Insurance Analyst at GlobalData, comments: "In Singapore, the number of accident-related fatalities has increased by 11%,

whereas injuries registered a growth of 15% during January-September 2021, as compared to the same period in 2020. Subsequently, the Singapore motor insurance industry combined ratio, which decreased from 102.6% in 2019 to 87.9% in 2020 is expected to increase in 2021."

In line with the industry trends, the combined ratio of the top five motor insurers in Singapore decreased in 2020. The combined ratio of Singapore's largest insurer NTUC Income decreased from 96.5% in 2019 to 91.7% in 2020, whereas for the second ranked AXA it declined from 107.2% in 2019 to 92.0%.

Sahoo continues: "In 2021, growth in vehicle sales, driven by economic recovery and growing demand for electric vehicles (EVs), is expected to help insurers in partially offsetting their underwriting losses. EV sales in Singapore grew by 127% during January-November 2021."

Insurers are also adopting technology to increase sales. This includes implementation of AI-based solutions to launch innovative products such as short-term insurance and pay-as-you-go pricing system, which makes insurance flexible, affordable, and transparent for customers. This is done by installing a telematics device in the vehicle that tracks the kilometers driven and the premiums are charged as per the usage.

The use of technology for detection of fraudulent claims is another focus area for the insurers. According to the General Insurance Association of Singapore, around 20% of motor insurance claims are inflated or fraudulent. Major insurers in the country are exploring solutions to leverage technology for improving their fraudulent claim detection processes. For instance, NTUC Income has introduced 'Orange Eye' mobile application to

submit video footage in case of an accident.

Sahoo concludes: "Singapore motor insurers are embracing for a major shift in their product offering in the coming years with the government push for EV adoption to meet the objectives of the Singapore Green Plan 2030. Increasing underwriting losses due to high accident rates and motor insurance frauds will continue to pose a challenge for insurers profitability over the next few years."

Property insurance in Asia-Pacific to reach \$137.5bn in 2025

The property insurance industry in Asia-Pacific (APAC) is projected to grow from \$85.8bn in 2020 to \$137.5bn in 2025, in terms of written premiums, according to GlobalData, a leading data, and analytics company.

GlobalData's insight report, '2021 Global Property Insurance Market', reveals that the property insurance industry in Asia-Pacific will grow at a compound annual growth rate (CAGR) of 9.9% over 2020-2025, supported by the increasing demand for insurance against natural hazards and commercial developments.

Kotu Keerthi Naimisha, Insurance Analyst at GlobalData, comments: "Asia-Pacific's exposure to high severity natural-catastrophes (Nat-cat) in the last few years has resulted in strong awareness and demand for property insurance. Premium growth is also driven by a consistent increase in insurance prices across the region since 2017, resulting from heavy Nat-cat losses, a trend that is expected to continue in 2022."

Commercial expansion and infrastructure development, along with regulatory support to develop sustainable property insurance products, have pro-

vided further impetus to the property insurance industry, which grew at a CAGR of 9.0% during 2016 -2020.

Japan is the largest market in the APAC region, accounting for 30% of the region's written premiums in 2020. The country's exposure to high severity earthquakes, floods, and storms has been a consistent driver for property insurance in the country.

With 26% of the region's written premium, China is the second-largest property insurance market. Agriculture insurance is the major growth driver for property insurance in China and accounted for over 50% of the property insurance premiums. The uptake of agriculture insurance has increased due to its availability at a subsidized premium rate with support from the government.

Along with the demand from agriculture, insurance to cover large-scale ongoing projects such as one-belt-one-road and renewal energy projects aided in the growth of property insurance in China.

Australia, India, and South Korea with a collective share of 30.8% were among the top five markets in the APAC region in 2020. In India, agriculture and fire insurance are key lines of property insurance with agriculture accounting for over 60% of the property insurance premiums in 2020. Premium collection from this business line is expected to be impacted by the 2020 regulation, in which the government withdrew the provision of mandatory insurance to secure agriculture loans.

Naimisha concludes: "Economic growth and growing demand from agriculture industry will support demand for property insurance in APAC region over the next five years. Product development for affordable Nat-cat insurance will be another focus area for insurers over the coming years."

INVESTING IN SERVICE SUPPLY CHAIN TO DRIVE INSURANCE PENETRATION IN INDIA, IMPROVE PERSISTENCY RATIO & CONTRIBUTE TO THE NATION'S WELL BEING



ABSTRACT

Insurance industry has been exposed to a massive transformation in the last few years. These changes were a result of policy decisions and regulatory interventions. But technological advances have also played a major role in these changes that have enveloped the insurance ecosystem across the globe. This study has attempted to explore the application of supply chain concepts in the insurance business to understand the need for such an approach and the impact of such a strategy. The research problem being investigated here is whether there is a need to look at the insurance business model with a supply chain lens considering the huge number of intermediaries involved in delivering the service. As competencies get distributed among a wide number of stakeholders, it is imperative that the insurance company manage this dependency well to make its business model operationally robust. The research design is of an exploratory nature. This study argues the need for exploring and evaluating the insurance service supply chain and highlights the benefits for the sector as a whole. The findings are however prescriptive in nature and more research studies are needed to propose a conceptual model to explain the significance of blending supply chain philosophy in insurance business and how this approach can contribute to the national well being.

Introduction

The insurance sector has been witnessing a lot of changes in

the last few years. In 2015, many changes were made to the existing insurance laws. Guidelines governing insurers upon listing were released. IRDA also issued guidelines for corporate governance with the sole intent of engendering a transparent and policyholder friendly environment. Insurers have to take efforts to enhance their operational efficiency and reduce premium value for customers. IRDA has also made provisions for sale of simple insurance products through common services centers (CSCs) and point of sale centers. Efforts have



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been made to widen the product range too. CSCs are empowered to function as insurance brokers to sell services.

Drastic changes in global demographic profile have impacted the insurance sector. Increase in consumerism has raised expectations of consumers. Prior to 1993, 98% of total insurance was mandatory. People were buying insurance cover out of compulsion. This led to the appointment of Malhotra Committee in 1993. The Committee recommended opening up of the insurance sector for foreign players to improve customer service, widen the insurance net and increase the coverage.

The insurance sector is not a target driven industry. It is a value based social vocation where there is a fine sense of balance between meeting the demands of the business and fulfilling social obligations of protecting the society from unforeseen risks. The financial intermediaries have played a crucial role in development of insurance sector and they will continue to play a greater role in the future as well. These intermediaries have to merge money with motive - they have to earn their commissions as well as do good to the society.

The industry needs to propagate the message that sales and service are two sides of the same coin. The greater the quality of service rendered by insurers and intermediaries, greater is the reward in terms of continuous patronage of customers.

The Indian market cannot be considered to be financially literate. The poor people cannot afford insurance - even micro insurance hasn't been able to come to their aid. The middle class often tend to treat insurance as a tax saving tool (though there is a gradual change in this perception in the last few years) and for the rich people, insurance is one more opportunity to build wealth.

The time is ripe for driving insurance awareness as part of financial literacy and financial inclusion. This will lead to the orderly growth of the insurance sector in India. There is a need for innovative thinking to reach out to the newer segments of the population. Insurers have to make policyholders aware of the nuances of coverage at the point of sale. They must fulfill the promise of claims payment as per the insurance contract.

Further, insurers must ensure a steady flow of business revenue by balancing between assets and liabilities. Additionally there has to be a continuous balance between regulation and development. Consumers have to be educated about the claims handling process. Information asymmetry

between consumers and insurers in this area only leads to disillusionment of consumers when their expectations are not matched by the service rendered.

This research effort argues the need for supply chain concepts to be institutionalized in insurance organisations due to the rampant outsourcing of critical tasks and growing number of intermediaries. When we bring the insurance sector under the purview of service supply chain, delivering quality service and arriving at suitable service quality metrics will become more tractable. The performance of the insurance supply chain will lead to improvement in customer services and contribute to the growth of the industry as a whole.

Intermediaries in Insurance Sector

Subsequent to the technological invasion in the insurance sector, the number of intermediaries (financial as well as others) has swelled. Apart from the ubiquitous insurance agent, we have brokers, surveyors, loss assessors, third party administrators, web aggregators, insurance repositories, insurance marketing firms, CSCs, point of sales centers, Insurtech firms, software solutions providers, companies that have core competence in cloud computing, artificial intelligence, big data analytics, block chain. Web aggregators compile and provide information about insurance policies of various companies on a web-site.

They enable purchase by directing the customer to the insurer or the insurer to the customer. Insurance repositories are companies licensed by IRDA for maintaining data of insurance policies in electronic form on behalf of insurers. Thus, the core competency of the insurance company has got scattered into distributed centers of excellence. Greater the outsourcing of critical activities, greater is the dependence on them for rendering service to customers. The industry has to strengthen its risk taking abilities and provide long term funds for infrastructure development - it needs the active and able support of all the intermediaries.

Introducing the Service Supply Chain Concept

The insurance sector delivers services to policyholders to protect them from unforeseen risks. India is the 15th largest insurance market in the world in terms of premium volume. However, the insurance penetration is about 3.5% as compared to a global average of 6.5%.

Two decades back, the insurance sector relied on agents for selling and distributing the policies. Insurance was then viewed

as a tool to save tax. The situation is grossly different today. Insurance is not merely considered as a protection tool or a tax saving instrument. Insurance has also become an investment option today in India's financial system. Today insurance sector is being swept by massive advances in technology like artificial intelligence, automation and block chain. Private insurers in India are increasingly deploying digital marketing techniques to disseminate awareness about various policies and sell policies online.

The public sector insurance organizations should now expand their digital footprint and strive to increase awareness about the benefits of insurance. Greater awareness will lead to greater penetration of the market in India. There needs to be a seamless integration of marketing efforts and efforts to create awareness about the benefits of insurance schemes.

Unless this happens, aspirations of insurance sector to cover a wider net of India's population will continue to be a pipe dream. Rather than chasing a mirage, the Indian insurance sector should come to terms with the reality that the service that they are delivering falls within the framework of a "service supply chain".

It is the service supply chain that plays a vital role in ensuring that service quality of the highest standards is delivered to the policyholder customers.

Definition of Service Supply Chain

Service supply chain (SSC) is defined as an integrated management of service information, service processes, service capacity, service performance and service funds from the earliest suppliers to the ultimate customers (Ellram et al, 2004). A service supply chain has to operate as a value network of customer/ supplier partnerships and information flows interacting together to deliver services demonstrating greater responsiveness and coordination.

Service supply chain management is a tool that is used for forecasting, planning, implementing and controlling the processes of the supply chain to satisfy customer needs in an efficient manner. This involves coordinating, integrating and controlling the product, information and finance flows both within the organization and among the partners (Boon-itt & Pongpanarat, 2011).

Scholars who studied health care services defined service supply chain accordingly. Service supply chain is defined as a network of suppliers, service providers, consumers and other supporting units that perform the function of transaction of

resources required to produce service followed by transformation of these resources into supporting and core services and finally delivery of these services to customers (Baltacioglu et al, 2007).

Service supply chain is service flow formed in the process of service outsourcing. Service supply chain management is the integrated management of information flow, service flow, cash flow, service process and service performance from the earliest service suppliers to the ultimate end customers in service delivery process. The service processes must be well integrated with the delivery processes (Ellram et al, 2004) (Tian, 2003) (Shen & Wang, 2005) (Yan, Sun & Wang, 2005) with after sale service acting as a key differentiator to improve bottom line (Poole, 2003) (Hu & Ning, 2003) (de Waart & Kemper, 2004).

Service supply chain is a product-service system that represents a set of common marketable products and services to meet the needs of users (Spring & Araujo, 2009). Structure of a service supply chain is bi-directional and service supply chains are characterized by customer-supplier duality (Sampson, 2000). The essence of service supply chain is to enhance customer value by integrating resources (Jin, 2006) (Fu et al, 2008)

Research on Service Supply Chains

The research on service supply chains has gained momentum since 2004 when Lisa Ellram published a seminal paper on the subject. Though services were identified as a distinct function way back in 1972 when Levitt published his research, it was in 1976 with Earl Sasser's paper on service operations that people started taking note of it.

However, in later part, service operations research was mostly subsumed by service marketing professionals. Service operations and service marketing are inextricably linked so much that it became difficult to delineate the border lines.

From 1985 onwards, the dominance of service marketing in literature is quite evident. Parasuraman, Zeithaml et al released their seminal research on the SERVQUAL model which introduced different dimensions of service quality like Reliability, Responsiveness, Assurance, Empathy and Tangibles.

The growth of services sector and increased outsourcing of services coupled with the influence of advanced technologies has fuelled great interest in service supply chains as a research area.

Thus, the research on services has fallen into the domains

- ❖ Service Marketing
- ❖ Service Supply Chain
- ❖ Service Operations
- ❖ Service Science

In 2006, IBM introduced service science as a separate discipline and has taken efforts to socialize the concept with academia.

The development process of service supply chain can be divided into three stages: (Zhang & Chen, 2015)

1. **Groping stage:** This covers the period from 2000 to 2003. Studies on service supply chain during this period are limited. Learnings from product supply chains were not sufficiently translated to service supply chains.
2. **Developing stage:** This covers the period from 2004 to 2008. IBM proposed the concept of service science in 2004. During this phase, service supply chains attracted the attention of both academia and practitioners.
3. **Deepening stage:** This covers the period from 2009 to 2014. This phase is marked by development of different theoretical frameworks of service supply chain and application of these frameworks to benefit the industry.

Service organisations are under intense pressure to improve their operational efficiency and control costs without dilution of service quality standards. Customer expectations, a dynamic market and technological breakthroughs generate additional challenges for services. Adoption of supply chain practices can enable service providers to strike the right balance between their capabilities and customer expectations (Boon-itt & Pongpanarat, 2011).

In a service business, the perceived value of the offering to the customer is determined by the service rendered rather than the product offered (Basu & Wright, 2008). Services cannot be inventoried as production and consumption happens simultaneously. The time sensitive nature of services can lead to deterioration in service quality if capacity is not managed well (Venkataya et al, 2016).

Operations excellence is often built in a progressive manner (Ferdows & De Meyer, 1990). The sand cone model of operational excellence states that there is a sequence in which operational capabilities should evolve. The starting

point (i.e. the base of the sand cone) is about achieving excellence in quality. Then gradually excellence should be built in dependability, flexibility and cost.

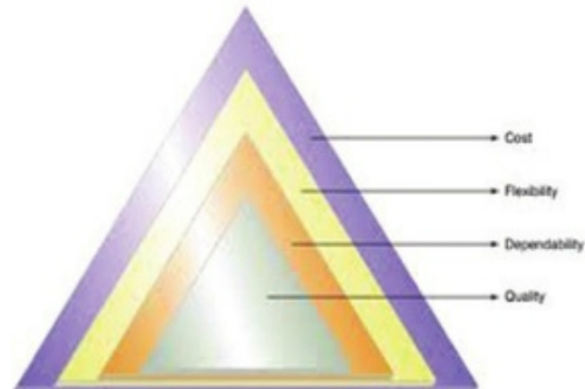


Figure 1: The "Sandcone" model of operations excellence (Ferdows and De Meyer, 1990)

Service supply chains are unique because performance measurement needs to be multi-dimensional (Yasin & Gomes, 2010; Cho et al, 2012). Competence in services management is rapidly becoming a competitive advantage for organizations. Service suppliers are getting integrated into operations.

So, supply networks have to improve their performance by better monitoring and control of their processes. The performance systems must be built around the processes in the service supply chain.

The key members in a service supply chain are service providers, service integrator and customers (Zhang, 2009). Service integrators play the role of coordinators between service providers and customers. They possess the ability of breaking down the service request to identify the required competencies and accordingly allocate resources for delivering the service to the customer. Important practices need to be managed well so that service supply chain can deliver an optimal performance (Ellram et al, 2004).

The main aim of service supply chain coordination is to facilitate sharing of resources so that decision making can be integrated and performance of the supply chain can be improved (Zhang et al, 2015). Service supply chain management has a greater bearing on corporate performance and only service supply chain can pull the operations to meet the diversified demands of customers and this is done through service integration (Sengupta, Heiser & Cook, 2006).

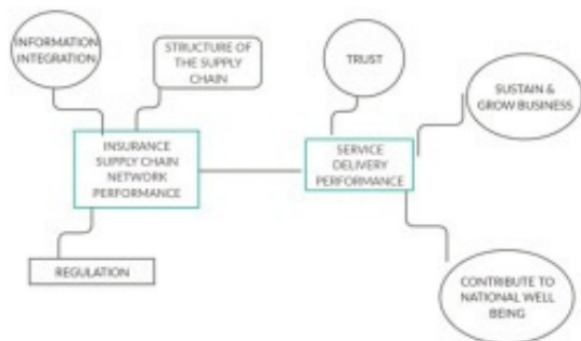


Figure 2: Source: Author

A well-defined structure of the insurance service supply chain will complement regulatory control and information integration across the network to influence the performance of the supply chain. This indicates the engagement and empowerment of network members. This eventually leads to a positive swing in the service delivery. The delivery leads to trust among the policyholders and enables the growth of insurance business. Eventually these efforts contribute to the national well being leading to GDP growth, increased awareness and greater penetration of insurance in the country.

Benefits of Insurance service supply chain

Insurance industry is now faced with the daunting prospect of having to adapt to technology and absorb it with agility. Insurtech firms have the technological acumen but lack knowledge about the industry. Policies are being sold online. Digital marketing is proving to be a cheaper method for promoting insurance products. Thus, the insurer now has to depend on a host of external entities to meet the demands of customers and grow revenue. Insurers have also been concerned about dipping persistency ratios. Persistency ratio is an indication of the policies that have lapsed due to absence of renewal. If an insurer has sold 100 policies in a year and only 80 policies were renewed then the persistency ratio is 80%.

It will be beneficial for the insurance sector to embrace the supply chain philosophy. This will lead to the following changes:

1. Evolution of a structure of the insurance service supply chain comprising insurance companies, customers, government, regulator and all the intermediaries.
2. Focus on greater information integration among the members of the network.
3. Promotion of greater trust among the network.
4. Enhance service delivery standards.
5. Improve customer satisfaction and engagement.
6. Enable improvement in persistency ratio

7. Sustain and grow the business.

8. Contribute to the overall well being of the nation.

Way Forward

Today service organisations provide services that are enabled by technology but they often have to grapple with performance and productivity issues. Availability of technology is not a panacea for all problems - how the technology is being deployed is more important. There is always a trade-off that needs to be maintained between operational efficiency and quality of service rendered. Technology has made it possible to share information swiftly - however a supply chain mindset is needed to optimize the performance of the service. While service performance is typically associated with better quality of service delivered to the customer, the service supply chain performance focuses on the value that a service provider derives. Thus we can say that service performance looks at satisfaction of customers while service supply chain performance looks at satisfaction of service providers.

Service supply chains are not linear chains but complex networks. The IIHP attributes of services (Intangibility, Inseparability, Heterogeneity & Perishability) add to the complexity of services but they also provide great opportunities for learning the intricacies of service delivery. A supply chain mindset will enable a service organisation to provide better service to customers on a sustainable basis.

Insurance organisations must remember that each and every actor in the supply network plays an important role in ensuring that services are rendered to the satisfaction of customers. The service supply chain model will enable optimization of business performance.

Trust is becoming an integral aspect of financial services across the globe and the insurance sector cannot remain oblivious to this. There is an increased sense of responsibility among consumers to follow the principles of caveat emptor and stay vigilant to protect themselves from rampant mis-selling. Consumers must take informed risks and make informed decisions. To that extent, there is a need to set up 24 x 7 query centers with the sole intention of imparting financial literacy to those seeking it. The consumer education has to be interactive to be more effective.

Using the service supply chain model will boost the prospects of the insurance industry as a whole. This is an area of research that is fecund for conducting further empirical research.

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TONE AT THE TOP: SHOULD RISK MANAGEMENT DEPARTMENT BE DIRECTLY RESPONSIBLE TO BOARD OF DIRECTORS THAN CEO



Background:

Risk is part of everyday business and organizational strategy. However, the volume and nature of risks facing organizations have increased tremendously over the last decade due to the complexity of business transactions, technological advances, globalization and the overall pace of change in the environment.

Although risk oversight has always been an important aspect of the Board's oversight responsibilities, the financial crisis of 2008 has brought it into sharper focus. The role of the Board of Directors in enterprise-wide risk oversight has become increasingly challenging and there are heightened expectations from various Stakeholders on the Board's involvement in risk.

After the World Financial Crisis involving unexpected fall of some of the invincible looking Organizations, the following major reasons were identified:

1. Lack of Board Effectiveness.
2. Weak Risk Management Oversight
3. Poor Ethos and Work Culture.
4. Sub Optimal Communication.
5. Excessive Complex Structure.
6. Inappropriate Incentives.
7. Information Glass Ceiling.
8. Dubious Role of Audit.

In June 2020, the Reserve Bank of India, Department of Regulation circulated a Discussion paper on Governance in Commercial Banks in India. Some of the points relating to Risk management from this paper are reproduced below:

1. An independent risk management function is one of the key elements in the governance structure and is part of the second line of defense.
2. The risk management function and its functionaries shall be accountable and report only to the Risk Management Committee of the Board (RMCB)
3. The head of the risk management function, to be designated as 'Chief Risk Officer'(CRO), shall report to the RMCB which will be responsible for selection,

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oversight of performance including performance appraisals and, if necessary, dismissal of the CRO. The CRO, together with RMCB, shall be actively engaged in monitoring performance relative to risk-taking and risk limit adherence

4. The CRO shall be a senior official in hierarchy with equivalence no less than those at one level below the WTDs/CEO. The CRO shall have the necessary and adequate professional qualification /experience in the areas of risk management so as to interpret as well as articulate risk in an understandable manner. The CRO shall have the ability to effectively engage the Board, RMCB and management in constructive dialogue on key risk issues. The CRO will function as a secretary to the RMCB.
5. The risk management functionaries shall have direct access to the RMCB."

Though the document is still a draft, this has stirred a serious debate on the issue of reporting structure of Risk Management team (particularly CRO). And this makes it a perfect background for any meaningful thought sharing on this issue.

Introduction:

Wikipedia points out that the term, 'Tone at the Top', originated in the field of accounting and referred to the transparency and integrity of the financial statements and other reporting to shareholders. The term has been used much more widely recently and primarily refers to the tone set by the Board of an organization, but it can also refer to the tone set by the Audit and/or Risk committee, other Board committees as well as by the CEO and Senior Executives.

Risk oversight is a primary Board responsibility, and in the evolving business and risk landscape, Directors need to develop and continuously improve practices to establish a well-defined and effective oversight function.

The Board sets the tone of the organization in the way it executes its responsibilities. Establishing the right tone at the top is much more than a compliance exercise. "Tone at the top" demands that leaders—and especially the CEO—find ways to connect with people inside and outside the organization. Once tone at the top is established, the CEO, Board and the CRO continually work to reinforce and strengthen it.

Within the board, where does responsibility for risk oversight lie? In many companies, it rests with the Board's Audit

Committee while in some others there is an exclusive Committee dealing with Risk Management.

According to the Basel III framework, financial firms should have an independent senior executive with distinct responsibility for the Risk Management function and the institution's comprehensive risk management framework. This executive is commonly referred to as the Chief Risk Officer (CRO). Whatever the title, the role of the CRO should be distinct from other executive functions and business line responsibilities, and there generally should be no "dual hatting" (COO, CFO, Chief auditor or other senior management should not also serve as CRO).

Where the ERM (Enterprise Risk Management) Function reports is often a contentious issue. In some organizations, the CRO, or equivalent, reports to the CFO. But there is a distinct disadvantage to this set-up. The CRO is expected to challenge the CFO on financing or securitization choices. In this set up, he or she may fail to challenge effectively due to his subordinate position.

Some organizations have responded to this challenge with a second option, in which the CRO reports directly to the CEO. This structure may help ease potential conflicts between the CRO and CFO. However, this structure may also be an imperfect solution. Given the CEO's many other concerns and responsibilities, he may not have the ability to adequately address risk issues when other strategic issues require time and focus. Besides, there is always a pressure on CEO to show Quarter wise performance, forcing him to take a myopic view of the things.

Another alternative is that the CRO reports to the Board of Directors, either directly or via a Board-level Committee. If the reporting line includes a Committee, the structure typically works best when ERM is incubated under a separate Risk Committee and not under the existing Audit



Committee. The Audit Committee is generally focused on accurate financial reporting and disclosure, not specifically on how risk management might help the business run more effectively. The CRO who reports to an Audit Committee or a Chief Audit Executive, therefore, ends up being more of a risk controller than a risk manager.

In majority of the institutions, particular in financial institutions like Banks and Insurance Companies, the CRO reports to the CEO, but has a direct relationship with the board by being a member of its various Committees and at times of the Board itself.

As mentioned above, the Board is entrusted with the task of oversight or Governance rather than active management of Risk. Hence, it is necessary to clearly understand the distinction between these two functions.

Risk Management refers to the practice of identifying potential risks in advance, analyzing them, and taking precautionary steps to reduce/curb the risk. It relates to the process of minimizing the harm and maximizing the opportunities that risks present to an organization. Risk management is closely linked to the operational processes to facilitate informed business decisions.

On the other hand, Risk governance is the oversight of the risk management program to ensure that the program is being managed properly and that all regulatory and reporting obligations are being met. Framing Risk management policies and putting in place a proper risk management structure falls under the purview of risk governance.

You could say risk management is like the mechanic who makes sure the vehicle runs properly and risk governance is like the vehicle inspector who makes sure the vehicle is still roadworthy. To put it differently, Risk Governance is more about effectiveness while Risk Management is more about efficiency.

Risk Governance and Risk Management can never be completely effective in isolation, each business needs to incorporate both into its operations to be successful.

Boards have a difficult task in overseeing the management of the increasingly complex and interconnected risks that are a threat to the survival of businesses. To effectively exercise its risk oversight role, there is a need for the Board to build a strong risk culture in the organization. Mind-sets and behaviors of individuals and groups inside the organization play a crucial role in the execution of a company's enterprise-risk-management strategy. Unless



managing risk is an organizational imperative – and line personnel are aware of and own the risks their operating activities create – it is difficult for any CRO to be successful. The enterprise's risk culture drives the "everyone is responsible" view. That view starts at the top. The risk culture should be deeply embedded in the organization, so that changes in the economic cycle, leadership, and staff turnover do not make the culture disappear.

The first step to establishing the importance of risk culture to an organization is beginning a conversation between the Board and management regarding setting the "Tone at the Top". This is generally interpreted as setting of a high bar for honesty, integrity and ethical behavior which becomes a foundation stone for a robust, resilient and ethical culture.

The various risks that the Board has to deal with fall into categories like governance risks, critical enterprise risks, business management risks and lastly emerging and non-traditional risks (such as climate change and disruptive technological innovation.) that are not normally on management's radar but will impact the organization's business and are likely to be disruptive to the business.

The Board's responsibilities are to oversee organizational activities and risks while risk management rests with senior management and ownership of risks resides in the business units. It is very important that the Board monitors the alignment of strategy, risk, controls, compliance, incentives and people. Properly aligning these elements ensures that there is not likely to be a disconnect between a company's strategy and its execution. It's important for the Board to assess whether the company's risk management system, its people and processes, are appropriate and well resourced.

While an organization can appoint a “best in class” CRO that ticks all the necessary CRO boxes, if the organization does not fully embrace and acknowledge the role, it will be doomed to fail from the outset. It is fairly obvious that the risk management function of an organization should be independent. In some firms, the risk management function reports to the CFO. In others, the risk team is a separate function reporting directly to the CEO. Ideally, the risk management function should report to the no one below the level of CEO. This ensures that the risk function is given proper standing in the organization and does not get lost within the finance function. It is imperative that risk managers have the respect of those outside the risk function so that their opinions are heard. To ensure this, risk managers must be sufficiently senior and highly experienced so as to thoroughly understand their company’s business.

In order to ensure that it discharges its role successfully, the Board should engage in constructive risk dialogue with management challenging assumptions which have an impact on risk. It is in this context that the Board should keep itself informed of any current, imminent or envisaged risks that may threaten the long-term sustainability of the organization. Risk reports to the Board, therefore, should contain meaningful information on the firm’s overall risks, risk concentrations, emerging risks, and any changes or trends in key risks.

Why CRO should report to Board rather than CEO?

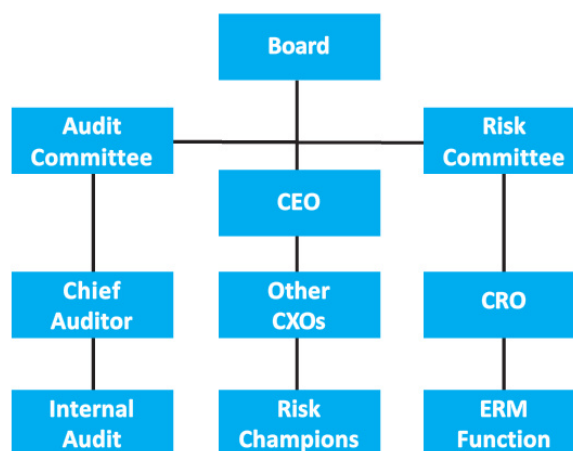
The Chief Risk Officer and his team of risk- management professionals are expected to champion the protection of enterprise value at crucial decision-making moments when a given strategy, transaction or deal is under scrutiny or is likely to expose the organization to unacceptable risk. Effective CROs are concerned with what the institution’s leaders may not know and, therefore, must occasionally offer a contrarian point of view; otherwise, the decision-making process may end up flawed with “group think.” or by the extraneous factors such as: management bias and short-termism that underlie dangerous organizational blind spots.

A common mistake is positioning the risk function under Internal Audit. In the Three Lines of Defense model, management control is the first line, the various risk control and compliance oversight functions established by management are the second line, and independent assurance is the third. Each of these plays a distinct role within the organization’s wider governance framework. The failure to maintain such independence between risk and audit

not only weakens the equal importance of their respective value propositions, but eliminates an entire “line” in the governance framework altogether.

A CRO who reports to the head of a business line is not free to effectively exercise control over the activities of that business line. A CRO reporting through Finance does not have sufficient leverage to push through complex or uncomfortable risk issues to the highest levels of decision-making.

For this very reason, the head of the Risk Management function (CRO or equivalent) should have, ideally, direct access to the RMCB or Board. This is not to say that the CEO is not kept in the loop. This is critical as ERM cannot succeed without the active involvement of the CEO. Unless Risk Management is an integral part of management’s day to day agenda, it is reduced to a mere compliance exercise. Besides, it may so happen that the Board does not have knowledge on all technical areas to interpret results and provide guidance.



International Experience:

According to Deloitte’s Global Risk Management Survey, 68% of CROs in financial institutions report to the CEO, and 46% report to the board directly.

Formal reporting lines may vary across organizations and countries, but regardless of these reporting lines, the independence of the CRO is paramount. While the CRO may report to the CEO or other senior management, the CRO should also report and have direct access to the Board and its Risk Committee without impediment. Also, the CRO should not have any management or financial responsibility in respect of any operational business lines or revenue-generating functions. Interaction between the CRO and the Board should occur regularly and be documented adequately.

What challenges could come when CRO reports to Board?

In case, CRO has a direct reporting line to the board of directors, the Board and the CEO must have mutual understanding of the value contributed by the CRO with the intent of preserving his or her independent role within the organization.

Over the period, the regulator has started having close engagement with the entities, forcing a change in role of CRO. Now, the Board is more sensitive to risk-related issues and requires Chief Risk Officers to have a direct reporting line to the board. As CROs are spending more time complying with the regulatory aspects than on the serious issues of risk management, this can prove to be very costly to the organizations.

As competition grows and market share is at stake, risk-taking will naturally rise and prudent risk-taking will become necessary to achieve the business goals. At such times, CROs cannot remain beholden to the Board because timely decision taking is of essence in such situations.

Ultimately, the question of reporting relationship is less important than three other attributes or critical success factors for the position: unfettered access to the CEO and the Board of directors; leadership of an enterprise-wide risk management committee; and a mutually supportive working relationship with the CFO and the CCO of the organization.

Being executor of entire risk management functions, CRO needs free access to the Board as well as the CEO. Not providing such access would cause disconnect in communication, causing delayed resolution to various strategic problems.

Conclusion:

Often, the CRO is the ultimate champion of the risk management process in the organization. To be effective, he/she must have a prominent and effective voice in the

management. At the moment when crucial issues are being discussed and CRO needs to put in a contrarian view to protect the shareholder interest, how can a CRO go against a CEO who holds all the powers relative to CRO's career, viz., Salary, Incentives, Promotion etc.? And if the CEO doesn't believe in the value of risk management - as is the case with some of the institutions where volume and growth are the most important factors - financial crisis is imminent.

World over, there is no-one-size fits-all model of CRO reporting structure. There are multiple models prevalent in the enterprises some of which are:

1. CRO reports to another senior executive e.g., CFO or directly to CEO
2. Dual reporting for CRO - to the CEO and the Board
3. CRO reports to RMCB or ACB i.e. a Committee of the Board
4. CRO reports directly to the Board

The conventional model of having a CRO report to either the CEO or anyone lower to him poses a dilemma in situations where there are serious differences of views about the risk assessment of a particular business model or proposition. The potential conflict of interest in such a situation between the deal makers and the risk managers can best be avoided if the CRO reports directly to the Board or to the Risk Management Committee of the Board (RMCB) and the Risk Management team reports to CRO. The Board may, depending on its composition, decide to opt for option (3) above also. In either of these situations the Directors have the option of interacting with the CRO in the executive sessions to share their concerns. In none of the situations, however, it would be prudent to alienate the CEO from the process completely as this would jeopardize the success of risk enterprise in the organization. The system would function best when the Management is working in tandem with the Board.

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NON-LIFE INSURANCE INDUSTRY SLIPS FURTHER IN EMERGING MARKETS LEAGUE



The non-life insurance industry is witnessing shifting trends across the front office, policy administration, and claims—the three core functions of the insurance value chain. Between now and 2021, more than half the growth of the global economy is expected to come from emerging markets. Non-life insurance premiums in emerging markets are foreseen to grow more than twice as fast as in industrialized countries. Life premiums are also expected to outpace those in industrialized countries.

Even though they face strong competition from domestic insurers, many international insurers plan to actively pursue opportunities in the rapidly growing emerging markets. Banks are also likely to leverage their branch networks to further penetrate these markets. However, with interest rates expected to remain at low levels for an extended

period of time in both developed and emerging markets, insurers will find it increasingly difficult to achieve profitable growth. The healthy economic environment with low inflation has had a positive effect on insurance premium growth in Emerging Asia and Latin America. In addition, in an attempt to encourage healthy competition, certain markets have reduced state involvement and taken insurance-enabling regulatory measures. Product innovation has also driven fast-paced growth in certain insurance segments, including micro insurance and takaful.

The use of multiple distribution channels has also helped insurance to reach a broader audience in emerging markets. Insurance in emerging markets has experienced strong growth over the past decade and the outlook for the next decade remains promising. Nonetheless, given the expectation of persistent low interest rates at least in the near future, achieving profitable growth will become increasingly challenging in emerging markets.



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Although insurers in emerging markets have seen stellar premium expansion, achieving profitable growth is far from the norm. For example, out of around 174 life insurers from a sample of Emerging Asian and Latin American markets,

46% of insurers failed to report consistent profits between 2006 and 2009, and only 20% registered profit margins (net profits divided by direct premiums) in excess of 10%. In non-life markets, 49% of all non-life insurers in the sample emerging markets recorded negative underwriting margins (underwriting results divided by direct premiums), with around 36% of non-life insurers reporting margins in the range of 0% to 10%. Low profitability may indicate an overly aggressive focus by insurers on top-line growth rather than profitable growth.

The sigma study examines profitability in emerging markets, and explores whether ownership structure, affiliation with financial conglomerates, or economies of scale can tilt profitability upward. Insurance premiums in emerging markets have expanded robustly by 11.0% per annum in real terms over the last decade, compared with 1.3% growth in industrialized economies. Emerging markets' outperformance is expected to continue in the next decade and is attracting the attention of global insurers, who look to emerging markets for profitable growth beyond more saturated mature markets.

Insurance industry trends and outlook

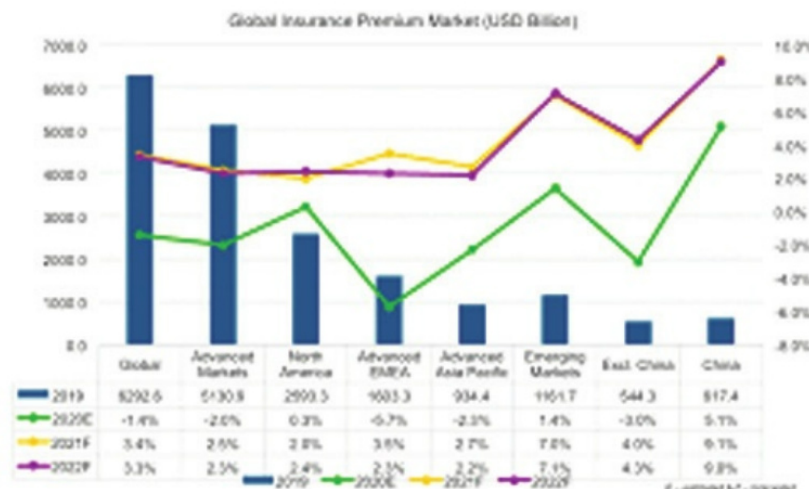
The pace of the global economic recovery will shape the outlook for the insurance market across regions. Advanced Asia Pacific regions and the US are expected to outperform Advanced EMEA countries in the next two years, with an expected 6% growth across 8 of the largest markets in commercial property and liability lines. China is set to be the world's fastest growing country given quicker adoption of digital distribution channels across both non-life insurance and life insurance markets.

While life products are predicted to grow at 8.5%, in non-life, double-digit growth is expected in 2021 and 2022. In other emerging markets, growth is expected to be weaker for non-life insurance products, with an estimated growth rate of 6.9% for life insurance products in the next two years.

The global insurance premium market, in 2019, reached USD 6.3 trillion with an estimated contraction of -1.4% in 2020 and forecasted recovery growth rate of over 3% between 2021 and 2022. Global non-life insurance premium growth is expected to see a 3.6% annual improvement over the next two years, with the core driving factor in the non-life insurance market stated to be rate hardening in commercial insurance (i.e. where the market is less competitive and underwriters adhere to stricter standards).

Digitalization transforming the insurance value chain

The insurance industry is rapidly adapting to these seamless virtual operations. With the adoption of AI, RPA, cloud computing, Internet of Things, and blockchain, digitalization is set to transform the insurance value chain. Currently, about 68% insurance companies are either in the process of testing or adopting AI. By 2025, the insurance industry has the potential to automate 25% of its processes (especially manual processes like claim processing, underwriting, customer service, and policy administration) using AI and machine learning. Certain use cases for RPA (Robotic Process Automation) include claim settlement, fraud detection, real-time data analytics, customer experience, and product personalization.



On combining RPA with AI tools, bots can help collect data from internal and external sites, extract information, analyze customer history and further identify and verify fraudulent claims. Digital advancements working to provide seamless consumer experiences will further provide customized pricing and smaller risk pools based on customer requirements. An integrated engagement platform will allow data, insights and transactions across multiple industries to be used among entities. This will lead to an

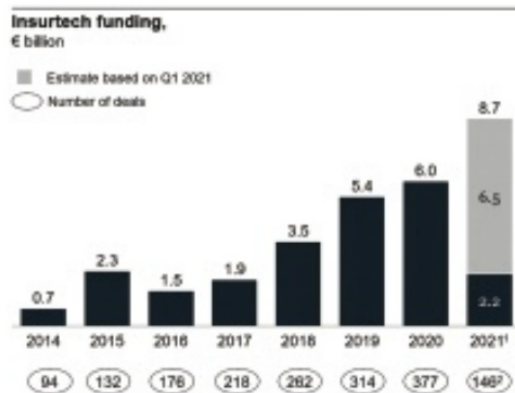
increased adoption of usage-based insurance products tailored to individual needs.

Investment trends

An analysis of approximately 2,000 global insurtechs focusing on life, property and casualty (P&C), and health insurance found that from 2010 to 2020, about one-third of them secured funding, and a handful established strategic partnerships with at least one incumbent. Insurtech funding peaked in 2020 with \$6 billion in deals. In terms of product categories, 66 percent of insurtechs operate within P&C lines of business (led by auto insurance), while 18 percent and 16 percent focus on health insurance and life insurance, respectively.

Around 47 percent of insurtechs launched between 2000 and 2020 focused on personal lines, with the number that operate in commercial lines increasing in recent years. The increased funding, coupled with the mounting focus on commercial lines, may push insurtechs to explore new, exciting opportunities, especially in serving small and midsize enterprises (SMEs). The SME segment's need for customization, experience, and lower complexity of products makes this space ripe for insurtech interest.

Insurtech funding has grown rapidly in recent years.



Key Trends

Some of the key trends and factors that marked the insurance industry over the past year or so are illustrated here to assess what each means for insurance professionals this year:

1: Unpredictable natural disasters

Year 2020 was the most active hurricane season on record,

meaning losses were generally below reinsurance retentions and primary markets were left to bear the brunt of claims. Carriers also took a hit in profitability from wildfires, convective storms and attritional losses, with several reporting combined ratios over 100%. The onset of 2021 saw single-digit rate increases, a significant drop from preceding years when rates were increasing by 15% to 20%. This meant high capacity and peaking rates, driving property markets to build larger budgets. With the industry already set up for plateaus, when Winter Storm Uri hit Texas in February of 2021 and caused nearly \$15 billion in impact, it took the market by storm. The impact was significant, giving markets low expectations for profitability before even considering the impact of a quake or the approaching storm and wildfire season among other seasonal events. The market remains competitive as carriers remain selective in the risks that they write while trying to retain their current portfolio. However, they continue to push rates, which contribute to a choppy property market.

2: Lifestyle changes and emerging threats

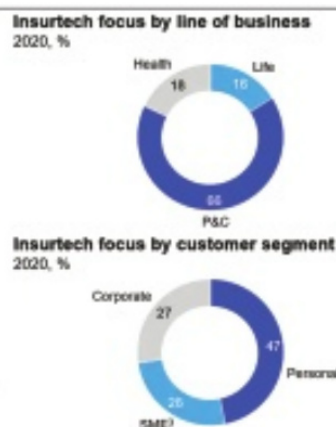
Over the past year, drastic lifestyle changes have had a direct impact on the cyber security market - leading to an uptick in ransomware and targeted attacks. For example, the shift to a remote workforce has significantly heightened the risk

of network security threats for businesses. Even the insurance space has been significantly affected by ransomware attacks. For insurance professionals, loss ratios on cyberattacks are running high due to an increase in severity and claims. The magnitude of its impact on profitability means insurers cannot afford to ignore it. Not only are carriers increasing rates, but they also are more careful about

managing capacity by layering programs and increasing retentions, while tightening up the underwriting guidelines and shortening quote expiration dates on cyber insurance proposals.

3: Excessive litigation

The key change in the market is increased policyholder retentions. Many large plans are having trouble finding



adequate and affordable fiduciary coverage, whereas it was once a more routine renewal process. What does this mean? Ultimately, today's plan sponsors cannot rely exclusively on fiduciary insurance to fund and absorb these losses. Instead, plan committees need to learn from this loss trend and take steps to mitigate risk.

4: Opportunity in offshore wind infrastructure

The growth of the industry is bringing business sectors together to make offshore wind farms a reality. More workers are needed to maintain and repair these facilities along with loading and moving, transportation hubs and construction. Even shipbuilding is seeing an uptick in demand for crew and services as laws require specialized ships for crew, supply, maintenance, service, installation and construction of wind farms. The growth of the industry translates into a growing need for infrastructure and liability protection as a result of the Longshore and Harbor. The challenge is making sure the right insurance is in place for the unique exposures that exist.

5: Markets rely on telematics and loss control

For the transportation industry, buyers are seeing up to 15% rate increases for best-in-class risks as well as premium jumps and scrutiny for distressed risks. On the other hand, capacity to write this insurance continues to grow as more carriers enter the market. The auto space as a whole is heavily composed of distressed risks that can be attributed to a variety of factors including loss history, subpar driver pools, unsatisfactory CABs and sharp industry growth. For companies investing in safety programs and trucking technology, brokers are more receptive to offering significant underwriting consideration, but many markets turn away from high-risk markets. Ultimately, these factors play a role in leading markets to rely on their loss control

arm and telematics to determine whether to partner with a potential insured.

Personalize response to immediate needs

Although the full impact of the crisis continues to unfold in many parts of Asia, the pandemic has already led to a broad economic slowdown. As a result, an increase in late premium payments and policy surrenders has pushed many insurers to rush into quick fixes, such as offering refunds on a portion of premiums for all customers. While such broad actions may boost customer retention, a more targeted approach could use analytics to prioritize such offers for customers most in need and proactively reach out.

This could be more cost effective and strengthen the insurer's long-term relationships with those customers. Companies with this capability can also determine the size of the premium relief based on the predicted customer lifetime value. The sudden and visible increase in health and mortality risks has also created an urgent customer desire for relevant insurance coverage. Insurers with established analytics capabilities could gather customer-reaction data during the first month of a new product launch and use it to refresh their campaign analytics model to support more-targeted digital marketing and outbound-call campaigns.

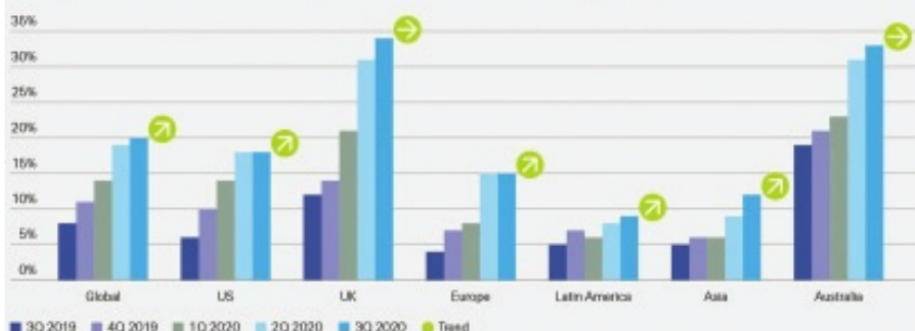
From a technical perspective, insurers that have already deployed data and analytics use cases have observed that some of their analytical models have become less accurate as a result of COVID-19 because changes in underlying customer behaviors have occurred at a much faster pace. For example, segments that were previously deemed safe started to see increasing loss ratios. To address these effects, insurers have focused on increasing their agility to react

quickly: if it took months to launch a new analytical model in the past, it might now take less than a week.

Change agent value proposition.

Although financial planning is well established in many developed markets, the concept is relatively nascent in emerging Asia.

Rate hardening in commercial lines was core to this year's resilience in non-life business. We expect positive rate momentum to continue through 2021, given strong demand amidst rising risk awareness and rising claims.



But, as Asian consumers become wealthier and more sophisticated, they will look for agents who understand their needs (such as retirement planning and investing) and can provide personalized advice. Insurers should tailor their financial-planning approach to the Asian context, where customers not only have less awareness of financial-planning options but also demand more flexibility in their financial-planning journeys.

In many Asian countries, the capacity-led agency model encountered a bottleneck even before COVID-19. Leading insurers in large markets such as mainland China have reported stagnant growth in productivity and capacity due to new-agent attrition and a lack of professional field management, while smaller insurers look for ways to gain market share.

The new digitally enabled hybrid model will result in a gradual, enduring shift of the agent's role from salesperson to financial adviser, in which he or she has expertise in products and financial planning. While this change will not happen overnight, it is imperative that insurance companies begin revisiting the compensation model to reward agents not only for acquiring new customers but also for providing quality advice to customers.

Instead of paying agents solely on commission and overrides, insurers could incorporate fixed salaries and service- or activity-based bonuses into the digitally enabled hybrid model. By adjusting the incentives, insurers will encourage agents to get to know their customers and regularly stay in touch, creating deep and lasting customer relationships.



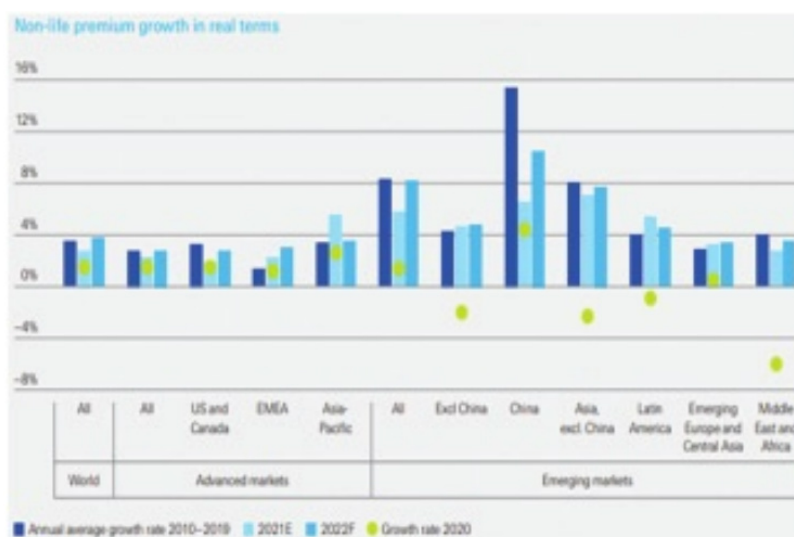
Behavioral science in insurance

Nudging, a behavioral science approach that uses "subtle interventions to help people make better decisions while respecting the freedom of choice,"¹ can be used to redirect such behavior in two steps. First, target behaviors are identified. Second, a better choice architecture is created to make it easier for individuals to choose a better solution. Used successfully in the insurance industry, the benefits of nudging may include increased sales, reduced fraud, or improved customer and employee satisfaction. Many insurers use nudging selectively: some, for example, use it to optimize digital solutions.

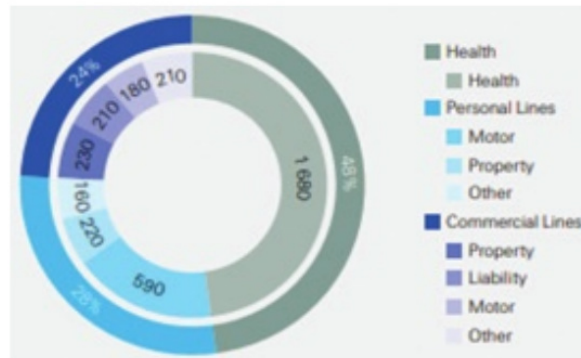
Others have conducted structured reviews of the biggest business opportunities for nudging and deployed a few discrete use cases. Still others have anchored nudging and behavioral science deeply in their organizational strategies by hiring experts and dedicated teams or by creating

management positions devoted to behavioral science. Wellness and prevention models are appealing because they're fun. People love games and gratification: It's triply rewarding when, after going to the gym, policyholders know they've not only done something good for their health and their wallet, but they can earn more points on their app.

A gamified product is also an opportunity for more digital brand touch points. By creating apps and online platforms for tracking wellness behaviors, insurers can create a stronger brand relationship with their policyholders - and ultimately improve the customer experience.



Global non-life premiums in 2020, by line of business, USD billions



Transition over the next decade

The rapid transformation during the pandemic has fuelled demand for adequate insurance protection for emerging risks such as cyber attacks. The health crisis has also re-emphasised the need for life insurance. These give rise to the potential to accelerate reinsurance growth and encourage reinsurers to manage comprehensive risk assessment to determine policy coverage, rates and premiums. The increased frequency and severity of natural catastrophes due to climate change highlight the greater role of Asian reinsurers in bridging the region's protection gap between the economic losses brought about by natural disasters and insured losses.

Ten years later, post 2030, the insurance industry would have entirely transitioned to modernized, customer-centric processes. Prescriptive algorithms can be forecasted to be used by agents or digital channels to actively influence customers' purchases. The implementation of RPA and conversational AI will reduce a majority of manual efforts undertaken, thereby actively optimizing cost and resolution time. The next decade is set to see the use of algorithms for financial planning along with human feedback and advice, with advanced algorithms that match the customer to their most suited channel and advisor.

Indian non-life insurance market

In India, gross premiums written of non-life insurers reached US\$ 26.52 billion in FY21 (between April 2020 and March 2021), from US\$ 26.49 billion in FY20 (between April 2019 and March 2020), driven by strong growth from general insurance companies. Gross direct premium of non-life insurance companies rose 11.4% on a yearly basis to Rs. 12,316.50 crore (1.6 billion) in May 2021. Six standalone

private sector health insurance companies registered a jump of 66.6% in their gross premium at Rs 1,406.64 crore (US\$ 191.84 million) in May 2021, as against Rs. 844.13 crore (US\$ 115.12 million) earlier. In March 2021, health insurance companies in the non-life insurance sector increased by 41%, driven by rising demand for health insurance products amid COVID-19 surge.

It was a peculiar year for the general insurers as the motor segment, which is the biggest portfolio in a general insurance companies' book, saw a huge contraction in the initial months of the pandemic due to the strict lockdown in place but has since slowly recovered as the economy opened up. On the other hand, health insurance premiums have seen a huge uptick as demand for health products, especially retail ones', surged since the onset of the pandemic. Crop insurance, on the other hand, remains a challenge for the industry, going forward.

	General insurers	Standalone health insurers	Specialised PSU insurers	Total
FY20 (₹ cr)	164,328	14,151.70	10,436.71	188,916.71
FY21 (₹ cr)	169,840.05	15,720.04	13,174.60	198,734.68
Growth (%)	3.35	11.08	26.23	5.20
Mar '20 (₹ cr)	13,685.87	1,545.83	403.72	15,635
Mar '21 (₹ cr)	15,683.39	2,185.05	1,430.42	19,298.85
Growth (%)	14.60	41.35	254.31	23.43

The recent amendment to the General Insurance Business (Nationalisation) Act, 1972, that allows the central government to hold a stake of less than 51% in state-owned insurance companies, is seen as necessary to keep the three unlisted public sector general insurers afloat and prevent a crisis in the sector.

The amendment paves the way for a strategic sale in these insurers to the private sector. However, while the



A handshake in front of a word cloud featuring insurance-related terms like 'HEALTH', 'INSURANCE', 'LIABILITY', and 'CO-PAYS'.

an IFSC Insurance Office (IIO) in GIFT City in Gandhinagar, Gujarat.

The Supreme Court has asked the government to consider withdrawing the exemption from insurance granted to 150,000 buses owned by state road transport corporations (SRTC) because victims in accidents involving these buses wait for years to receive compensation from the government-run corporations. A small but growing group of insurers have withdrawn in full or partially their products from web aggregators and online third-party brokers.

A delay of over two months by the central government to appoint the new IRDAI chairman is hampering regulatory progress and causing business disruptions for India's insurance sector amid the coronavirus pandemic. The ongoing COVID-19 pandemic in India is likely to exacerbate pressure on the country's non-life insurers' underwriting and investment performance, leading AM Best to maintain its negative outlook on this market segment.

Xiaomi, a Chinese smartphone maker, is looking to provide the full spectrum of financial services across insurance, payments, and lending in India. Xiaomi has partnered with ICICI Lombard to curate a health insurance product. This was piloted in July, and will continue to be offered, Xiaomi also has a cyber insurance offering, and more than 25,000 customers have been covered so far.

"Going ahead, InsurTech is another proposition that Xiaomi is working on in a curated manner in partnerships. The other financial services will be offered in partnership with organisations like Axis Bank, IDFC Bank, Aditya Birla Finance, Stashfin, Money View, Early Salary and Credit Vidya. 40% of

the company's credit product users are self-employed and the remaining 60% are salaried employees.

Fostering rapid innovations and responding to new trends, regulations, and technology will also require an agile way of working. Insurers will need to shift from targeting large-scale developments while working in organizational silos to working in co-located, cross-functional teams using a flexible, test-and-learn approach. In agile ways of working, product development is done in short iterations (sprints) with tangible results and a focus on continuous improvement. Insurers should act now to plan for recovery from the pandemic and prepare for the shift to a new distribution operating model.

Offering remote support to agents to improve customer engagement before and after sales and adopting digital tools to enable activity management and sales are critical to the successful adoption of the new model. Insurers that start early can emerge from the crisis better prepared to provide their customers with the products and services they need as the world moves into the next normal. The global insurance industry faces a truly unique moment in its long history.

The fundamental disruption caused by the pandemic equates to an opportunity for the industry to remake itself in line with new societal realities and market needs. Instilling both operational excellence and cost efficiency across the value chain will be a difficult balancing act, but a necessary one to free capital for investment. The decision to use a best-in class or best-in-cost approach will inform sourcing strategies, with options ranging from shared services and centers of excellence, to outsourcing, to value chain disaggregation. Insurers will employ fewer people and access more of the skills they need through external sources.



For insurers across the diverse markets of the Asia-Pacific region, it's a time of considerable opportunity, though it varies in scope. In many ways, the Asia-Pacific region holds the key to the insurance industry's future. It is home to nearly one-third of the world's population, a few of the fastest-growing economies and multiple countries with rapidly expanding middle-class populations.

Furthermore, China has rapidly become the second largest economy in the world and is on track to become the largest by 2030. The extremely high expectations of consumers in the region for seamless and personalized digital experiences inspire a great deal of innovation. Firms in mainland China and other markets are experimenting widely - and delivering impressive results - with new products, new distribution models and new technology. The top performers are both capitalizing on near-term opportunities and establishing a strong foundation for long-term success.

The Asia-Pacific insurance industry is still riding a strong growth spurt, driven by China but also buoyed by positive performance in South Korea. Both premiums and penetration have risen. However, some mature markets have struggled as their populations age and consumer expectations shift. For years, insurers across the Asia-Pacific region have understandably focused on seizing the growth opportunities that have been presented by healthy economies and a growing middle class.

In some markets, the focus on driving growth has left key parts of the value chain - such as underwriting, claims and other internal processes - lagging best-in-class standards. At the same time, digital capabilities have often been built on top of existing operations and without end-to-end digitization plans.

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ROLE OF RISK MANAGEMENT PROFESSIONALS IN EMERGING ECONOMIES



“The management and control of risk is the most significant topic in the business world today”

- Robin Kendall

“Emerging economies constitute the major growth opportunity in the evolving world order.”

- David Arnold, John Quelch

Introduction

The objective of this study is to explore risk management in emerging economies. We were not interested in determining whether individual markets are more or less risky – that is inherent in emerging economies given the scale and pace of change and their current level of economic development. Experience tells us the conditions that make them riskier than mature markets will continue to apply for some time, hence, in an increasingly interconnected global economy, managing risk in emerging

economies is and will continue to be an essential competence for multinational organizations.

Our goal is also to build a picture of best or leading practice to see how risk management professionals are successfully managing risk in order that others can leverage their work.

Risk management professionals can measure risk across markets in terms of their potential impact on profit and loss, quantify capital allocation to markets and dealers, establish meaningful risk limits and supervise performance.

This study also covers definition of emerging economies and spectrum of risks associated with emerging economies and general best practises followed in order to manage risk effectively.

Definition of Emerging economies

The term emerging economy is relatively new however it is one that is broadly utilized now a days. One way to depict emerging economy as simply “all those countries not considered developed”. Developed here meaning essentially the major European countries plus the US, Canada, Japan, Australia and New Zealand.

Author

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Key Attributes

A more useful way to look at defining emerging economies is to consider some of their key attributes and see what help this gives us.

The major ones would be:

a) Level of income

This is a commonly used measure. The World Bank, for example, uses Gross Domestic Product (GDP) per head as a measure to classify countries as set out in following Table. (Source- World Bank)

Classification	GDP per head USD
Low	<755
Lower Middle	755<2995
Upper Middle	2995<9265
High	>=9265

b) Growth Rate

One reason that emerging markets have been considered attractive has been that they often exhibit a high rate of GDP growth. Many Asian economies averaged 4–7 per cent growth during the eighties and nineties for example, compared with 1–3 per cent for developed economies, but this has not been the case for all emerging market countries.

c) Stage of development

This is a factor that fits more closely with the word emerging. There are a number of dimensions we could consider:

- ❖ the degree of openness in the economy as measured by the degree of deregulation, privatization of state enterprises, or the extent of tariff and other barriers to trade;
- ❖ the size of the market in terms of goods such as cars, telephones, electronic goods
- ❖ the state of financial markets including the existence, size and degree of concentration of the stock market, and the size and depth of local bond markets.

d) Stability

A defining characteristic of many emerging economies is a lack of stability either economically or politically

“We will define emerging economies as: those countries which have started to grow but have yet to reach a mature stage of development and/or

where there is significant potential for economic or political instability.”

Key Characteristics of Emerging economies

The key defining characteristics, therefore, are maturity and instability.

- a) Maturity is used to describe one of the stages in a continuum or life cycle of development. The stages are birth, growth, maturity and decline which follow a pattern such as that depicted in Fig 1

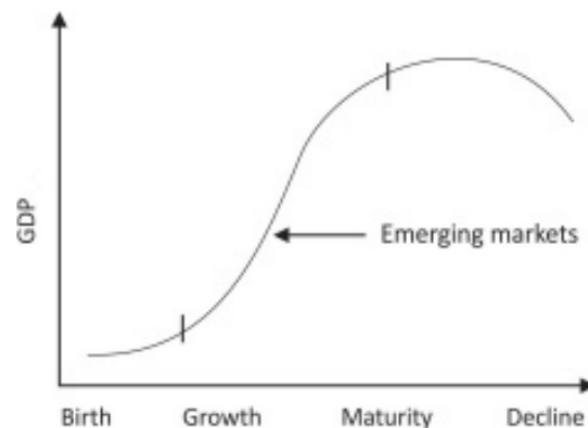


Fig 1. Life Cycle

In the context of the stage of development of a country, the key measure is usually GDP, as income and development are closely linked.

- b) Instability is the concern with many emerging economies. It is the uncertainty over what might happen in the future. This uncertainty may be political or economic, sometimes it is both.

Political uncertainty arises where there is a history of instability or a high probability that change will occur. The causes of this instability are many and include religious or tribal tensions, repressive regimes, domestic insurrection, war or threat of war, economic problems, etc.

Comparison of emerging economies over other economies

Change is more likely to occur in emerging economies and the changes that occur happen more quickly and are more unpredictable.

Risk is greater in two ways.

- ❖ Firstly, emerging economies are different from developed economies and this gives rise to new risks;
- ❖ Secondly, risks which have a low probability of occurring in developed countries, have a higher likelihood of occurring in emerging economies.

The nature of emerging economies

Covers various physical, social, political and economic aspects that underlie the weaknesses and instabilities that characterize their economies.

1. Physical- Emerging economies exhibit a wide range of physical attributes that in one way or another tend to place some limitations on the growth opportunities of a country or make it vulnerable to external influences. Some of these factors are:

- geography – large or small size, inaccessible regions or barriers to travel, distance from developed economies;
- dependency on weather patterns – rains, El Nino
- vulnerability to natural disaster – floods, earthquakes;
- poor infrastructure – transport, utilities, etc;
- reliance on a few agricultures and/or primary commodities.

2. Social- The social fabric of a country will support or hinder its development. Some of the factors

- language – often there are many local languages but a foreign language is needed to conduct international trade (English, Chinese, Spanish or French being the most common);
- tribal divisions;
- religion;
- population growth;
- skewed population distribution – large percentage less than 15 years of age;
- poor health (AIDS in some countries) or poverty;
- concept of the extended family (provides safety net);
- education levels low.

3. Political- In only a few emerging economies has democracy been the norm for more than 10–15 years
 - stable but despotic/one party rule or regular change in government;

- democratic but not free elections;
- multiparty governments with changing factions;
- historical legacy – colonial past or former communist state;
- potential for violent overthrow;
- corruption;
- control of the press though this is being undermined by the Internet and satellite television;
- strong influence of the military;
- lack of legal framework or laws in place but not enforced;
- contracts not always honoured;
- internal conflict/repression;
- war or threat of war;
- many regulations, together with a propensity to bring out new ones without consultation or thinking them through.

4. Economic- Sound economic performance requires the country to have some competitive advantage to start with, which is then effectively exploited.

- skewed income distribution;
- managed economy – subsidized prices;
- dependence on primary exports and/or tourism and/or aid flows for foreign exchange;
- net oil importers (few notable exceptions);
- protected home markets;
- IMF/World Bank support required;
- large black economy;
- high unemployment or underemployment (but no or limited state support);



- poor quality/quantity of data – lack of transparency;
- state control of large parts of the economy
- small or no stock exchange while those that exist are heavily influenced by trading in a few stocks;
- limited amount of stock in public hands;
- few large conglomerates operate in many sectors – including banking;
- limited tax base – tax avoidance common;

Pull and push factors have combined to increase the level of interest in emerging economies as target markets as well as production bases.



Risk types in emerging economies

a) Business

- Whole range of issues make emerging economies more volatile and unpredictable so companies which are not well managed and robust financially will be vulnerable.

b) Credit

- lack of transparency, limited disclosure (accounting risk)
- counterparties unwilling to share information
- inter-connected businesses common

c) Credit-sovereign

- credit risk of the sovereign entity will generally be well known. It may be weak due to dependencies on external factors such as exports, investment inflows or poor management of income and expenditure.

d) Market

- exchange rates and interests rate liable to move significantly and with little warning;
- two tier exchange rates may operate (official and black market);
- pegged exchange rates, currency boards or crawling peg mechanisms may operate but limited resources to defend them leaves them vulnerable to speculation.

e) Liquidity

- often high degree of reliance on central bank which may have limited resources, particularly in time of need.

f) Operational Staff

- quality and quantity of staff will vary enormously as will work ethic and time keeping

g) Technology

- technology in use may be outdated and difficult to maintain

h) Outsourcing

- if contracts have little meaning this may increase risk considerably if service standards are not met;

i) Fraud

- Heightened vulnerability particularly where management has limited understanding of local practices or there is collusion amongst staff;

j) Processes and procedures

- Need to be adapted to local conditions including compliance with local regulations

k) Accounting

- Accounting standards weak, income sources and profits often understated

l) Political

- Power tends to be concentrated and is open to abuse even in nominally democratic countries

m) Environmental

- Lower standards or non-enforcement may reduce environmental risks but this is changing and poor practices today may store up problems for the future

n) Legal

- Problems can arise through a lack of understanding, unclear requirements, lack of enforcement or laws not being in place

o) Systematic

- Increased interconnectedness with the outside world as trade barriers are removed and deregulation occurs creating opportunity but make emerging economies more vulnerable.

p) Reputational

- International companies in emerging economies are prime candidates for adverse publicity. This may be vindictive.

Qualities of Risk Management Professional in emerging economies

With the consistent shifting and evolving regulatory and technological landscape, following are list of skills which we accept a Risk Manager should have or should he/she want to become successful in risk management career.

a. Financial Acumen

Having financial acumen is more than just understanding numbers. The ideal risk professional must comprehend and master the different financial indicators which are tied to the firm's assets, business lines, markets, regulations and stakeholders. Mastering numbers empowers a risk professional to make sound and quick decisions.

b. Analytical skills and an eye for detail

In our experience, whatever the category of risk we specialise in, as a risk manager we must possess analytical skills and have an eye for detail. It is therefore crucial that you keep focus on both the broad aspects of your work (e.g. your firm's business objectives, your department P&L and the firm's potential top risks) but never losing sight of smaller details that happen on day to day basis.

c. Industry and Market Knowledge

By understanding well, the industry and market where the firm operates, the risk professional will be much better equipped to identify the posing risks. Above all, the risk professional will have a better notion on how to rank, score and group any potential risk for the firm at a given time. An experienced risk professional or potential CRO should be proficient in a specific discipline, such as market risk, credit risk or operational risk, yet with a good knowledge of broader risk issues and regulatory developments.

d. Ability to endure and work under stress

Some people are essentially emotional dealing with stressful situations, while others can keep focus and respond with their rational assessment. It is a fact that two individuals with the same training, exposed to the same stressful situation, can have totally different reactions and hence a different resulting performance. Successful risk professional must be able to work under pressure as quick decisions will need to be taken in high stressful times.

e. Technical skills, negotiation skills and ability to influence people

The ability of influencing people is also a very important trait but not everyone has it. The ideal risk professional or CRO must know to listen and to inspire people. These are two skills that any good leader must pursue.

f. Good communication and presentation skill

They must also be able to convey complex financial products and risk management concepts, practices, and processes to senior, less technical audiences, including front office directors, senior management and the board of directors. Strong interpersonal and communication skills are imperative for risk managers to be successful.

g. Holding academic credentials in Finance and Risk

When scanning a candidate's resume, firms seek risk professionals who have strong academic finance or/quantitative credentials. MBA's in finance, ideally having rigorous courses loads in quantitative finance, from top universities. This always gets the attention of recruiters and hiring managers.

h. Strategic thinking capability

Solid risk managers must be forward-looking and strategic minded, having the ability to understand potential risks for the firm, both at departmental level as well as in a wider firm perspective.

i. Endurance to regulation

Risk management in banking has been transformed over the past decade, largely in response to regulatory requirements following the global financial crisis. Also risk management will experience more changes in the next 10 years.

j. Networking ability

In the fast paced, risk professional should constantly



make to put effort of connecting with other fellow professionals.

General guidelines for Risk Management Best Practices in emerging economies

A tentative set of guidelines would include the following points:

- ❖ Regulators should work together with market participants to establish and enforce risk management rules. Banks and insurance should be encouraged to discuss common policies for risk management, and joint regulators in their efforts to minimise systemic risk.
- ❖ There should be a clear distinction between regulation of risk control for insurance and banks even if some of the material requirements are the same for both kinds of institutions.
- ❖ Besides capital requirements and other quantitative requisites, regulators should set forth and enforce qualitative requirements for internal controls; financial institutions should be required to have written risk control policies.
- ❖ There should be an efficient auditing of insurance and banks with respect to their exposure to risk and their internal controls.
- ❖ Well-developed clearing facilities should be in place, in order to enhance risk management at an aggregate level; cooperation agreements between clearings acting in different markets are essential for supervision across markets.
- ❖ At firm levels, VaR and similar quantitative models are an important tool, but useless without a corporate culture of risk management, that includes proper internal controls, flow of information, engagement of senior management and qualitative standards in general.
- ❖ Due to the lack of trained professionals, a technical expertise in handling quantitative models should be gradually developed.
- ❖ Attendance at international seminars and training programs is an important source of knowledge for both regulators' and firms' employees. Such programs should be regularly held on a domestic basis, as a means of disseminating knowledge, experience and the culture of risk management.

Conclusion

The challenges faced by risk managers in emerging economies are both numerous and complex. In the early

years of the 21st century, Insurers and banks in emerging economies went through a period of tremendous growth, showing solid fundamentals in capital requirements, liquidity, and asset quality compared with insurers and banks in developed markets.

Over the last few years, though, the business environment has shifted: an increasingly demanding regulatory and policy environment, growing risk costs, and declining profitability levels are presenting significant new challenges. Risk management has a major role to play.

Risk in emerging economies is higher than in developed ones. Expectations are that the level of risk will continue to increase, as will volatility. This, however, is not a reason for retreating to one's comfort zone, as risk creates opportunity and seizing opportunities is the way in which companies develop and grow. The rewards from doing business in and with emerging economies can be sufficient to cover the increased level of risk but they can only be achieved through proper risk assessment up front and continual reassessment, because we cannot know the future. All we know is that it will be different and that we will probably have to manage risks in coming years' time that we cannot currently conceive. This is exciting as well as challenging, and requires everyone to understand and manage risk much better than they generally do now.

From humble beginnings, risk and risk management have grown into a veritable industry. In the future companies will succeed not through bigger and bigger risk management departments but through line managers understanding and managing risk effectively. Tools and techniques will continue to develop and technology will help this process, but the key will be people, as only they can use judgement and respond well to the unexpected which occurs all too often in emerging economies. Hope for the best but plan for the worst must be the watchword when dealing with emerging economies.

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PROS AND CONS OF MULTIPLE TERMS PLANS

Term insurance is a long tenure-led insurance policy that ensures that the dependents and family members of a policyholder remain financially intact even after the demise of the policyholder.

As important it is to buy term insurance, it is equally significant to sign up for a term insurance policy with the right sum assured. The sum assured should be sufficient enough to ensure that the regular needs and long-term goals of the family are fulfilled in sync with future inflation. However, it is quite common that one can't assess the corpus needed at the time of purchase 20-30 years early and may end up purchasing a term insurance plan with a sub-optimal sum assured amount.

Since there is no top-up facility in term insurance like in health insurance, the policyholder can add multiple term insurance plans depending upon his / her needs. It is legitimate in India to have multiple term insurance plans as it comes with various benefits such as bigger claim amount, different benefits and safety for the future.

While you plan to go for another term insurance plan, the applicant can look for a different company to buy their second plan. Different companies have different features, benefits, inclusions and exclusions. Thus, it is beneficial to select separate companies for separate plans. However, it is always mandatory for the policyholder to disclose about an existing term insurance plans at the time of taking a new one.

Why multiple plans

While multiple term insurance plans adding to a big cover may become a little expensive than a single term insurance plan, they come with a bouquet of advantages. Diversifying

term insurance between multiple insurers is also a better idea when the cover is large. Because, at times, a higher coverage of say Rs. 1 crore may get delayed in getting settled at the time of claim whereas a claim for an amount lesser than Rs. 1 crore may get easily settled. Moreover, based on the different underwriting policies of each company, the permitted sum assured amount may vary. For instance if the underwriting doesn't permit Rs. 1 crore of sum assured amount due to health conditions, in such a scenario, a person can opt for multiple term insurance plans to get the desired amount.

Additionally, if a person, having multiple insurance policies, feels any burden in paying for term insurance or he doesn't need the high corpus amount by the age of 50 years due to completion of family duties, then he/she can surrender a few plans out of the multiple plans without losing the entire term insurance support.

Also, the insurance industry is constantly evolving and so are the products being offered. A term insurance product conceived and purchased 20,10 or even 5 years earlier may be a simpler product compared to products with new features currently available. This includes covers for spouse, accelerated payments on critical illness, conditional premium waiver, additional pay out in accidental death, and children benefit riders all available within term insurance plans. Depending on the evolution of one's financial/personal needs one can choose a term plan which complements them and reinforces the existing term plan.

Loans are another reason to consider buying a new term insurance. Home, business or other long-term loans may have been accrued after the initial term plan purchase. Relying on original term insurance alone may rob the dependents of eventual benefits if an additional term loan is not purchased that is equivalent to home or business loan that are unhedged.

The term insurance sum assured amount can't exceed more than the Human Life Value (HLV) of the policyholder. It is the monetary value of the person based on income, savings and liabilities. These days, life term insurance companies offer insurance coverage depending upon the age of the insured. For instance, 18-35 years old person can get 25 times of their annual income, 36-40 years old person is eligible for 20 times of their annual income and 40-50 years old can get 10-15 times of their annual income. The policyholder, however, has to provide proof of annual income to avail multiple policies. *(Source: Business Line)*

CONSIDER THESE FACTORS BEFORE PURCHASING EV INSURANCE POLICY



Many automobile companies are gearing up to launch electric vehicles (EVs), and some are out with their e-vehicles already. Industry experts believe that with increasing consumer awareness and strict emission norms, the demand for these e-vehicles may continue to increase in the coming years.

Experts believe that internal combustion engine vehicles are vital contributors to environmental pollution, leading to the growing need and demand for EVs.

"Electric vehicles have come as a clean energy initiative, as they offer low or zero emissions and have become a vital part of OEM (original equipment manufacturer) business strategies. Along with the growth in the EV segment in the country, there will be a huge demand for motor insurance for electric vehicles," said Indraneel Chatterjee, co-founder, RenewBuy, an online insurance aggregator.

In March 2020, the Insurance Regulatory and Development Authority of India (Irdai) announced that insurers would offer a 15% discount on third-party motor premiums for electric vehicles to incentivize their use.

"The government of India is also charging GST at 5% for electric cars, which is way lower than the internal combustion-powered vehicles. The impetus for the manufacture of electric vehicles has begun, and the government is moving towards a promising future," said Chatterjee.

Authorities have also provided ₹1.5 lakh tax benefit under Section 80 EEB for interest paid under EV car loan.

Ankit Agrawal, chief executive officer and co-founder, InsuranceDekho.com, said, "These e-vehicles may be slightly expensive compared to other motor vehicles, but they have their own set of advantages. These include low operational

cost, cause minimal pollution to the environment, and most importantly, save on petrol and diesel."

However, with the higher price of the vehicle, it becomes crucial to keep it insured to stay financially protected in case of an unfortunate event.

To help you make the best decision for buying an EV insurance policy, here are some factors that you must consider.

Coverage: The most important thing to consider when buying EV insurance is to check the coverage features offered under it. As the parts of an electric vehicle are comparatively expensive, you must purchase adequate insurance cover for them. If you buy a comprehensive insurance policy, it will typically protect you against third-party liabilities and other own damages (OD) cover. OD coverage can help you avoid expensive repair bills in case of accidents, natural calamities, riots, fire, as well as losses due to theft, etc.

Also, with a personal accident cover, you can be financially secured in case of any misfortune. It includes bodily injuries, partial or total disabilities due to accidents and uncertainties such as accidental death.

Insured declared value: IDV is the amount that you will be eligible to receive from the insurance company in case of a total loss of the electric vehicle. A lower IDV means a lower premium and vice versa. It is an essential factor to consider when buying EV insurance so that you are not offered a lesser amount in case a claim for total loss arises in the future. Also, since an electric vehicle costs a lot, this factor becomes more significant to consider.

Premium: The other most important thing to consider when buying EV insurance is premium. This is the amount that you will be required to pay to the insurance company in order to avail of coverage benefits under an insurance policy offered

by them. As the premium is to be paid periodically, you must choose a policy that comes at an affordable premium. However, you should not compromise the coverage benefits in order to save on insurance premiums.

Claim settlement ratio: CSR of an insurance company is an important factor to consider as it talks about the performance and how good an insurer is in handling claims. It is recommended to choose an insurance company that offers a smooth claim settlement process so that you are able to make the most of your policy in case of a claim.

Add-ons: These are additional benefits that can be added at the time of EV insurance policy purchase by paying an extra premium to enhance coverage. You can include the add-on covers as per your budget and requirements under a comprehensive insurance policy.

You can include zero depreciation cover to your electric vehicle insurance policy with which the claim amount made due to depreciation is waived off and the complete amount of damage is paid. The premium for these add-ons may differ from one insurer to another.

"It is suggested that consumers take add-on covers for e-vehicles as battery costs and specialized components can be costly for these vehicles. Risks of battery charging damage, battery leakage, damage to charging connectors, vehicle towing and providing on-site help, should be examined as add-on covers," said Chatterjee.

While electric vehicles are at a nascent stage in the Indian market, they are fast emerging and will soon capture a good pie of the private vehicle market share. It is one segment that will equally benefit consumers as well as the environment. (Source : Mint)

Plum Launches Lite - Health Benefits Membership for Early Stage Startups, SMEs and Gig Workers

Plum, an employee health insurance platform, today announced the launch of Plum-Lite - a comprehensive group health benefits membership exclusively for early stage start-ups, SMEs and gig workers/ freelance consultants. The membership will offer new-age health insurance covers, doctor consultations and Covid19 treatment covers for companies with teams as small as two members and for a premium starting as low as Rs. 85 per month.

For any early stage business, thinking of health benefits from day one is a challenge due to accessibility, affordability and usability. Current employee health plans have only been available for larger teams requiring a minimum of 10 members. Through Plum's new Health Benefits Membership, bootstrapped teams starting with just two members can get covered. The price point starting at Rs. 85 (per member/ per month) is less than a meal or a single doctor consultation. Plum has further made it possible to avail this membership through monthly subscriptions; this ensures that bootstrapped businesses do not have to lock-in a large annual investment.

The membership covers, health insurance upto Rs 5 lakhs, unlimited doctor consultations, weekly wellness sessions, dental and vision checkups, mental wellness consultations and Covid19 treatment claims. It also covers employees, spouse and kids and has a zero human touchpoint leading to instant activation.

On the launch of Plum-Lite, Plum's new Health Benefits Membership, Abhishek Poddar, Co-founder and CEO, Plum, said, "Plum is on a mission to make health benefits and comprehensive employer<>employee insurance available to the most underserved segments. Our first launch in this space is for early stage startups, SMEs and gig workers/ freelance consultants. We aim to create a wellness-first behaviour in workplaces that care. Further, this launch also fulfils Plum's goal of insuring 10 million lives by 2024 as it is our endeavour to ensure no one remains un/ under-insured due to unaffordability or lack of access."

Insurance penetration amongst the 6.3 crore SMEs and 15 million gig workers in India is extremely low despite their prominent contribution towards the growth of the Indian economy. The launch of Plum-Lite reiterates Plum's commitment on augmenting health insurance penetration among early stage startups, SMEs and gig workers/ freelance consultants.

Plum recently partnered with Razorpay Rize to offer exclusive group health benefits to early stage startup founders and aims to cover over 1 lakh new businesses and entrepreneurs. Plum has set strong roots in the fast-growing startup ecosystem in India and currently works with 1000+ startups including unicorns like Unacademy, Slice and Groww that think insurance-first. The company is backed by Tiger and Sequoia.

CALCULATING LIFE COVER ON A 'DIME'



Morgan Housel's book 'Psychology of Money' does a great job of explaining the power of money – it can give you control over your own time. That in a nutshell is the function of life insurance. It enables financial continuity for your dependents and avoids a drain of your existing resources. So, it is quite irrefutable that adequate life cover is critical. Here, we revisit the factors that can help people determine how much life cover they need.

Most Indians continue to perceive life insurance as a savings vehicle and believe that the insurance benefit attached to such products is adequate. So, let's clarify one thing – every earning individual with financial dependents must buy term insurance.

Take for example Arun, a 35-year-old married person with one kid and a second one on the way. He is looking to buy a term insurance and decides to rely on the general thumb rule – a life cover must be 10 times your annual income. Considering Arun earns Rs. 10 lakh per annum, the thumb rule would suggest his ideal life cover is Rs. 1 crore.

While this is a good thumb rule to determine the minimum cover required, an individual often needs more than 10 times his / her income. In other words, it is highly likely that Arun is inadequately covered. So, how can he determine his multiplier?

The DIME method is a holistic tool for assessing one's current state of finances and future needs. So, here's what Arun needs to know:

Debt: Your liabilities survive you and therefore provisioning for recurring debt is very important. Let's assume Arun has an outstanding student debt of Rs. 2 lakh.

Income: Consider the number of years you want to provide an income replacement for your family and multiply your current income by that number. Assuming Arun wants to create income replacement for 5 years, he will need a corpus of at least ₹50 lakh.

Mortgage: The next step is accounting for a home loan, which can derail your family's monetary stability in your absence. Let's assume, Arun has an outstanding home loan of Rs. 50 lakh.

Education Expense: Considering Arun is a father, he will need to create a financial corpus to support his daughter until she turns 25 years of age (typically when kids start earning). With education cost constantly on the rise, Arun will need an estimated Rs. 35 lakh until graduation of his child. With another baby on the way, he wants to make an additional provision of Rs. 50 lakh for the upbringing and education of his second child.

All these factors summed up show Arun's future requirement, which is Rs. 1.87 crore. But there is one missing ingredient – it doesn't account for his existing assets. Assuming he has assets worth ₹20 lakh in the form of fixed deposits and mutual funds, Arun's final financial requirement is Rs. 1.67 crore. Assuming Arun passes away after 10 years, then at a 4 per cent inflation rate per annum, he will need a life cover of Rs. 2.47 crore (nearly 25 times his current annual income).

Personal finance advisors can support you in this process. One key factor to always remember is that life insurance is not a one-time purchase. You must review your protection requirements at regular intervals, especially as you progress through various life stages. (Source: Business Line)

HERE ARE SOME BENEFITS OF A GROUP HEALTH INSURANCE POLICY



Group insurance cover is a comprehensive health policy, mostly done by companies for their employees. These policies provide health insurance covers for employees and also their spouses, children and at times parents.

According to experts, for an employer, a group health insurance policy is comparatively easier to get since they procure it in bulk for their employees. "Group health benefits for a large number of people also end up in having many things covered simultaneously. It is beneficial for employers to get their employees covered as it creates a protective environment. The employees will have one less thing to worry about and will start to connect well with their workplace/employers," said Sanchit Malik, co-founder and chief executive officer (CEO), Pazcare, an insurtech firm.

There are key differences between retail health and group health covers that individuals should know about.

First, in the case of retail health cover, the insurance contract is signed with the policyholder, while in the case of group health cover, the employer owns the insurance contract with the insurer. The employer then issues certificates to the employees of the company.

Second, the insured can revoke the retail health cover. On the other hand, the employer can rescind the group health policy for their employees.

Third, buying a retail health policy comes with a waiting period for pre-existing diseases, while group health policy covers don't have this restriction.

Fourth, all retail health policies get costlier with increasing age. While in the case of group cover, policies don't get more expensive with the employee's age.

Fifth, you need to renew your retail health policy every year to make it remain active. In contrast, employment tenure does not affect the insurance term coverage for employees. You are covered as long as you are part of the company.

Additionally, group health policy provides significant benefits to employees. This coverage protects the policyholder (employee) as well as family members. Here are some key benefits.

Extensive coverage: Certain group health insurance policies may cover boarding costs in addition to anaesthetists, surgeons and consultation fees. "Among other expenses covered are those for oxygen, anaesthesia and diagnostic materials, as well as dialysis and X-rays. The policy also includes coverage for domiciliary hospitalization. Besides, maternity-related expenses are covered," said Mayank Kale, CEO and founder, Loop Health, a group health insurance agency.

Regular health check-ups: Employers can conduct regular health check-ups for their employees. The employees can also start their treatment or medication whenever required.

"Regular check-ups will also help employees make changes in their daily routine and know what is working out for them and what is not. And since the employers will be insuring the whole company, the group health insurance policy will be cost-effective and economical for everybody," said Malik.

Readily available: The new recruits could be easily insured because of the existing group health policies, simultaneously benefiting the employer and employee. Not only that, additional policies can be added or deleted according to the employee's needs. One can also modify plans to suit the different needs of every individual and their family members.

Hassle-free claim process: The claims are quickly settled without any intermediaries as the employee only needs to contact their employer with the necessary bills and documents. The time saved from these formalities could be crucial at many points, making a comprehensive group health insurance a better option than having a personal insurance cover. The insurance policy will also cover ambulance costs, more minor surgeries like eye surgery, dental cover, etc. (Source : Mint)

Recent activities at Birla Institute of Management Technology (BIMTECH)

Student Achievement

First-year PGDM -Insurance Business Management students Navpreet Singh and Shreya won second and third prizes respectively in the "Write -A-Thon Contest organized by Ethika Insurance broking Pvt. Ltd competition. They were felicitated later by Mr. Susheel Agarwal, founder, and CEO of Ethika Insurance Broking Private Limited.

Ethika Insurance broking Pvt. Ltd based in Hyderabad is a new generation insurance broker that is innovative and works in combining technology and innovation and has its focus on marketing Employee Health Insurance by making their delivery Simple, Humane, and Proactive had organized a "Write -A-Thon Contest ". A -Writing contest for articles about Insurance between Nov 29th - Dec 4th, 2021 inviting articles from insurance students all over India.

Participation in the conference on Leadership for the New Normal at Kathmandu

Prof. (Dr) Abhijit K. Chatteraj Chairperson & Dean SW SS Insurance Business Management Programme BIMTECH was a panelist at Banking Finance and Insurance Institute of Nepal (BFIN), organized a one-day conference entitled "Conference on Leadership Development for the New Normal" on 27 November 2021 at the Radisson Hotel, Kathmandu.

This conference attended by over 170 delegates, including CEOs, top executives and managers of banks and financial institutions, Insurance Companies, Senior government officials, leaders of public and private industries, and other distinguished delegates/ professionals had several rounds of insightful deliberations from prominent international speakers/personalities from India, Bangladesh, Nepal, and Sri Lanka.

Dr. Neelam Dhungana Timsina, Senior Deputy Governor of Nepal Rastra Bank, was the Chief Guest for the opening ceremony who inaugurated the conference. Other Special Guest of Honour for the program were Dr. Duvvuri Subbarao, Former Governor, Reserve Bank of India, Dr. Atiur Rahman, Former Governor, Bangladesh Bank, Dr. Chiranjibi Nepal, Former Governor, Nepal Rastra Bank, Mr. Bam Bahadur Mishra, Deputy Governor, Nepal Rastra Bank, and Dr. Binod Atreya, Managing Director, BFIN.

While addressing the conference on the theme "Challenges in Emerging Scenario Post Covid: Life and Non -Life Perspectives., Prof. Chatteraj noted that the importance of life and the non-life sector had increased many folds. The insurance industry

should go hand in hand with the banking industry and the digital transformation to cater to the new generation. In "Infact, the much-needed cushioning for the development of the banking industry comes from the robust insurance industry. Added Dr. Chatteraj. Dr. Chatteraj maintained that the aging population in many countries, including India poses the biggest challenge to the life and non-life insurance industry.



People today live longer but, unfortunately, with disability or morbidity. The health insurance industry needs to brace up and tackle this problem with alacrity.

Panel discussion on Career Opportunities for Women in Insurance

Birla Institute of Management Technology (BIMTECH) organized a panel discussion of successful women insurance professionals to know about their career journey & understand the scope, opportunities & skill sets required for women to make a great career move in the Insurance domain.

An estimate indicates that gender diversity is at around 22% in the insurance industry in India. Six women CEOs are at the helms of the industry & this makes it more than 10% of the industry. A far better figure than other industries, yet there is big a need to raise the level of women's participation in the Insurance industry.

Ms. Anupam Tyagi, SVP, Aviva India, Ms. Sneha Mishra, Ex. Director & CMO, Edelweiss Gallagher Ins Brokers, Ms. Swati Srivastava, DGM (HR), Beacon Ins Brokers & Ms. Varsha Pandey, Manager, ICICI Lombard were the panelists. They collectively represented the two different generations of women professionals. Prof Saloni Sinha, Faculty, BIMTECH moderated the discussion.

LEGAL



Get policy terms changed during free look-in period

Babulal Das filed a complaint before the Howrah District Forum alleging he had applied to Aviva Life Insurance for the purchase of two single-premium policies, having a premium of Rs 61,854 each. But the company had wrongly issued him regular traditional policies, which required the payment of periodic premiums. In his complaint, he stated that corrections were not made to the policy even after he had pointed out the anomaly. Das sought a refund of his premiums, along with compensation and costs.

The insurer contested the case. It stated that Das was an educated person who had applied voluntarily for the policies. It added that Das had neither disputed the policy terms during the free look-in period of 15 days prescribed by the Insurance Regulatory and India (Irdai), nor had he made any request for rectification of the policy. The insurer argued that Das had no right to seek a refund after the expiry of the free look in period, as the insurance contract had been concluded.

The forum observed that there was no documentary evidence to support Das' case that he had sought single-premium policies. On the contrary, the documentary evidence showed that Das had sent the insurer a letter of thanks for the policies issued to him. Later, he had also transferred money to the insurer. No explanation was given for why the transfer had been done, which led the forum to conclude that the money was remitted towards payment of insurance premium. So, the forum dismissed the complaint, holding there was no evidence to establish deficiency in service.

Das challenged this order in appeal. The West Bengal State Commission also refused to believe that an educated person like Das would only make verbal requests for rectifica-

tion of policies, without putting any written communication on record. The commission wondered why Das had not exercised caution in the subsequent policy taken by him, and had allowed the same 'mistake' to get repeated over and over again on six occasions spanning eight months. The commission concluded that the only inference was that there was no mistake and that the complaint was devoid of merit. So, it upheld the dismissal of the complaint.

Das then filed a revision petition. He claimed that the agent had given a handwritten, but unsigned calculation sheet, giving a calculation of the refund amount. The insurer disputed the authenticity of the calculation sheet. So, the national commission held that it did not have any evidentiary value.

The national commission also observed that Das' occupation, as mentioned in the proposal form, was different from the one mentioned in the complaint. In spite of this, income-tax returns were not produced to substantiate the correct facts. Likewise, even in the revision, Das had failed to produce any proof to show that he had opted for single-premium policies. The national commission concluded that in the absence of proof, the complaint had been rightly dismissed.

The commission also noted that the policies had lapsed during the intervening period. Since the policies were not revived, the amount payable was calculated and remitted to Das, who chose not to encash the cheque. The commission observed that the cheque was remitted in accordance with the terms of the policy, and it was not possible to hold the company liable, merely because Das had failed to encash the cheques.

Accordingly, by its order of November 30, delivered by Justice R K Agrawal on behalf of the Bench with S M Kantikar, the national commission agreed that the complaint was without merit, and dismissed the revision petition.

IRDAI Circular



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

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

December 29, 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)

Inviting applications/Expression of Interest for empanelment of Professional (s) for translation and typing of various documents from English to Hindi and vice-versa

IRDAI/ADMN/NOT/MISC/306/12/2021

10th December, 2021

1. IRDAI invites applications for empanelment of professional(s) for translation of various documents of general, legal & technical nature from English to Hindi and vice-versa. The Individuals/Firms and Retired Officials (from Government Departments, PSUs, Regulatory Bodies) possessing the qualifications and experience as mentioned in the para 4 may apply.
2. The professionals should be competent and proficient in both the languages i.e. Hindi and English and should be well conversant with the legal and technical terminology being used in the domain of Insurance.
3. Nature of Translation work from Hindi to English and vice-versa
 - (i) Translation of various general, legal and technical references, documents, manuals, other publications etc.

- (ii) Translation of Bills, Acts, Legislations, Regulations, Notifications, Circulars, Orders etc.
- (iii) Translation of Parliament questions, Parliament Assurances, Notes for supplementary, Translation of VIP references and RTI communications
- (iv) Translation of notes of various Parliamentary Committees.
- (v) Translation of Annual Report, and Audit Reports
- (vi) Any other translation work as per the requirement of IRDAI

The translation work will entail typing, vetting and Authentication of translated documents. The translated version in both soft and hard copy form, as required has to be submitted. Please ensure that all the submitted documents submitted by you are self-attested

4. Educational, Professional Qualifications:

- (i) Master's degree of a recognized University in Hindi and English as a compulsory or elective subject or as the medium of examination at the degree level;
AND
Recognized Diploma or Certificate course in translation from Hindi to English and vice versa or two years' experience of translation work from Hindi to English and vice versa in any Government Department/PSU/Regulatory Body
- (ii) Retired Government officials not above the age of 65 years, possessing the above qualifications and having the experience of translation and typing work relating to the nature of subjects as mentioned in para 3 above

5. Terms and conditions:

- (i) The empanelled Professionals/firms shall be bound by the Confidentiality Clause, for which a Non-Disclosure Agreement has to be entered
- (ii) The estimated number of pages which are to be translated per month shall be 60-400.
- (iii) At the initial stage, the empanelment will be done for a period of two years from the date of commencement of empanelment. IRDAI shall reserve the right for extending it further for a period of one year at a time not exceeding overall extension of two years.

- (iv) IRDAI also reserves the right to place orders with other than empaneled vendors based on its need.
- (v) After empanelment, tenders will be called on a quarterly basis from the empaneled professional/firms indicating the possible volumes (based on the past 3 years average for the same months) and the professional/firm quoting the lowest rate shall be selected as L1 for assignment of translation work for the ensuing quarter.
- (vi) In the event of any misrepresentation in the application form, the candidature shall be cancelled
- (vii) A schedule for completing the job and delivery will be drawn and intimated by IRDAI, which needs to be strictly followed.
- (viii) In case services of any translator is not found to be satisfactory, or if there is any noncompliance/deficiency in service, IRDAI shall be at liberty to remove such translator from the empaneled list.
- (ix) The empanelment can be terminated by either party by serving one-month notice to the other party.
- (x) TDS and all other taxes will be deducted as per applicable rules.
- (xi) In case of any dispute, the decision of IRDAI would be final and binding.
- (xii) IRDAI reserves the right to terminate the empanelment at any time without assigning any reason.

7. Eligible and interested persons/firms may submit their application in the attached proforma. The prescribed proforma duly filled in may be submitted in a sealed cover clearly super-scribing it as 'Empanelment of Translators in IRDAI' to the General Manager, IRDAI, Administration Department, Sy. No. 115/1, Financial District, Nanakramguda, Gachibowli, Hyderabad 500032, latest by 6 pm on 24th December, 2021.

This is issued with the approval of the Competent Authority.

General Manager
Administration Department

HDFC Life Insurance announces 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.

Performance Statistics - Non-Life Insurance

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

(Rs. in crores)

INSURER	For the month of November		Upto the Month of November		Market Share upto the Month of Nov. 2021 (%)	Growth over the corresponding period of previous year (%)
	2021-22	2020-21	2021-22	2020-21		
Acko General Insurance Limited	79.15	39.32	597.16	235.11	0.42	153.99
Bajaj Allianz General Ins. Co. Ltd.	825.34	897.24	9,296.10	8,252.88	6.54	12.64
Bharti AXA General Ins. Co. Ltd. #	NA	263.68	NA	2,216.35	NA	NA
Cholamandalam MS General Ins.	436.59	385.06	3,023.81	2,740.16	2.13	10.35
NAVI General Insurance Limited	8.91	10.62	53.73	62.13	0.04	(13.51)
Edelweiss General Ins. Co. Ltd.	33.22	16.42	228.92	133.63	0.16	71.31
Future Generali India Ins. Co. Ltd.	255.32	332.79	2,660.07	2,317.32	1.87	14.79
Go Digit General Ins. Ltd.	452.21	195.24	2,728.14	1,422.29	1.92	91.81
HDFC Ergo General Ins. Co. Ltd.	786.66	826.93	8,547.94	7,801.56	6.01	9.57
ICICI Lombard General Ins. Co. Ltd.	1,510.13	1,310.32	11,798.05	9,304.62	8.30	26.80
IFFCO Tokio General Ins. Co. Ltd.	642.82	707.21	5,672.81	5,730.82	3.99	(1.01)
Kotak Mahindra General Ins. Co.	67.02	45.56	416.83	328.86	0.29	26.75
Liberty General Ins. Ltd.	116.40	125.29	955.46	931.77	0.67	2.54
Magma HDI General Ins. Co. Ltd.	146.66	104.30	1,012.01	750.94	0.71	34.76
National Ins. Co. Ltd.	1,160.17	1,147.41	8,950.68	9,135.26	6.30	(2.02)
Raheja QBE General Ins. Co. Ltd.	21.94	17.64	237.16	129.78	0.17	82.74
Reliance General Ins. Co. Ltd.	675.81	574.29	6,488.41	5,718.26	4.57	13.47
Royal Sundaram General Ins. Co.	218.74	225.81	1,823.47	1,727.85	1.28	5.53
SBI General Ins. Co. Ltd.	574.08	610.59	5,358.97	4,749.89	3.77	12.82
Shriram General Ins. Co. Ltd.	159.55	174.09	1,119.52	1,381.71	0.79	(18.98)
Tata AIG General Ins. Co. Ltd.	815.62	712.79	6,101.15	5,293.36	4.29	15.26
The New India Assurance Co. Ltd.	2,252.82	2,047.64	21,846.48	18,150.00	15.37	20.37
The Oriental Ins. Co. Ltd.	821.30	914.87	9,076.81	8,235.26	6.39	10.22
United India Ins. Co. Ltd.	1,188.87	1,056.28	9,981.69	10,669.65	7.02	(6.45)
Universal Sampo General Ins. Co.	317.06	277.30	2,193.83	1,897.18	1.54	15.64
General Insurers Total	13,566.39	13,018.69	1,20,169.21	1,09,316.65	84.55	9.93
Aditya Birla Health Ins. Co. Ltd.	107.76	93.66	1,015.76	749.14	0.71	35.59
ManipalCigna Health Ins. Co. Ltd.	78.65	65.29	605.58	458.19	0.43	32.17
Niva Bupa Health Ins. Co. Ltd.	194.85	126.53	1,649.79	977.21	1.16	68.83
Care Health Insurance Limited	285.40	173.67	2,280.24	1,532.57	1.60	48.79
Star Health & Allied Ins. Co. Ltd.	850.11	709.25	6,906.91	5,379.13	4.86	28.40
Reliance Health Ins. Ltd.*	---	---	(0.02)	(0.01)	(0.00)	NA
Stand-alone Pvt Health Insurers	1,516.77	1,168.40	12,458.27	9,096.23	8.77	36.96
Agricultural Ins. Co. of India Ltd.	564.88	657.19	8,864.79	8,188.19	6.24	8.26
ECGC Limited	95.18	75.16	636.61	616.12	0.45	3.33
Specialized PSU Insurers	660.06	732.35	9,501.40	8,804.31	6.69	7.92
GRAND TOTAL	15,743.22	14,919.43	1,42,128.88	1,27,217.19	100.00	11.72

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 NOVEMBER - 2021 (PROVISIONAL)

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crores			No. of Policies / Schemes			YTD Variation in %		
		Month of Nov-2021	Upto Nov-2021	Upto Nov-2021	Month of Nov-2021	Upto Nov-2021	Upto Nov-2021	YTD Variation in %	Upto Nov-2021	YTD Variation in %
1	Aditya Birla Sun Life Insurance Co. Ltd.									
	Individual Single Premium	20.06	147.67	11.92	247	1523	138	93.85%	1191	27.88%
	Individual Non Single Premium	14.31	1153.36	131.35	15723	126167	19044	116.95%	19044	-17.44%
	Group Single Premium	363.31	1883.91	219.31	4	31	0	21.43%	31	-31.43%
	Group Non Single Premium	0.38	42.30	42.30	0	2	0	100.00%	0	100.00%
	Total	545.02	3263.88	410.88	15986	127833	19224	-20.25%	19224	-17.12%
2	Aegion Life Insurance Co. Ltd.									
	Individual Single Premium	0.01	0.14	0.03	0	507	0	-66.74%	0	3068.75%
	Individual Non Single Premium	0.56	8.40	2.65	403	5886	806	-70.76%	11237	-47.62%
	Group Single Premium	0.00	0.00	0.00	0	0	0	-100.00%	0	---
	Group Non Single Premium	0.00	0.00	0.00	0	0	0	---	0	---
	Total	0.72	14.14	44.10	403	6410	810	-67.93%	11302	-43.28%
3	Aegion Federal Life Insurance Co. Ltd.									
	Individual Single Premium	27.14	169.37	153.56	437	3172	386	10.29%	4120	-23.01%
	Individual Non Single Premium	31.68	195.20	124.19	3197	21944	2568	57.17%	18067	21.32%
	Group Single Premium	12.69	80.80	41.09	0	0	0	96.63%	0	---
	Group Non Single Premium	0.03	0.01	0.01	2	2	3	100.56%	4	-50.00%
	Total	71.54	445.39	318.86	3636	25118	3359	39.66%	22211	13.09%
4	Aviva Life Insurance Co. Ltd.									
	Individual Single Premium	1.34	7.55	0.93	14	63	79	-21.19%	288	-78.86%
	Individual Non Single Premium	12.25	94.43	5.33	1413	11884	669	22.14%	12436	-4.44%
	Group Single Premium	0.23	2.89	0.21	0	1	0	193.65%	0	---
	Group Non Single Premium	0.09	0.69	0.01	0	0	0	-23.42%	0	---
	Total	16.63	155.59	10.25	1427	12014	955	-22.47%	12633	-6.36%
5	Bajaj Allianz Life Insurance Co. Ltd.									
	Individual Single Premium	22.20	162.23	3.60	271	2200	77	454.01%	53	297.83%
	Individual Non Single Premium	204.63	1891.44	173.12	35893	253821	30551	54.22%	249382	1.60%
	Group Single Premium	362.01	2506.21	183.67	2	50	8	39.38%	40	11.11%
	Group Non Single Premium	0.00	0.00	0.00	0	0	0	-100.00%	0	---
	Total	703.98	4735.54	373.43	36178	256145	30646	51.14%	250500	2.25%
6	Bharti AXA Life Insurance Co. Ltd.									
	Individual Single Premium	0.75	34.94	1.80	22	280	35	-50.28%	2650	-89.43%
	Individual Non Single Premium	52.38	376.96	39.21	7992	68865	8063	34.86%	61990	7.86%
	Group Single Premium	11.81	99.02	11.89	3	11	1	42.10%	8	37.50%
	Group Non Single Premium	0.00	0.00	0.00	0	0	0	---	0	---
	Total	65.15	512.46	53.10	8017	67158	8129	21.55%	64651	3.88%
7	Canara HSBC OBC Life Insurance Co. Ltd.									
	Individual Single Premium	44.06	256.95	32.85	276	2223	288	-13.33%	2822	-15.22%
	Individual Non Single Premium	118.42	650.70	424.95	15163	91375	4	53.12%	99663	-5.47%
	Group Single Premium	21.82	679.31	207.88	0	3	4	17.77%	8	-62.50%
	Group Non Single Premium	0.09	1.29	0.24	0	0	0	-38.30%	0	---
	Total	185.71	1694.68	311.34	15460	93648	14369	18.46%	99336	-5.73%
8	Edelweiss Tokio Life Insurance Co. Ltd.									
	Individual Single Premium	1.61	15.16	0.78	38	544	221	279.90%	287	88.55%
	Individual Non Single Premium	26.33	209.45	26.31	3900	33155	4596	3.66%	44621	-26.10%
	Group Single Premium	2.73	17.95	1.52	0	0	0	162.62%	0	---
	Group Non Single Premium	0.00	0.34	0.34	0	0	0	-100.00%	0	---
	Total	30.76	243.58	31.06	3837	33744	4820	12.49%	48226	-25.39%
9	Exide Life Insurance Co. Ltd.									
	Individual Single Premium	10.54	103.21	7.19	112	833	79	110.24%	754	10.48%
	Individual Non Single Premium	52.66	379.54	43.27	9536	73377	11240	30.01%	85493	-14.18%
	Group Single Premium	0.02	0.41	0.07	0	0	0	10.07%	0	---
	Group Non Single Premium	2.28	31.07	1.82	1	11	4	191.48%	18	-38.89%
	Total	77.83	585.95	57.97	9649	74221	11323	53.88%	86271	-13.97%
10	Future Generali India Life Insurance Co. Ltd.									
	Individual Single Premium	0.45	2.67	0.41	18	96	17	60.13%	74	29.73%
	Individual Non Single Premium	22.79	143.71	20.31	3008	19954	3159	-6.12%	23005	-31.91%
	Group Single Premium	1.42	16.47	9.48	0	0	0	-40.31%	5	-100.00%
	Group Non Single Premium	0.00	0.00	0.00	0	0	0	---	0	---
	Total	25.62	241.44	34.73	3029	20067	3177	12.39%	29401	-31.75%
11	HDFC Life Insurance Co. Ltd.									
	Individual Single Premium	304.98	2389.91	257.02	3886	28215	2834	14.76%	2834	13.25%
	Individual Non Single Premium	526.44	4397.70	522.13	60481	514038	67402	19.00%	24915	-9.39%
	Group Single Premium	1089.58	7189.03	695.51	16	73	6	23.62%	567280	-28.43%
	Group Non Single Premium	0.00	0.00	0.00	0	0	0	---	0	---
	Total	1928.60	14214.63	1301.04	64394	542359	70344	21.27%	592360	-8.44%
12	ICICI Prudential Life Insurance Co. Ltd.									
	Individual Single Premium	272.89	2065.88	176.71	2325	20006	1983	68.16%	14205	46.47%
	Individual Non Single Premium	400.19	3382.30	2617.42	46716	367038	47863	29.60%	363549	0.96%
	Group Single Premium	250.64	1688.31	241.46	4	75	10	58.17%	43	74.42%
	Group Non Single Premium	0.00	0.00	0.00	0	0	0	---	0	---
	Total	1251.68	8866.62	982.93	48380	386758	50175	37.91%	379520	2.43%

Performance STATISTICS - LIFE INSURANCE

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

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crores			YTD Variation in %			No. of Policies / Schemes			YTD Variation in %
		Month of Nov-2021	Upto Nov-2021	Month of Nov-2020	Upto Nov-2020	Month of Nov-2021	Upto Nov-2020	Month of Nov-2021	Upto Nov-2020	Month of Nov-2020	
13	IndieFirst Life Insurance Co. Ltd.	94	50.02	2.88	15.00	233.40%	224	1191	166	610	95.25%
	Individual Single Premium	129.32	72.00	57.22	485.81	33.04%	2517	14015	16915	106819	70.53%
	Individual Non Single Premium	192.32	846.74	57.47	685.91	23.94%	19	203	15	11	-100.00%
	Group Single Premium	0.02	0.41	0.03	0.34	22.16%	0	0	0	2	40.69%
	Group Non Single Premium	328.29	1626.70	137.60	1130.63	43.88%	25394	150512	17096	106979	-12.82%
	Total										
14	Kotak Mahindra Life Insurance Co. Ltd.	104.62	636.89	69.09	525.96	21.09%	4832	20543	2374	23563	-9.24%
	Individual Single Premium	132.98	890.92	96.38	747.24	19.23%	18832	141719	18832	156146	-31.59%
	Individual Non Single Premium	158.30	871.43	103.58	447.61	17.05%	5	61	17	126	-9.76%
	Group Single Premium	437.56	3123.20	310.18	2274.62	37.31%	23117	162772	21254	180294	27.64%
	Total										
15	Max Life Insurance Co. Ltd.	116.51	1001.67	114.53	899.97	15.16%	442	4345	430	3404	127.27%
	Individual Single Premium	2780.81	320.95	320.95	2344.36	18.62%	42497	337664	40152	363846	-6.97%
	Individual Non Single Premium	53.81	445.96	50.50	195.44	128.18%	0	25	2	11	57.86%
	Group Single Premium	622.58	4272.42	491.86	3475.54	22.93%	42941	342055	46621	139023	3.67%
	Total										
16	MetLife Life Insurance Co. Ltd.	13.24	87.28	10.57	56.05	55.73%	172	1255	150	785	-22.12%
	Individual Single Premium	134.76	825.40	102.91	702.37	17.82%	20405	144122	19533	139023	3.96%
	Individual Non Single Premium	38.32	250.14	34.60	157.52	58.80%	0	1	0	0	-96.78%
	Group Single Premium	0.02	0.77	0.07	0.41	88.42%	5	81	11	104	-10.00%
	Group Non Single Premium	196.36	1250.33	155.26	949.44	31.69%	20582	145459	19694	139922	-6.39%
	Total										
17	Pramerica Life Insurance Limited.	0.45	3.92	0.15	1.43	145.18%	9	65	110	2008	-10.00%
	Individual Single Premium	9.03	72.07	8.32	74.24	2.93%	1988	16534	2012	15660	-9.78%
	Individual Non Single Premium	3.56	62.84	9.71	37.15	69.18%	3	9	1	10	-10.00%
	Group Single Premium	0.00	0.00	0.00	0.00	---	2005	16666	2138	17835	-6.39%
	Group Non Single Premium	21.94	170.80	18.65	133.32	28.11%	85	951	112	952	-0.11%
	Total										
18	Reliance Nippon Life Insurance Co. Ltd.	3.81	29.88	3.76	28.32	5.43%	968	94068	13515	111634	-15.72%
	Individual Single Premium	77.15	509.18	61.76	478.23	6.46%	0	0	0	0	---
	Individual Non Single Premium	18.99	104.63	17.00	63.50	64.77%	3	25	6	17	47.08%
	Group Single Premium	104.21	697.57	115.25	577.58	13.85%	9994	95100	13644	112635	-15.57%
	Total										
19	Sahara India Life Insurance Co. Ltd.	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	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										
20	SBI Life Insurance Co. Ltd.	322.49	2310.49	221.51	1416.59	63.10%	6638	57576	4002	27082	112.52%
	Individual Single Premium	1076.57	6918.48	829.31	4820.77	43.51%	14834	101120	13885	856938	18.00%
	Individual Non Single Premium	2439.81	6338.57	430.96	5533.08	12.88%	14	102	9	84	21.43%
	Group Single Premium	0.52	14.65	0.82	10.82	35.43%	0	0	0	0	-100.00%
	Group Non Single Premium	3874.01	15948.91	1525.96	12115.97	30.81%	152959	1069954	142999	894371	20.87%
	Total										
21	Shriram Life Insurance Co. Ltd.	3.79	42.20	5.07	30.76	37.16%	866	5423	103	68	503.90%
	Individual Single Premium	32.15	270.22	35.60	255.36	5.82%	18291	141180	23234	144567	-2.34%
	Individual Non Single Premium	26.57	136.38	17.80	67.94	100.74%	0	2	1	2	0.00%
	Group Single Premium	64.03	510.59	66.05	419.44	21.73%	19148	146672	23358	145514	0.80%
	Total										
22	Star Union Dai-ichi Life Insurance Co. Ltd.	14.69	96.05	24.28	104.69	-8.25%	248	1842	415	2022	-8.90%
	Individual Single Premium	10.36	155.11	32.81	304.11	7.15%	12453	72243	9674	47681	50.18%
	Individual Non Single Premium	19.38	124.51	16.30	68.85	80.84%	0	3	0	0	50.00%
	Group Single Premium	0.00	0.06	0.04	0.87	-93.23%	0	0	0	0	---
	Group Non Single Premium	198.11	1105.70	116.21	571.38	93.52%	12699	74128	10355	46931	48.46%
	Total										
23	Tata AIA Life Insurance Co. Ltd.	57.90	321.09	54.35	418.70	-23.31%	670	3157	384	2554	23.13%
	Individual Single Premium	358.76	2167.31	221.83	1699.97	7.48%	44298	272435	28942	255559	15.37%
	Individual Non Single Premium	43.83	40.53	43.83	40.53	0.00%	0	0	0	0	100.00%
	Group Single Premium	0.08	2.54	3.54	42.43	-94.02%	12	12	3	41	-70.73%
	Group Non Single Premium	489.23	2643.99	287.87	2203.70	19.96%	44997	275762	20283	251319	5.53%
	Total										
24	Life Insurance Corporation of India	1353.37	9944.92	1021.16	7477.34	33.00%	22140	156810	14485	115593	35.66%
	Individual Single Premium	4224.37	28581.14	3289.05	21984.64	30.01%	545291	3965992	922733	3893972	1.85%
	Individual Non Single Premium	5038.46	23284.08	2304.38	18218.83	27.69%	66	670	78	600	11.67%
	Group Single Premium	23.00	161.72	96.70	187.58	-13.79%	21	140	28	201	-30.35%
	Group Non Single Premium	11206.75	66164.32	7066.05	51004.23	23.76%	567672	4125535	537773	4014523	2.77%
	Total										
	GRAND TOTAL										

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|---|---|--|

Govt notifies drone traffic management policy

India has notified a traffic management policy framework for National Unmanned Aircraft System (UAS) or drones, which will allow both private and public service providers to manage drone traffic in the country. The traffic management policy framework for drones takes into scenarios which involve flying multiple drones near manned aircraft, especially on lower levels of the airspace where drones are allowed to fly.

"With rapid technological evolution of unmanned aircraft, opening up of new use cases and policy reforms, the number of unmanned aircraft operating in the Indian airspace is poised to increase rapidly," said the National Unmanned Aircraft System (UAS) Traffic Management (UTM) policy framework. The safety of manned and unmanned aircraft across the Indian airspace is a critical requirement and needs to be enabled by a combination of standards, procedures, technology and real-time data exchange, the policy said.

"Current Air Traffic Management (ATM) systems have not been designed to handle the traffic from unmanned aircraft. Integration of unmanned aircraft in the Indian airspace using conventional means may require unmanned aircraft to be equipped with bulky and expensive hardware, which is neither feasible nor advisable," it said.

"This requires the creation of a separate, modern, primarily software-based, automated UAS Traffic Management (UTM) system. Such systems may subsequently be integrated into traditional ATM systems," it added. The policy framework further defines the architecture and mechanism for UTM Airspace, which includes traffic management of unmanned aircraft in Very Low Level (VLL) airspace up to 1000 feet above ground level.

Glossary



Margin Premium

A deposit that an organization is required to maintain with a broker with respect to the Futures Contracts purchased or sold.

Mechanical Breakdown Insurance

Premiums attributable to policies covering repair or replacement service, or indemnification for that service, for the operational or structural failure of property due to defects in materials or workmanship, or normal wear and tear. (May cover motor vehicles, mobile equipment, boats, appliances, electronics, residual structures, etc.)

Medicaid

Policies issued in association with the Federal/State entitlement program created by Title XIX of the Social Security Act of 1965 that pays for medical assistance for certain individuals and families with low incomes and resources.

Poll

Yes
No
Can't say

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

Results of Poll in our December 2021 Issue

Do you think a climate change risk pool should be created?

You may send your views to :

Poll Contest, **The Insurance Times**

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Phone : 2269 6035, 2218 4184, 4007 8428

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Yes ☒ 90

No ☐ 10

Can't say ☐ 00

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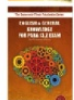
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