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Editor-in-Chief's Desk

Ram Gopal Agarwala
B.Com, LLB, FCA.

IRDAI under new Chairman Mr. Debashish Panda has very proactive since his taking over as IRDA Chairman. He has taken number of quick decisions which will help in the growth of the Insurance Industry. According to Mr. Panda Industry must self-regulate itself and IRDAI will facilitate the industry in development agenda.

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

IRDAI chairman Mr. Debashish Panda held bi-monthly meeting with insurance Chairman — Bima Manthan — recently in Hyderabad. In the meeting, insurers were guided to increase the growth rate and were individually provided indicative targets along with unique states and UTs to lead on. In the meeting, the Insurance Information Bureau made a presentation on enhancing its role and also its corporatisation.

Insurance Industry in India was in dire need of path breaking reforms and we hope the new chairman will take the mantle forward.

IRDAI has cut the solvency margins for insurers in crop business and this move will unlock Rs.1400 Crores for General Insurers.

IRDAI working group has suggested allowing insurers to invest in AT-I Perpetual Bonds of Banks that have declared dividend for the preapproval of life cover products for better efficiency.

In Uttarakahnd Badri Kedar Temple Trust recently announced for one lac Insurance cover for all pilgrims visiting thereat which is a good move.

As per report ESIC is to cover entire India in all districts by end of 2022 which will ease the health problems not for employee members only but for general public as well.

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General Insurance News

GIC to turn GIFT City office into a subsidiary to handle foreign operations

General Insurance Corporation (GIC Re) plans to upscale its branch in the International Finance Centre at GIFT City, Ahmedabad into a subsidiary. The corporation had recently decided to shut its Dubai office and carry out its Middle East and Africa operations from the Gujarat International Finance Tec-City (GIFT City).

"We are planning to turn our branch into a subsidiary, which will undertake all the international business of the corporation. Besides tax benefits the advantage of having a subsidiary in GIFT City is that it will be able to undertake direct insurance business as well," said GIC Re CMD Devesh Srivastava. He added that most of the policies that have been issued in the Dubai branch are getting renewed at GIFT City.

The corporation reported a net profit of Rs 1,795 crore for the quarter ended March 2022, an increase of 42% over Rs 1,260 crore in the year-ago period. As an Indian reinsurer, GIC Re can provide support to corporates only indirectly by supporting insurance companies. Norms for the international finance centres, which are special economic zones for export of financial services, allow composite insurance and reinsurance licences. This means GIC Re's subsidiary can directly provide insurance companies to global airlines or energy companies. GIC Re also has a subsidiary in Russia which caters to the former Soviet Union markets, which is currently going slow on business because of the war and sanctions.

Srivastava said that the corporation's share of international business had dropped following its decision to underwrite crop insurance in India. Now the corporation was looking to increase share of international business.

On its plans for growth, Srivastava said that GIC Re was looking to improve margins by correcting the pricing of some covers where rates had fallen too low. "We are also looking at reinsurance support for specialised retail insurance products like small ticket cyber reinsurance for which there is growing demand."

PSU banks, insurance cos to help Agniveers

Public sector banks, insurance companies and financial institutions will explore employment opportunities for 'Agniveers' in suitable capacities based on their educational qualifications and skills through suitable benefits and relaxations.

This was decided at a meeting convened by the secretary, department of financial services (DFS) with chief executives of public sector banks (PSBs), state run insurance companies and financial institutions. In the meeting, the joint secretary, department of military affairs made a presentation on the various aspects of the Agnipath scheme, aimed at creating jobs for the youth.

It was also decided that banks would explore possibilities of supporting 'Agniveers' through suitable credit facilities for skill upgradation, education for setting up businesses and to take up self-employment. The existing government schemes such as MUDRA, Stand Up India among others would be leveraged for extending such support to 'Agniveers'.

The Union Cabinet on June 14 had approved a recruitment scheme for youth for jobs in the armed forces called Agnipath and those selected will be known as 'Agniveers'. The scheme has been designed to enable a youthful profile of the armed forces, according to an official statement.

Rs. 1 lakh insurance cover for Char Dham pilgrims

The Badrinath-Kedarnath Temple Committee (BKTC) announced an insurance cover of Rs 1 lakh to be provided to the devotees in case of death on the temple premises of Char Dham located in Uttrakhand.

"This is the first time when insurance cover is being provided to the pilgrims. Letters have been sent to the sub divisional magistrates of Joshimath (for Badrinath), Ukhimath (for Kedarnath), Badkot (for Yamunotri) and Bhatwadi (for Gangotri). They have been asked to inform the committee in case of any mishap on the temple premises. After the report from the SDM concerned, the BKTC will initiate the further course of action," said Ajendra Ajay, chairman of BKTC. He further informed that this year's insurance premium has been provided by Manav Utthan Sewa Samiti, a trust run by tourism minister Satpal Maharaj.

"From next year onwards, we aim to increase the scope of the project, and either the committee or the state government will pay for the premium," the chairman said. He also stated that the insurance has been done through United India Insurance Company Limited in Dehradun.

Washed out T20 match to claim Rs. 45 crore

The fifth and final T20 cricket match between India and South Africa, which was abandoned because of rain, is likely to trigger claims of Rs 40-45 crore. In a sign of the maturing of event insurance business in India, companies are still willing to cover events for up to Rs 150 crore even as many global underwriters are retiring hurt.

"The international event insurance market was severely hit following the pandemic. It was not just sporting events like the Olympics or Wimbledon, there were thousands of events across the world that got cancelled. The number of underwriters in the London market has reduced by 50%," said Arjun Sharma, practice leader (sports, events & entertainment) at Gallagher Insurance Brokers.

UK insurance broker Howden to buy 100% in Indian arm

UK-headquartered insurance broker Howden will increase its stake in its Indian arm from 49% to 100%. The group, the largest non-US broker globally, has received regulatory approval for the transaction.

Speaking, Howden India Insurance Brokers chairman Praveen Vashishta said that the increase in stake to 100% would allow the company to pursue inorganic growth by bringing in more capital. Although Vashishta did not divulge the deal size, the transaction is expected to be in millions of dollars given that the company ended March 2022 with Rs 125 crore of income and Rs 34 crore of earnings before interest, taxes, depreciation and amortisation (ebitda).

The company now targets to double business organically by FY26 and achieve Rs 250 crore of income after increasing employee headcount from 250 to 400. In India, Howden has built a reputation of being an arranger of speciality insurance covers.

European Union to ban insurance for tankers that carry Russian oil

The European Union's (EU) announcement of its sixth package of sanctions, including a partial ban on Russian oil imports, was hugely significant. Foreign policy chief Josep Borrell called it "a big blow to (Vladimir) Putin's war chest."

One element of the package, a ban on providing insurance on tankers carrying Russian crude oil, looks likely to have a particularly large impact. After the embargo of Russian oil and tankers, the EU and the United Kingdom agreed to impose a ban on providing insurance to any ships carrying Russian oil imports anywhere in the world.

Officials hope to have this in place by the end of the year, effectively shutting out one of the largest crude oil producers from the maritime export market. Without insurance, tankers would be turned away from global ports.

But while EU officials are celebrating a win, some analysts warn of the wider economic consequences of clamping down on an industry critical to international trade.

"The restrictions on the insurance are very specific, as it's a distinct market, maritime insurance," Nikolaos Farantouris, Professor of Law at the University of Piraeus, told CGTN. "That's why many analysts, including myself, believe there will be an increase in price in the near future, and it's possible to see the price of a barrel reaching close to 135 dollars."

United India Insurance may be first up for sell-off

United India Insurance could be the top choice for privatisation as the government initiates discussions on plans to sell a general insurance company.

According to sources, the Centre is initiating work on the privatisation of a public sector general insurer.

"United India Insurance is being seen as the first candidate for privatisation in the general insurance sphere. The Centre could go in for an Air India-kind of stake sale, "said a person close to the development.

While discussions have already started on the privatisation of a general insurance company, a formal proposal is yet to be formulated.

"Given the financial health of the three PSU general insurers, it is essential that the government takes steps. A proposal is likely to be finalised in the coming months, "said the source.

The Centre has already completed the initial public offer of Life Insurance Corporation of India and is working on the stake sale in IDBI Bank, the source further noted, adding that the general insurance space will be the next focus area.

In Budget 2021-22, Finance Minister Nirmala Sitharaman had announced that, other than IDBI Bank, the Centre proposes to take up the privatisation of two public sector banks and one general insurance company in FY22.

Top brass selection of PSU insurers stuck

The selection process of top officials of public sector insurance companies is in limbo in the wake of the Delhi High Court decision to strike down the power of Banks Board Bureau (BBB) to select directors of PSU insurers.

With the BBB not allowed to select top officials of public sector insurers, the government is now getting ready to activate an alternative mechanism to conduct the exercises for selecting the top management of PSU insurers.

"The alternative framework of BBB for the selection of top PSU insurers is almost ready and waiting for the final approval of the PMO, which had rejected some of the earlier suggestions from the ministry on the matter. We will implement it once the Delhi HC delivers its final verdict," official sources said.

While deciding another case involving a general manger of a PSU insurer, Delhi HC had struck down the BBB's power to select directors of PSU general insurance companies and the government has already implemented the verdict by cancelling all the appointments of the then serving directors who were selected by the BBB.

Inderjeet Singh, General Manager, New India Assurance (NIA), had gone to Delhi HC on the issue of appointment of Satyajit Tripathy (who is currently CMD, United India Insurance) by the government on the basis of recommendation of the BBB, the head-hunting agency of the government to select the top management of PSU insurance companies and banks.

Rise in rates will partially offset underwriting losses for insurers

The recent increase in the premium rates on third-party motor insurance is unlikely to fully offset the motor insurance segment's underwriting losses, Crisil Ratings said in a report.

The premium rates for third-party motor insurance have been increased from June 1.

Premiums for two-wheeler insurance have risen the most - by 12-21 percent - across engine capacities. For private cars, the maximum increase is 6 percent.

"The Ministry of Road Transport and Highways' move to increase the premium on third-party motor insurance after two years is a step in the right direction, but unlikely to fully offset the segment's underwriting losses," the rating agency said in the report.

Third-party insurance cover is for other than own damage and is mandatory (as per the Motor Vehicles Act, 1988) to purchase along with own damage cover.

Underwriting losses occur when claims are higher than the premium income of an insurance company.

The last time premiums were hiked was in June 2019 and thereafter policyholders were given some respite because of the COVID-19 pandemic, the agency said.

Its Senior Director and Deputy Chief Ratings Officer Krishnan Sitaraman said underwriting losses remain high in motor insurance because the premiums earned on policies are inadequate to pay the claims made by the policyholders.

"Therefore, any increase in premium helps in reducing losses. So, while this latest increase in premiums will offer a breather, it won't be enough to stanch the bleeding," Sitaraman said.

Digit Insurance targets $5 billion in IPO valuation

Digit Insurance, backed by Canadian billionaire Prem Watsa's Fairfax Group, is considering raising about $500 million in an initial public offering (IPO) at a valuation of $4.5 billion to $5 billion, three people aware of the matter told Reuters.

Founded in 2017, Digit is trying to capitalise on India's under-penetrated general insurance market along with users' need for a better customer experience like easier claim settlements, though IPOs in the country have not done well in the past few months.

Digit has appointed Morgan Stanley and Indian investment bank ICICI Securities as bookrunners for the deal. It plans to file its draft documents to the markets regulator by September and list by January, said the people, who sought anonymity as they were not authorised to talk to the media.

A spokesperson for Digit declined to comment on "speculation". ICICI too declined to comment while Morgan did not respond to emails seeking comment.

Digit was valued at close to $4 billion earlier this month when it raised a tranche of funding. It has so far raised more than $400 million from Sequoia Capital, A91 Partners and Faering Capital, besides Fairfax. ❑

IRDAI News

IRDAI mulls linking insurance fraud with credit score

IRDAI is considering a proposal to make insurance frauds a parameter for calculating credit scores in an attempt to put a lid on the increase in such activity.

The proposal, which is a part of the recommendations made by a working group formed by IRDAI and the General Insurance Council, suggests that insurance frauds should feature when the risk profiles of individuals are evaluated and should be used to calculate their credit scores.

A poor credit score can deprive a person of financial services such as loans and credit cards, and deter him from indulging in fraud.

While making a case for this proposal, the working group said a fraud attempt on an insurance company can be replicated with other financial institutions, too.

The proposal is being considered by the insurance regulator, as such frauds have been costing insurers dearly, with some estimates pegging their losses at over Rs. 45,000 crore a year. This has prompted insurers to jack up premiums for customers to offset such losses, the working group has said.

With more insurance penetration in the country, and the government's push to insure every citizen, fraudulent and suspicious activities have risen phenomenally, and need intervention, the group added.

Removal of pre-approval for life cover products will push innovation

IRDAI's decision to do away with pre-approval for launch of life insurance products will go a long way in providing ease of business, innovation in the industry, according to experts.

The regulator had recently, permitted life insurers to launch products without prior approval. The move will enable the launch of most products (except individual savings, individual pension and annuity) in a timely manner according to the dynamic needs of the market, according to the regulator.

"This is a forward looking and progressive move for the industry as the principle-based approach encourages insurers to be more responsible and innovative in their product designs. It will add momentum to the insurance sector, both in terms of designing and pricing," Subhrajit Mukhopadhyay, Executive Director, Edelweiss Tokio Life said.

This will significantly improve the time to market, thus, enabling insurers to respond to the dynamic needs at a quicker pace, he added.

The nod, however, comes with certain conditions that the insurers should put in place a board-approved policy on product and pricing. "This makes management of insurance companies more disciplined and steps on focus on corporate governance," said Vice-President of a private life insurer.

IRDAI told to look into role of agents selling life policies

The National Consumer Disputes Redressal Commission (NCDRC) has directed the IRDAI to look into the role of insurance agents selling life insurance policies.

The apex consumer commission asked the IRDAI to issue fresh guidelines and modify proposal forms to clearly bring to the notice of customers that non-disclosure of medical conditions would lead to repudiation.

A bench of presiding member Dr S M Kantikar and member Binoy Kumar said this would avoid unnecessary mental agony and expenses of the insured.

The NCDRC was hearing an appeal filed by HDFC Standard Life Insurance Company Limited challenging an order of the state consumer disputes redressal commission in Jaipur, which ruled in favour of the consumer.

The apex consumer commission said suppression of facts in the proposal form in this case vitiated the case of the complainant.

"The appeal is allowed and the order of the state commission is set aside. We also advise the Insurance Regulatory and Development Authority of India (IRDAI) to issue fresh guidelines on the conduct and responsibilities of the insurance agent when dealing with life insurance policy on the need for full disclosure of all diseases suffered by the customer in the proposal form and implications of non-disclosure. The proposal form can also be suitably modified to this effect," the NCDRC said.

PMJJBY: IRDAI cases capital requirement to attract insurers

After the recent hike in the premium rate, theIRDAI relaxed capital requirement norms significantly for insurers to encourage their participation in the government's flagship programme Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY).

The regulator has reduced the capital required to be held by insurers offering PMJJBY by almost 50 per cent.

This move will enable life insurers to offer more policies under the scheme, and provide financial security to the bottom of the pyramid of the Indian population through life insurance, IRDAI said in a statement. The easing of capital requirements by IRDAI will accelerate the penetration of life insurance in India and will support the life insurers in achieving the target set by the government. The government has recently hiked the premium rates for the two flagship schemes, PMJJBY and Pradhan Mantri Suraksha Bima Yojana, to make these schemes viable.

IRDAI sets up committees to suggest industry overhaul

To overhaul the insurance sector, the IRDAI has formed various committees through the General Insurance Council (GIC) to suggest reforms in several areas of general, reinsurance and life insurance such as regulation, product, distribution, among others.

These panels include heads of private and public sector insurance companies, members of IRDAI and representatives from the council, said an official.

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These panels include heads of private and public sector insurance companies, members of IRDAI and representatives from the Council, said an official.

IRDAI working group suggests relaxing investment norms for insurers

A panel formed to suggest overhaul of the general insurance industry has recommended that insurers relax investment rules, such as permitting investment in Additional Tier-1 (AT-1) bonds of banks, removing the criteria of equity investments only in dividend yielding companies, and increasing investments in infrastructure sector through banks.

The panel's report has been submitted to the IRDAI, and is being reviewed by the regulator, said an official. The panel included representatives from IRDAI and chiefs of non-life insurance companies.

The committee has suggested allowing insurers to invest in AT-1 perpetual bonds of banks that have declared dividend for the preceding two years, except in cases where the bank is a promoter entity of the insurer. AT-1 bonds offer higher return to the investors, and presently insurance companies are not allowed to invest in such instruments.

The committee comprised Anjan Dey, Chairman And Managing Director (CMD) of Oriental Insurance; Ritesh Kumar, MD of HDFC ERGO General Insurance; Anuj Gulati MD of Care Health Insurance; V. Suryanarayanan MD of Cholamandalam MS General Insurance; A. Ramana Rao, General Manager of IRDAI; and Y. Srinivasa Rao, Deputy General Manager at IRDAI.

IRDAI reduces solvency margin requirement for crop business

IRDAI has reduced the solvency margin requirement for general insurers doing crop business. The decision can free up a capital of Rs 1,400 crore, which IRDAI expects will increase the capacity of general insurers to underwrite more business.

"It is expected that the effect of this relaxation will be positive on the Industry as it will free up the capital, which can be utilised for underwriting more business," the regulator said in a statement.

IRDAI has been relaxing the period of admissibility of premiums due from state governments for solvency purposes from 180 days to 365 days since 2017-18. It has now decided to extend this relaxation from FY23 onwards until further orders. "This move will improve the solvency status of the general insurance industry as a whole," it said.

In a circular, the regulator has stated that premium receivables related to state- and central government-sponsored schemes for all quarters of the FY23 and onward to the extent that they are not realised within a period of 365 days will be placed with value zero.

IRDAI weighs allowing loans to buy insurance

IRDAI is examining a proposal that may allow customers, both retail and corporate, to take loans for buying an insurance and spread premium payment over longer duration. Known as premium financing in insurance parlance, at present the structure is not available in the country.

A senior executive aware of the developments said the move is aimed at increasing insurance penetration, retention, reducing protection gap and also creating new avenues of consumer and corporate financing.

"It is being looked at. Necessary amendments will be required in the Insurance Act, for which the government also needs to be on board," he added.

Under premium financing, broker or insurer will offer the retail customer an option to spread the cost of insurance over a period of instalments rather than to pay a single premium in one lump sum before the policy commences.

Surety Bonds stuck: IRDAI asked to come up with model product

In a bid to break the deadlock over the launch of Surety Bonds, the Ministry for Road Transport & Highways (MORTH) has asked insurance regulator IRDAI to develop a model product on Surety Bonds in consultation with general insurers.

Road Transport Minister Nitin Gadkari had met the CEOs of some general insurance companies along with SN Rajeswari, Member-Distribution, and acting in charge of Non-life, IRDAI, in New Delhi to fix some of legal and technical hitches that are preventing the general insurers from launching Surety Bonds, which can replace expensive Bank Guarantees. All macro rules and regulations as prepared by the government of India and IRDAI were already in place since April 1.

The minister, who discussed several challenging issues which made Surety Bond a complete non-starter with the insurers, proposed to the IRDAI that it should design a model product having all the basic features that can be given to them for its launch. "The insurers can further improvise the product according to their capacity and on the basis of reinsurance support,'' said the CEO of a general insurance company, who had attended the meeting.

A surety bond is provided by the insurance company on behalf of the contractor to the entity, which is awarding the project. When a principal breaks a bond's terms, the harmed party can make a claim on the bond to recover losses.

Tier-2, 3 cities see demand for new-age products like cyber insurance: Report

There is a great market opportunity for new-age insurance products like cyber insurance, especially in tier- 2 & 3 cities, according to an online survey by Policybazaar.

The findings showed around 23% of respondents had a cyber insurance policy in place. This represents a significant proportion of cybersecurity coverage in a country like India where the penetration of fundamental products like life and health insurance is still low.

Policybazaar conducted the survey to closely analyse consumer awareness levels and uptake of emerging protection products in India to observe the National Insurance Awareness Day 2022. The brand surveyed over 4500 of its customers and app/website visitors regarding relatively lesser-known products including cyber insurance, mental health insurance, home insurance and pet insurance.

The overall findings of the survey depicted a huge scope for awareness and purchase consideration for these products, with cyber insurance being an exception.

Another remarkable trend observed here was that nearly 48% of respondents in tier 2 & 3 cities had bought or showed the willingness to buy insurance, as opposed to 36% in tier-1 cities. The results clearly draw a parallel between growing internet consumption in smaller cities of India and starkly similar awareness levels to safeguard that consumption.

IRDAI reduces solvency margin

IRDAIhas reduced the solvency margin requirement for general insurers providing crop insurance, a decision expected to unlock Rs 1,400 crore of funds for them to undertake more business. The decision, Insurance Regulatory and Development Authority of India (IRDAI) said, is part of series of reforms it has undertaken to increase insurance penetration in the country.

In a press release, IRDAI said it has reduced the solvency margin requirement for insurers doing crop business.

"This move will increase the capacity of general insurers to underwrite more business," it added.

Solvency margin, a key indicator of financial health of an insurer, refers to the difference between its value of assets and liability. Regulator fixes the solvency margin for insurers.

IRDAI said since fiscal 2017-18, it has been relaxing the period of admissibility of premium due from government for solvency calculation purpose from 180 days to 365 days.

"Now, it has been decided to extend the above relaxations from FY 2022-23 onwards till further orders. This move will improve the solvency status of the general insurance industry as a whole," the regulator said. ❑

LIC of India News

LIC Q4 net profit down 18% to Rs. 2.371 crore

Life Insurance Corporation of India said its consolidated net profits for the quarter ended March stood at Rs 2,409.39 crore, down 17.41 per cent compared to Rs 2,917.33 crore in the same quarter last year.

Net premium income stood at Rs 1,44,158.84 crore, up 17.88 per cent from Rs 1,22,290.64 crore in the corresponding quarter year ago. This is the first earnings statement from the insurance behemoth after getting listed on the bourses.

India's largest insurer also announced a dividend of Rs 1.50 per share, it said in a regulatory filing.

The company's income from investments came in at Rs 67,855.59 crore, almost flat compared to 67,684.27 crore in the year-ago quarter.

The 13th-month persistency ratio stood at 69.24 per cent compared to 73.94 per cent in Q4 of last year. Similarly, the 25th-month ratio was at 68.23 per cent versus 62.73 per cent and the 61st-month ratio at 55.61 per cent compared to 54.43 per cent.

The company said its income from first year premium increased 32.65 per cent to Rs 14,663.19 crore, from renewal premium 5.37 per cent to Rs 71,472.74.05 crore and from single premium up 33.70 per cent to Rs 58,250.91 crore.

LIC clocks record Rs. 42000 crore profit from market

LIC has made a record profit of Rs 42,000 crore from equity sales in FY 2021-22, higher by 16.66 per cent from Rs 36,000 crore in the year ago period.

The rise in profit came despite the stock market showing huge volatility during the financial year. LIC has been a contrarian player in the market.

The corporation which announced its results saw its standalone net profit declining by 18 per cent to Rs 2,371.55 crore in the quarter ended March 2022, compared to Rs 2,893.48 crore in the year-ago period.

However, clarifying on the drop of net profits, Raj Kumar, MD, LIC, said," Earlier the profits were declared at the end of the year only. So that's why the quarterly numbers are not comparable. This year's (FY22) Q4 number is not comparable with the Q4 of last year (FY21) because it was for the full year (FY21)." From September 2022 onwards, the comparable data points will be available, he said.

Kumar said the corporation's product mix is dominated by the participating (par) business but going further its driver of growth will be non-participating (non-par) business. "We have already decided that in future we will be launching only non-par products. With the product mix changing towards the non-par side in the future at a greater pace than the par side, the value of new business will be created. That is the strategy we are adopting," he said.

A participating (par) life insurance policy allows policyholders to participate in the profits of a life insurance company, while a non-participating (non-par) plan does not offer any dividend payouts.

Need capital to grow business, says LIC chief

Life Insurance Corporation of India's maiden dividend failed to enthuse its investors, but the insurer highlighted that it needs capital for growing the business and maintaining solvency margin. The board of LIC approved a dividend of Rs. 1.5 per share, which translates to a payout of Rs. 948.75 crore aggregating to about 23.46 per cent of profit after tax.

"Out of the Rs. 4,043 crore of profit, the balance remains with shareholder. LIC also needs capital for growing the business. We need to have available solvency margin," said Raj Kumar, Managing Director, LIC.

"The retention of other earnings is for the growth of the organisation and benefit of shareholders," he stressed.

The insurer, which also announced its financial results, said the results for the fourth quarter of 2021-22 are not comparable with that of the fourth quarter of 2020-21. "Earlier, profits were declared at the year-end. So the fourth quarter numbers are not comparable," Raj Kumar said, adding that the full financial year numbers would be a correct measure for comparison.

LIC had reported standalone net profit of Rs. 2,371.55 crore in Q4-FY22, down 18 per cent from Rs. 2,893.44 crore a year ago. For 2021-22, its net profit rose 39.4 per cent to Rs. 4,043.12 crore (from Rs. 2,900.56 crore in 2020-21.

Kumar said the numbers from the second quarter would be comparable as LIC had started releasing quarterly performance figures from September 2021.

LIC: Determination of embedded value to complete soon

LIC said the exercise to determine the Indian Embedded Value (IEV) as of March 31, 2022, will take some more time to complete. It expects the completion before July 15.

In its update on stock exchanges, LIC said, "it is informed that the exercise of determining the Indian Embedded Value (IEV) as of March 31, 2022, may take some more time to get completed."

"Once completed and after requisite approvals, the required public disclosures of the same, will be made in this regard," LIC added.

LIC expects to give a public disclosure on the embedded value by July 15, 2022.

An embedded value is a common valuation indicator that represents a life insurance company's estimated value to shareholders. The EV is calculated by adding the insurer's present value of future profits to the net asset value (NAV).

It needs to be noted that the future income of a life insurer is the premiums they received from policyholders, while future outgoings are the claims they pay to policyholders along with other expenses. The difference between future income and outgoings combined with income on and release of statutory reserves results in future profit.

Meanwhile, NAV is the difference between the total assets and liabilities of the company.

On BSE, LIC shares closed at Rs. 678.90 apiece up by 2.34%. At the closing price, LIC's market valuation is Rs. 4,29,404.09 crore.

LIC share price dips 30 per cent, experts advice patience

The sharp correction in the share prices of LIC post its discounted listing on May 17 has dealt a major blow to its investors as the market capitalisation of the state-run insurer has come down to Rs 4.19 lakh crore from Rs 6 lakh crore (based on the upper end of its IPO price (Rs 949)), wiping a total of Rs 1.81 lakh crore.

Amid this gloom and doom, what should those investors, who are stuck with LIC shares at IPO price of Rs 949, do? According to equity market analysts, while this sharp decline is a big disappointment, investors should remain patient as the stock may stage a comeback. VK Vijayakumar, chief Investment Strategist at Geojit Financial Services said that LIC stock's performance post IPO has been a big disappointment. He, however, says that it is too early to conclude that the share price won't reach the IPO price in the next one year. If the Q1FY23 results of LIC are good, the stock may stage a comeback but it is likely to underperform if there is a rally in the market."

In the fourth quarter of 2021-22, LIC reported a profit of Rs 2,409 crore (17% lower YoY) on May 30, which by no means is a small number. However, this could not lift the investor sentiments amid weak global cues and the stock's downfall escalated afterward. Even MD Rajkumar's commentary that they would be working to increase the share of non-participatory products in their portfolio to improve profitability and that they are now working on determining the crucial Indian Embedded Value (IEV) for March 31, 2022, that would be ready by June quarter could not arrest the downfall. ❑

Edelweiss General Insurance partners NBFC Avanse for student travel insurance

Edelweiss General Insurance (EGI) has partnered with Avanse Financial Services, an education-focused NBFC, to provide student travel insurance to overseas academic aspirants financed by Avanse. EGI's student travel insurance takes care of medical expenses and protects students from emergencies and losses. EGI's plan offers complete coverage against medical, stay and travel inconvenience-related covers, thereby ensuring a worry-free, study and stay period for students. Students will also have the choice to customize their plan with optional covers as per their needs and requirements from universities, said the firm.

Shanai Ghosh, executive director & CEO, Edelweiss General Insurance, said, "We are happy to partner with Avanse Financial Services in empowering the students to realize their aspiration of studying in universities overseas without having to worry about the financial stress arising out of studying and living overseas."

Health Insurance News

Insurers caution against Covid claims

After a lull, there is once again an increase in claims related to Covid in the wake of increasing cases, according to insurers. Major general insurers and standalone health cover providers have been witnessing an increase in the number of claims.

"We are watching the scenario carefully. Instead of roughly 10 claims per day a couple of months ago, there are about 50 to 60 these days," S Prakash, Managing Director, Start Health and Allied Insurance Company, told.

We are advising policyholders not to take unnecessary and expensive treatments such as cocktail therapies and CT scans in panic without proper advice. Hospitalisations are very few in the fourth wave, compared to the previous ones,'' said Prakash, who is also a medical doctor.

According to industry data, 98 per cent of Covid claims originate from general health insurance policies, and only two per cent are Covid-specific policies such as Carona Kavach.

"There has been a spurt in the intention to take insurance after the terrible second wave of the pandemic in India. The severity of the third wave was relatively less and hospitalisation claims had decreased. We see a similar trend in the fourth wave,'' said the head of underwriting at a major general insurer.

"But we are concerned as the government machinery has not fully woken up. Booster doses should begin in the public distribution programme immediately,'' he added.

Unwarranted and costly therapies could lead to an escalation in treatment costs and claims, leading to higher premiums, which will push customers and insurers into a 'vicious circle' , according to insurers.

The total number of Covid cases climbed to 4,33,19,396 with the addition of 9,923 fresh cases, according to data released by the Health Ministry. The number of active cases increased to 79,313. The death toll increased to 5,24,890 with 17 deaths.

The demand for health cover has been increasing, say insurers. "In the last two years, awareness about health insurance has increased considerably, and the industry foresees a steady spike in the coming years,'' said Shreeraj Deshpande, Head - Health Businesses, SBI General Insurance.

"We have also seen an uptick in health insurance policy renewals. The pandemic has impacted the urban and rural sectors and drawn attention to the need forcustomised products that meet customer requirements,'' he added.

IRDAI eases approval for health insurance products

IRDAI extended the "Use and File" procedure to all health insurance products, facilitating faster customer access to health policies.

All categories of products and add-ons or riders to be introduced or modified or revised under health insurance business and offered by general and health insurance companies are permitted to be launched through "Use and File", IRDAI said in a circular to the CEOs of insurance companies.

Health portfolio has emerged as the biggest segment in the general insurance category with a premium income of Rs 73,582 crore in FY22, a rise of 25.39 per cent. Under the "Use and File" system, insurers are permitted to market products without the regulator's prior approval, thus avoiding a longer waiting duration in offering innovative insurance solutions to customers in order to help address the dynamic environment. However, in the "File and Use" system, an insurer, who wishes to introduce a new product, has to file an application for the product with the IRDAI and use the product for sale in the market only after getting all the regulatory approvals.

"The board approved policy shall also comply with the norms specified herein and the same shall be complied at the point of launching the products or modification or revision of the products. The Product Management Committee of the insurer should ensure compliance to the policy of the board while signing of the new products or modification of products," IRDAI said.

Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance, said, "the proactive initiative by IRDAI will provide some necessary mechanisms to insurance companies who wish to bring out more innovative products in the market at a faster frequency." Customers have the opportunity to choose from a plethora of insurance products that best suits their needs and thus secure their lives against any exigencies, Singhel said.

Insurers should file the proposed name of the product, date of approval by Product Management Committee and they should obtain the UIN. "Thereafter, insurers should file the product along with all other with the authority within 7 days of launch of the product," the circular said.

Insurers should ensure that the product pricing is viable, self-sustainable and affordable to the targeted market. The revision in the price, if any, should be effected only based on the underlying claims experience (Incurred Claims Ratio) and to make the product viable and self-sustainable. Insurers should disclose the rationale for revision in price along with the underlying claim experience (ICR) of the product that lead to the revision in the price in their website.

Government working 'relentlessly' to strengthen health services across country: Union Health Minister

The central government is working 'relentlessly' to strengthen the health services in the country so that every citizen is able to access quality medical treatment, Union Health Minister Mansukh Mandaviya said.

"Prime Minister Narendra Modi's government is working relentlessly to strengthen the health services across the country to ensure that every citizen has access to quality health today," he said.

Bajaj Allianz launches product to provide global health insurance coverage

Bajaj Allianz General Insurance announced the launch of a new health insurance product 'Global Health Care'.

It is a comprehensive health indemnity insurance product that provides seamless cover to the policyholder for planned as well as emergency treatment availed for domestic and international usage.

The USP of the product is that it allows insured members to plan any treatment abroad or in India availing the best medical facilities anywhere across the globe.

Bajaj Allianz General Insurance has collaborated with Allianz Partners to provide a seamless claims experience through the company's extensive global network and quality claim settling capabilities.

The product offers one of the widest sum insured starting Rs. 37.50 lakh to Rs. 3.75 crore ($100,000 to $ 1,000,000). It is available with two plans namely 'Imperial Plan' and 'Imperial Plus Plan' offering international and domestic Covers.

Commenting on the product launch, Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance said, "We firmly believe that best in class medical care can increase life expectancy and improve quality of life. Many of us want to look at international treatment options for our loved ones and ourselves but we seldom opt for it considering the massive expenses foreseen, and it can potentially diminish the life savings of an individual.

Our Global Health Care product addresses these reservations providing relief in opting for best-in-class treatment globally without worrying about the financial burden."

Charu Kaushal, Chief Executive Officer, Allianz Partners India, said, "We are delighted to partner with Bajaj Allianz for the launch of the industry-first health insurance plan - Global Health Care which uniquely combines the international healthcare footprint of Allianz Partners, enhanced product features and a hassle-free claim settlement process.

The plan enables our customers to avail of planned or emergency treatment anytime around the world, supported by our vast medical network. We are excited to embark on this journey with Bajaj Allianz to jointly deliver best in class and customer-centric healthcare solutions."

ManipalCigna launches health policy covering OPD expenses up to Rs. 50,000

ManipalCigna Health Insurance Company Ltd. has forayed into cashless OPD with the launch of ManipalCigna ProHealth Prime offering day-to-day healthcare expenses such as consultation fees, prescribed diagnostic tests and pharmacy expenses.

As per the company, In India, approximately 65% of healthcare expenditures are out-of-pocket expenses, which are not covered by most health insurance policies in the market. To help reduce such spending, ManipalCigna ProHealth Prime will give policy holders Rs. 20,000, Rs. 30,000 or Rs. 50,000 per policy year, to cover outpatient expenses, including dental, vision, physical doctor consultation fees, prescribed medicines, etc. ❑

Private Life Insurance News

Premium raised for flagship govt insurance schemes

The government raised the premium for its flagship insurance schemes -- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) in order to make them economically viable. The premium rate of PMJJBY has been revised upward to Rs 1.25 per day, translating into an increase from Rs 330 to Rs 436 annually.

The annual premium for PMSBY has been hiked from Rs 12 to Rs 20, an official statement said. The new premium rates are effective from June 1, 2022. In percentage terms, the premium increase is 32 per cent in case of PMJJBY and 67 per cent for PMSBY.

The decision has been taken in view of the long-standing adverse claims experience of the schemes, it added.

The number of active subscribers enrolled under PMJJBY and PMSBY as on March 31, 2022 were 6.4 crore and 22 crore, respectively.

Since the launch of the PMSBY, an amount of Rs 1,134 crore has been collected by the implementing insurers towards premium and claims of Rs 2,513 crore have been paid as on March 31, 2022.

Further, an amount of Rs 9,737 crore has been collected by the implementing insurers towards premium and claims of Rs 14,144 crore have been paid under PMJJBY as on March 31, 2022.

Claims under both the schemes have been deposited into the bank accounts of the beneficiaries through the direct benefit transfer (DBT) route.

The transmission of benefits through these schemes were closely monitored during COVID-19 and a host of measures were taken to simplify the procedures and expedite claims, including, outreach programmes and messages from the banks to reach out to beneficiaries of the people who died during the pandemic, simplifying claims form and proofs of death and many more, it said.

Canara HSBC Life to double branch network to 103 in 3-4 months

Canara HSBC Life Insurance, which is riding strong on its bancassurance model, wants to plumb deep into the large customer base of its promoter shareholder Canara Bank and is looking to double its penetration there from the current 1.5 per cent to 3 per cent over the next two years, Anuj Mathur, Managing Director & CEO, has said.

Mathur also said in the next 3-4 months, Canara HSBC Life Insurance will set up nearly 50 new standalone branches (besides the almost 10,000 branches of its shareholder banks), taking its overall branch network to 103 from 54 now.

The new physical branches of the life insurer are expected to enhance its footprint in Tier 2 and Tier 3 cities. They will be used both for customer service and for new business.

"Our decision to double the company's branch network in next 3-4 months shows our confidence . You will not double up branches in three months if you are not very confident about business", Mathur told.

SEBI directs MFs to discontinue bundling SIPs with insurance cover

SEBI has directed mutual funds (MFs) to stop providing insurance cover as an attraction for wooing systematic investment plan (SIP). In a direction to the Association of Mutual Funds in India, SEBI had told the industry body to notify its members to not bundle insurance facility with new MF schemes and also discontinue the option in existing schemes.

Insurance benefit was usually combined in SIPs started in equity and hybrid plans, and the asset management company paid the life insurance which is usually very low given the huge volume generated.

In a bid to make investors continue with SIP for a longer term, MFs have started combining insurance with schemes. Since most of the large fund houses have an insurance company within the group, it was sort of additional business for them.

Pandemic leads to excess deaths in 2020 & 2021 at 4.7m

A new research paper based on insurance policy claims data estimates 0.56 million excess deaths in India in 2020 and 4.15 million excess deaths in 2021, or a total of 4.71 million excess deaths in the pandemic years.

The calculations in the paper are based on death claims settled by all life insurers as reported by the Insurance Regulatory and Development Authority till March 2021, death claims settled by Life Insurance Corporation of India in April-December 2021, and civil registration system data on death registration in India during 2017-20.

"Based on an entirely different data source (life insurance claims), we show that death registrations in 2020 were likely short by 0.56 million. We also contend that there were likely 4.15 million additional deaths in 2021 than the government's estimated total for pre-pandemic 2019. Taken together, these numbers significantly exceed the government's official number of 4,81,000 (0.481 million) Covid-19 deaths in 2020 and 2021," stated the paper.

Their method is based on the assumption that the ratio of death claims settled to the number of deaths registered in 2020 and 2021 is similar to that during 2016-19, since the ratio has remained quite steady - 24.53% in 2017, 24.12% in 2018, and 23.68% in 2019.

For 2020, the authors used the actual death claims settled to estimate the missing death registrations.

"This is hard data, not an estimate," stated the authors. Based on partially available data, the authors state they have conservatively estimated that the number of death claims likely to be settled in 2021 would be about 3.003 million. "There is a process that connects 'claims settled' and 'deaths registered'. The chain of events leading to a death claim being settled is: (i) an insured person dies; (ii) the death is registered and documentation obtained; (iii) a death claim is filed with a life insurer and is settled by the insurer based on the evidence of death (for example, death certificate produced through the registration process)," explained the authors.

They give a disclaimer that they did not find data to estimate the proportion of death claims settled to the actual number of lives lost to account for a person with multiple life insurance policies.

The paper argued that death claims settled are a good proxy for death registrations given how steady the ratio between claims and registered deaths has been. Then, using data on new individual policies sold in 2019 and 2020, they conclude that through- out 2020 and 2021, the number of policies in effect is likely not very different from the number of policies in effect in earlier periods.

Using the data, they calculated the estimated number of deaths during 2020 at 86.81 lakh.

However, the actual deaths registered in 2020 were just 81.5 lakh. Thus they estimate that 5.6 lakh or 0.56 million deaths are missing from 2020 death registration data.

HDFC Life urges IRDAI to allow life insurers sell other financial products

HDFC Life Insurance Co is in talks with the Insurance Regulatory and Development Authority of India (IRDAI) to allow life insurance companies to sell other regulated financial products, Deepak Parekh, chairman of the life insurance company, said at the 22nd annual general meeting. The move will help enable insurance companies to expand their reach and also improve customer experience.

There are 24 lakh insurance agents registered with life insurance companies, which provide a significant source of income for a large number of agents, Parekh said.

"I would also like to thank our regulator, the IRDAI, for its continued guidance and support to the industry in these challenging times. I am confident that the insurance regulator will continue to display its firm commitment to carry out reforms for increasing insurance penetration and facilitating sustainable growth of the industry," he said. ❑

International News

Life insurance industry in Asia-Pacific records highest growth of 7% over last five years in 2021

Asia-Pacific's life insurance industry recorded 7% growth in 2021, the highest since 2016, due to increased insurance awareness as macroeconomic imbalances highlighted the importance of financial security in the wake of COVID-19 pandemic, says GlobalData, a leading data and analytics company.

As per GlobalData, the life insurance industry written premiums in the Asia-Pacific region are expected to grow at a compound annual growth rate (CAGR) of 6.5% over 2021–2026 from $1.30 trillion in 2021 to $1.77 trillion in 2026.

Deblina Mitra, Senior Insurance Analyst at GlobalData, comments: "Despite the economic challenges in 2020, the life insurance industry bounced back as the COVID-19 pandemic highlighted the importance of life insurance for financial security. The industry's growth doubled in 2021 aided by the economic recovery."

China, Japan, Taiwan, South Korea, and India were the top five regional markets, accounting for 85% of the region's consolidated written premiums in 2021. China and India were the major growth drivers with double-digit growth in 2021 and are expected to maintain a CAGR above 7% over 2021-26.

Japan, Taiwan, and South Korea are among the most saturated life insurance markets. These markets are expected to record a CAGR of 4.7%, 3.8%, and 3.1%, respectively, over 2021-26.

Personalization, mental health, wellbeing, and environmental, social, and governance (ESG) were some of the key trends witnessed in the APAC life insurance industry. Examples of personalization include the AIA Connect app by AIA Hong Kong, which guides customers in recognizing the protection gap with their existing life policies through cloud computing and AI.

With an increase in cases, mental health's inclusion in life insurance was a notable development in the last couple of years. For example, Australia-based TAL partnered with virtual healthcare provider Teladoc Health to provide a tailored treatment plan.

Regional insurers including Nippon Life and Dai-ichi Life in Japan, Shinhan Life in South Korea, and Axa and Manulife in Hong Kong increased their ESG compliant investments as part of sustainable practices. These trends are expected to gain strong traction over the next five years.

Mitra concludes: "The life insurance industry in the Asia-Pacific region is expected to maintain steady growth over the next five years, driven by its underpenetrated emerging markets, improvement in the standard of living, and increased insurance awareness. Furthermore, the industry will see major insurtech developments to address demographic challenges and provide personalized insurance."

UK motor insurance industry to cross GBP20 billion by 2026

The UK motor insurance industry is projected to grow at a compound annual growth rate (CAGR) of 2.3% from GBP18.4 billion ($25.5 billion) in 2021 to GBP20.6 billion ($31.3 billion) in 2026, in terms of direct written premiums (DWP), according to GlobalData, a leading data and analytics company.

GlobalData's latest report, 'United Kingdom (UK) General Insurance Market, Key Trends and Opportunities to 2025', reveals that the UK motor insurance industry will witness growth of 1.5% in 2022 and 6.7% in 2023 in terms of DWP due to the increasing cost of comprehensive motor insurance plans on the back of rising inflation, easing of COVID-19 restrictions and an increase in vehicles sales. ❑

COMBATING CLIMATE CHANGE WITH CAT BONDS

Introduction

From melting glaciers in the polar regions to increased bush-fires in Australia, we are witnessing more and more severe climate phenomena which are wreaking havoc everywhere. Climate change is a global reality now and it is adding to both the frequency and severity of natural catastrophes and weather- related disasters.

Though estimates vary, global economic losses from natural catastrophe events in 2020 were estimated at approximately USD 190 billion.

Even as awareness about climate change is growing and global initiatives are being made to slow down the pace and initiate corrective measures towards reducing the emission of harmful gases severe weather events are exacting a heavy toll on human lives and property.

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Hence financial initiatives are also called for side-by-side with corrective measures to provide immediate financial relief for losses caused by natural disasters.

How CAT Bonds originated

CAT Bonds developed to help mitigate the heavy costs of severe natural disasters.They were developed and first used in the mid-1990s in the aftermath of Hurricane Andrew and the Northridge Earthquake in the USA.

Hurricane Andrew struck Florida and the Gulf Coast in the year 1992. It led to USD 27 billion in damages, of which USD 15.5 billion was covered by insurance. As Hurricane Andrew was the costliest hurricane to ever make landfall in the United States at that time,it led to one of the most difficult periods for the property and casualty (P&C) insurers. The financial upheaval it caused in the insurance sector can be gauged from the fact that it led to the failure of eight insurance companies and pushed many others to the brink of insolvency.

The insurance industry then created a new financial instrument called a Catastrophe Bond or Event Linked Security to increase capital. A CAT Bond is a security that pays the issuer when a predefined disaster risk is realized.

The first CAT Bonds were issued in 1997, giving insurers access to broader financial markets. Since then, the CAT Bond market has grown steadily and they have been utilized to mitigate the expenses of severe natural disasters.

What are CAT Bonds?

CAT Bonds are a type of insurance-linked security (ILS)-an umbrella term for financial securities that are linked to pre-specified events or insurance-related risks.

They are thus a type of high-yield debt instrument that is designed to raise money for the insurance industry in the event of a natural catastrophe or disaster. The term natural catastrophe (Nat Cat) refers to a major adverse impact from either weather or geological-related events.

Basically, CAT Bonds allow insurance companies to transfer the risk of natural disasters covered by their policies to investors for a price.

When CAT Bonds are issued, the proceeds raised from investors go into a secure collateral account, where they may be invested in various other low-risk securities. The money raised with these bonds is set aside to cover potential losses. Interest payments to investors come from these secure collateral accounts.

A CAT Bond allows the issuer to receive funding from the bond only if specific conditions, such as an earthquake or tornado, occur. If triggers spelled out in the contract - insured losses from a hurricane reaching a specific level, for example - are met, the insurer gets to use the money to offset what it has paid out to policyholders.

If an event protected by the bond activates a pay-out to the insurance company, the obligation to pay interest and repay the principal is either deferred or completely forgiven and the holders of the bond lose their investment.

CAT Bonds have short maturity dates between three to five years.

Individual investors do not usually buy CAT Bonds.The primary investors in these securities are hedge funds, pension funds and other institutional investors.

CAT Bonds are often rated by an agency such as Standard & Poor's, Moody's or Fitch Ratings. They are rated based on their probability of default due to a qualifying catastrophe triggering loss of principal. This probability is determined with the use of catastrophe models. Most CAT Bonds are rated below investment grade (BB and B category ratings).

Natural disasters and Risk transfer through CAT Bonds

Many countries have insufficient protection against the financial impact of natural disasters. Failure to close this protection gap can divert funds away from other critical areas of need and drain state and national budgets. One way to build protection is to transfer the financial risk of natural catastrophes to third parties such as insurers.

This form of risk protection provides governments with the funds to respond quickly to disasters and helps strengthen their financial resilience.

Implementation of a successful risk transfer program requires co-ordinated effort by all stakeholders.Public-private sector cooperation is key in this equation with both parties playing a complementary role. The public sector has the breadth of distribution and ability to create a conducive operating environment, whilst the private sector brings products, technology and expertise.

A conducive regulatory environment is also required since it attracts the right public/private participants, facilitates prompt distribution of pay-outs and ensures a sustainable program.

How CAT Bonds help to mitigate the costs of extreme weather events

Disasters take a huge toll on individuals and larger communities. The financial fallout is generally handled by insurance and government support through mechanisms such as disaster response funds. The protection is inadequate because the available options are not good enough to meet increased natural risks.

Insurance against extreme events works best if insurers are able to spread the risk among a wide pool of investors. That way, neither will insurers be financially overwhelmed by a disaster, nor will they have to disproportionately raise premiums to cover increased risk of some events like floods or earthquakes.

It is with this understanding that solutions have emerged where one avails of a larger global basket of insurance-linked securities (ILS), particularly Catastrophe Bonds.

Foreign governments have sponsored CAT Bonds as a hedge against natural disasters and three such case-studies are elucidated below.

Case Study 1: Combating Natural Catastrophes in the Pacific region with the multi-country Earthquake Bond

The World Bank (International Bank for Reconstruction and Development) issued sustainable development bonds in the year 2018 that collectively provided USD 1.36 billion in earthquake protection to the South American countries of Chile, Colombia, Mexico and Peru. The World Bank issued the transaction as part of its broader work to support these countries in managing risk from natural disasters.

This is the largest sovereign risk insurance transaction ever and the second largest issuance in the history of the Catastrophe Bond market.

The issuance comprised five classes of World Bank bonds: one each for Chile, Colombia and Peru, and two classes for Mexico. Under the respective classes, Chile was to receive USD 500 million, Colombia USD 400 million, Mexico USD 260 million and Peru USD 200 million in risk insurance.

Each class has different terms and all are designed to cover earthquake risks. The triggers are parametric and depend on data provided by the US Geological Survey.

The classes for Chile, Colombia and Peru were intended to provide coverage for three years. The classes for Mexico were intended to provide coverage for two years.

Case Study 2: Combating Natural Catastrophes in Mexico with CAT Bonds

Mexico is highly exposed to many natural hazards such as hurricanes, storms, floods, earthquakes and volcanic eruptions.

In 2006, Mexico became the first country to utilize CAT Bonds. The World Bank issued four catastrophe (CAT) Bonds in the year 2020 that will provide the Government of Mexico with financial protection of up to USD 485 million against losses from earthquakes and named storms for four years.

If a natural disaster occurs that is eligible for coverage, some, or all, of the bond proceeds will be made available to the Mexican Fund for Natural Disasters.

Pay-outs will be triggered when the earthquake or named storm meet the parametric criteria for location and severity set forth in the bond terms.

Case Study3: Combating Natural Catastrophes in Jamaica with CAT Bonds

Jamaica is highly exposed to tropical cyclone events. The World Bank is helping Jamaica to develop resilience in this area through various financing instruments.

The World Bank priced a CAT Bond that will provide the Government of Jamaica with financial protection of up to USD185 million against losses from named storms for three Atlantic tropical cyclone seasons ending in December 2023. Pay-outs to Jamaica will be triggered when a named storm event meets the parametric criteria for location and severity set forth in the bond terms.

The transaction includes an innovative reporting feature resulting in a quick pay-out calculation, within weeks of a qualifying named storm. It is also the first CAT Bond to use an innovative cat-in-a grid parametric trigger design for tropical cyclone risk.

How do CAT Bonds work?

CAT Bonds are usually issued by three different types of institutions: insurance companies, reinsurers, and state catastrophe funds. These three types of institutions employ CAT Bonds in their own distinctive ways to offload their specific insurance risks.

An important feature of CAT bonds that tends to differ across the issuer types is the trigger-i.e., the mechanism used to determine when pay-outs must be made to the bond issuer.This contractually agreed-upon threshold is also known as the bond's attachment point.

There are three common types of triggers for a CAT Bond: indemnity, industry loss and parametric.

Indemnity triggers base CAT Bond pay-outs on the actual insurance losses experienced by the issuer, and function similarly to traditional reinsurance.

Industry loss triggers base pay-outs on aggregate losses to the insurance industry and employ a third-party modeler to provide an independent estimate of these covered losses.

And finally, parametric triggers base pay-outs on the measured strength of the covered catastrophe-such as an earthquake's magnitude or a hurricane's wind speed and barometric pressure.

Using an indemnity trigger ensures that the CAT Bond will pay out when the insurance company's actual losses reach the bond's attachment point, which gives the insurer greater precision in its risk-management strategy compared with other types of triggers. However, because actual losses must be observed and verified before the bond can be triggered, a bond with an indemnity trigger often takes longer to pay out.

On an average, CAT bonds with indemnity triggers take two to three years to pay out following a triggering loss, compared with three months for CAT bonds with industry loss or parametric triggers.That is the reason why parametric triggers as the attachment point are favoured in the CAT Bonds issued to provide relief for extreme weather events.

CAT Bond Sponsors

CAT Bond sponsors include insurers, reinsurers, corporations, and government agencies.

Over time, frequent issuers have included USAA, Scor SE, Swiss Re, Munich Re, Liberty Mutual, Hannover Re, Allianz, and Tokio Marine Nichido.

Mexico is the only national sovereign to have issued CAT Bonds (in 2006, for hedging earthquake risk and in 2009 and 2012, a multi structure instrument that covered earthquake and hurricane risks).

In June 2014, the World Bank issued its first CAT Bond linked to natural hazard (tropical cyclone and earthquake) risks in sixteen Caribbean countries.

Advantages of CAT Bonds

CAT Bonds are advantageous for both insurers and investors for a number of reasons.

CAT bonds offer insurers an alternative to traditional reinsurance and allow catastrophe risk to be transferred to a wider set of investors.Unlike traditional reinsurance where it is possible for the reinsurer to fail to pay out following a loss event, CAT Bonds are 100% collateralized and structured to eliminate counterparty risk.

CAT Bonds also offer the possibility of multi-year commitments, whereas most reinsurance deals are for a one-year term. A multiyear commitment allows CAT Bond issuers to lock in prices over an extended period. Finally, CAT bonds have lowered the costs of diversifying insurers' exposure to natural disaster risk.

For investors, the appeal of CAT bonds is two fold. First, CAT Bonds are largely uncorrelated with the returns of other financial market instruments. The incidence of hurricanes and tornadoes is largely unrelated to economic and financial activity. However, it is possible that CAT Bond losses might happen at the same time as a downturn in the broader economy.

Second, historically, CAT Bonds have provided strong returns, helping to attract alternative sources of capital into insurance markets.

Risks associated with CAT Bonds

CAT Bonds are quite complex and their pay-outs may not be quite simple or predictable. The complexity of the trigger event or the attachment point of a CAT Bond is very crucial to the pay-outs. In other words, while retail investors may think they have a simple proposition, the implications for their pay-out and principal may be much more difficult in practise than it appears.

The actual risk level contained in an event-linked security is also hard to calculate. Big Data has allowed many firms that specialize in risk assessment and damage estimates to come up with a reasonable accurate figure of what might happen if catastrophe strikes but Nature is unpredictable.

Finally, because catastrophe bond holders face potentially enormous losses, these bonds are rated "non-investment grade" or BB or lower by most major credit rating agencies.

The way ahead

Catastrophe bonds have emerged over the years as a popular option for insurers, reinsurers, global corporations and even governments as a way to protect themselves against natural disasters.

India is vulnerable to climate change as the National Disaster Management Authority, Government of India(NDMA) estimates that 27 states and Union territories are disaster-prone.Hence it is time that India also explored this option to address the protection gap in India to mitigate losses from climate change.

Currently, the insurance industry is working to improve CAT Bond modelling to cover new types of risk-such as cyberattack and terror risks. So, it appears that the uses of CAT bonds will continue to grow, offering issuers new avenues to transfer a variety of risks.

Be that as it may, it may also be stated that it is high time we pondered on the fact that serious and concerted efforts are urgently required to gradually reduce our carbon emissions as this is the best solution to combat climate change in the long-term.

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WILL CROP INSURANCE HERALD A CHANGE IN THE INDIAN GENERAL INSURANCE INDUSTRY?

The General Insurance Business (Nationalisation) Amendment Bill, 2021 was passed by the Rajya Sabha on August 11. According to the government, the need arose to address such matters as (a) push for higher private participation in public sector insurance companies; (b) raise the level of insurance penetration and thereby social protection; (c) secure the interests of policyholders in a better manner; (d) contribute to faster growth of Indian economy. The General Insurance bill amended the General Insurance Business (Nationalisation) Act, 1972. This law dealt with nationalizing all private general insurers in the country.

The amended legislation has removed the requirement that the central government should hold not less than 51 per cent of the equity capital in a specified insurer. Also, it provides for allowing greater private participation in public sector insurance companies and enhancing insurance penetration and social protection, among other objectives. In non-life insurance business, India is ranked 14th in the world and the country's share in global non-life insurance market was 0.77 per cent in 2020. Insurance penetration in the country increased from 3.76 per cent in 2019-20 to 4.20 per cent in 2020-21, registering a growth of 11.70 per cent.

India's general insurance industry narrowly missed the milestone of Rs 2 lakh crore of gross premium during 2020-21, due to the negative growth in motor insurance - the largest portfolio in the industry - and crop business. The industry ended financial year 2020-21 with a positive year-on-year (y-o-y) growth of 5 per cent at Rs 1,98,735 crore, aided by growth in health insurance segment.

While the health portfolio, propelled by the Covid 19 pandemic, and has grown by 11 per cent to Rs 58,584 crore, two large business segments- overall motor portfolio and crop business- of the industry declined during FY21. Premiums in the overall motor portfolio have fallen by around 2 per cent to Rs 67,790 crore, while the crop business has fallen by 3.5 per cent to Rs 31,184 crore during FY 2020-21. Among

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the top 10 general insurers that include three large PSUs, New India Assurance is the only company which has the distinct achievement of positive premium growth, profitability and higher market share by expanding its core business organically in FY21. Led by Star Health & Allied Insurance, all six stand health insurers - at Rs 15,720 crore - have together grown 11 per cent y-o-y in FY21.

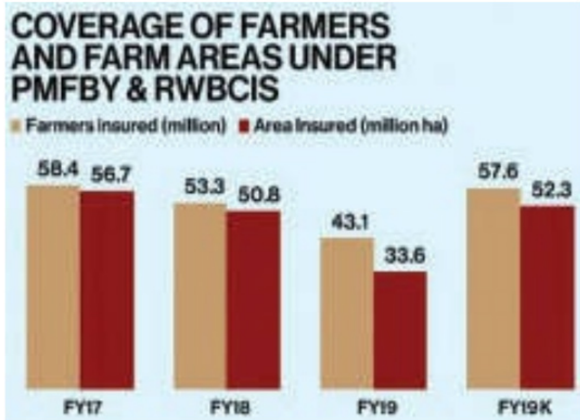
Crop Insurance in India

Crop insurance is one of the key elements to stabilize farmers by compensating for crop losses arising out of drought, flood and other causes. In 2016, India overhauled crop insurance to expand its coverage of farmers and farm areas. Initially, it did expand the coverage but since then it has seen a downward slide, one of the key reasons for this being visible profiteering by insurance companies. 13 private companies generated a surplus of Rs 2,725 crore but the five PSU ones recorded a deficit of Rs 3,484 crore in 2017-18. Net effect: a deficit of Rs 759 crore over the premium received. This is easy to understand. If crop loss is less, insurers make a surplus, and if it is more, they report a deficit.

Both private and public insurers are also reinsured with public sector insurer General Insurance Company (GIC), which underwrites such losses. However, there was a big brouhaha over this (huge savings from the premium) and farmers and some state governments withdrew from it, reducing the coverage in subsequent years. Country's agricultural sector brightened up the GDP growth of the country in another year battered by the pandemic, which caused a significant decline in India's economic activity. In the last fiscal year, while economic activity in the country suffered, agricultural sector posted a robust growth of 3.4%. The pandemic has a silver, or rather, green lining in the form of a thriving agricultural sector.

That is because the premium is paid by farmers and the central and state governments. That the new insurance schemes of PMFBY and RWBCIS expanded the coverage and brought a higher number of farmers and farms is not in doubt. The cause of worry is the subsequent fall in coverage. The biggest challenge for farmers continues to remain the unusual way crop insurance works in India: Farmers are not provided with insurance policy documents or receipts of premiums from banks or insurance companies that would tell them who their insurer is or received their premium (deducted at the time of taking loans).

The following graph maps the number of farmers and farm areas in FY18 and FY19. The fall is reversed for FY19 Kharif (marked FY19 K in the graph) but that is only a part of the FY20 cropping seasons (Rabi numbers not available).



The success of PMFBY depends on the accuracy of loss assessment, in this case, the CCEs. Ideally under CCE, a team, consisting of government officials and the local insurance company, selects random fields in an insurance unit (the states notify village/village panchayat/ mandal/ taluka/district as an insurance unit). An analysis of data compiled from PMFBY's dashboard and from government replies in Parliament shows that since 2016, there has been a 62 per cent decrease in farmers covered under crop insurance during kharif season to 15.1 million in 2021, and 46 per cent decrease during rabi to 9.2 million in 2021.

Area insured has also reduced - 57 per cent under kharif and 22 per cent under rabi. While there has been a decrease in applications from non-loanee farmers, for whom PMFBY was optional from the start, many loanee farmers tell Down To Earth (DTE) that they pay the premium as they are not aware the scheme was no longer mandatory. Keeping in view the risks involved in agriculture and to insure the farming community against various risks, the Ministry of Agriculture & Farmers Welfare introduced a crop insurance scheme in 1985 and thereafter brought improvements in the erstwhile scheme(s) from time to time based on the experience gained and views of the stakeholders, States, farming community etc.

The insurance schemes currently under implementation are the Pradhan Mantri Fasal Bima Yojana (PMFBY) and the Restructured Weather Based Crop Insurance Scheme (RWBCIS). The total funds released by the Government of India during last 5 years under various schemes for crop insurance are as under:

(Rs. Crore)

Plan/Year	Insurnce Scheme	Expenditure
2016-17	Pradhan Mantri Fasal Bima Yojana (PMFBY) and Restructured Weather Based Crop Insurance Scheme (RWBCIS)	110.54.63
2017-18	-- do --	9419.79
2018-19	-- do --	11945.38
2019-20	-- do --	12638.32
2020-21	-- do --	9799.86

As on 31.12.2020

Pradhan Mantri Fasal Bima Yojana (PMFBY)

After detailed discussions with various stakeholders including State Governments, representatives of farmer organizations, Government of India had formulated the new Crop Insurance Schemes viz. Pradhan Mantri Fasal Bima Yojana (PMFBY), which is being implemented in various States/ Union Territories of the country from Kharif 2016. The Scheme is being implemented through 18 General Insurance Companies including all the 5 Government Sector Companies. Under PMFBY, a uniform maximum premium of only 2% of the sum insured is paid by farmers for all Kharif crops and 1.5% for all Rabi crops.

In case of annual commercial and horticultural crops, the maximum premium to be paid by farmers is up to 5%. The premium rates to be paid by farmers are very low and the balance of actuarial premium is being borne by the Government, to be shared equally by the State & Central Government (except in North Eastern States where the subsidy sharing pattern between Central and State Govt is 90:10) to provide full insured amount to the farmers against crop loss on account of natural calamities.

Earlier, there was a provision of capping the premium rate which resulted in low claims being paid to farmers. This capping in earlier schemes has now been removed. In PMFBY farmers will get claim against full sum insured without any reduction. Central Government has rationalized the GoI subsidy sharing in the view of high premium in select crops and areas and to ensure a detailed analysis of the reasons leading to high premium rates. This needs a detailed examination and necessary course correction by the concerned State Government. Central Subsidy for premium is capped up to 30% for unirrigated & 25% for irrigated area/crops. Districts with irrigated area more than 50% (from all sources) will be considered as irrigated districts. Further, the sum insured has been equated to Scale of Finance/Notional Value of the crop.

Under PMFBY, CCEs has increased manifold.

Every year around 70 lakh CCEs need to be conducted to arrive at yield data within a short harvesting window of 15-20 days is a challenging task. Smart Sampling and Two Step Yield Estimation has been adopted under PMFBY implementation to rationalize and reduce number of CCEs to be conducted. This will ensure reduction in CCE numbers without impacting quality of sampling and yield estimation results. Further, new age technology will be used to assess crop health using remote sensing and satellite indices.

Progress of the scheme implementation

The Scheme has completed 5 years of its implementation. Details of coverage and claims (as on 11.1.2021) are given in the following table:

PIVIFBY & RWSCIS - All India Business Statistics Since Implementation as on 11.01.2021									
Season/Year	Farmer Applications Insured (Lakh)	Area Insured {Lakh ha)	Sum Insured Rs. Crore	Farmers Share in Premium	Gross Premium	Reported Claims	Paid Claims	Farmer Applications Benefited (Lakh)	Claim Ratio
Kharif 2016	407.6	379.7	1,30.599	2,779	15.880	10,571	10,570	115.3	66.6%
Rabi 2016-17	176.0	187.6	72,522	1.263	5,693	6,205	6,190	41.0	109.0%
2016-17 Total	583.7	567.3	2,03,121	4,042	21.573	16,775	16,760	156.3	77.8°
Kharif 2017	3573	330.7	1,24,524	2,792	18.403	18,151	18,149	140.9	98.6%
Rabi 2017-18	175.3	177.7	77,742	1,397	6,232	3,965	3,964	29.5	63.6%

2017-18 Total	533.0	508.3	2,02,265	4,189	24,635	22,117	22,113	170.4	89.8%
Kharif 2018	345.3	317.4	1,36,754	3,144	20,926	19,506	18,618	136.9	93.2%
Rabi 2018-19	231.4	205.6	93,307	1,709	8,422	9,137	9,015	81.2	108.5%
2018-19 Total	576.8	523.0	2,30,060	4,853	29,348	28,643	27,633	218.1	97.6%
Kharif 2019	419.8	326.4	1,42,228	3,002	23,364	20,616	19,576	182.1	B8.2%
Rabi 2019-20	190A	170.1	75,481	1,401	8,355	4,657	3,909	28.2	55.7%
2019-20 Total	610.2	496.5	2,17.709	4,403	31.719	25,273	23,485	210.2	79.7%
Kharif 2020	398.4	261.4	1,03,016	2,425	19,603	384	190	3.6	NA
Total	2,702.1	2,356.5	9,56,171	19,912	1,26,678	93,192	90,180	758.6	NA

- Decline in coverage of farmer applicants in 2017-18 was due to deduplication by making Aadhar mandatory and announcement of Debt Waiver Scheme by some States.
- Provisional data. All admissible claims for the year are not reponted/settled.

Coverage under the scheme has increased from 533 lakh farmer applicants in 2017-18 to 577 lakh applicants during 2018-19 and 610lakh farmer applicants during 2019-20, which is despite the withdrawal of Bihar State from the scheme from Kharif 2018 season and West Bengal State Government from Kharif 2019 season. The State Governments of Andhra Pradesh, Gujarat, Telangana and Jharkhand have also not implemented the scheme in 2020.

Under PMFBY, benefits to the farmers are also being provided through early payment of claims directly into the bank accounts of the farmers. There is more transparency in assessment of crop losses and assessment of claims through use of technology etc. Text SMS is being sent to all loanee farmers whose mobile numbers have been entered on the portal. Acknowledgement receipt is being generated on the portal and made available to banks. The number of farmers opting for the scheme has been falling gradually every year in Uttar Pradesh - from 2.8 million in 2018 to 1.79 million in 2021.

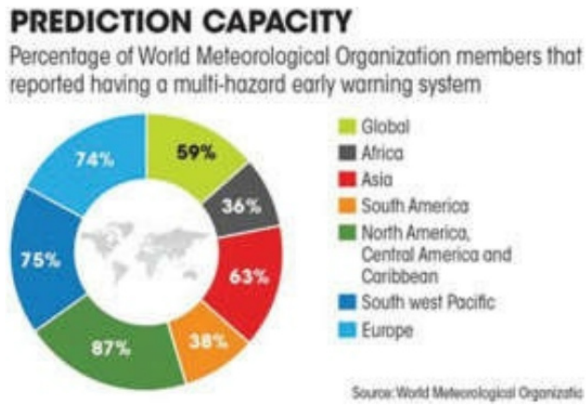
Review of Operational Guidelines of the Scheme and issue of Revised Guidelines

The schemes' implementation is reviewed/ monitored constantly through weekly video conferences, one to one meeting with the stakeholders on a regular basis and the National Level Monitoring Committee (NLMC). Though scheme and revised Operational Guidelines were made after detailed discussion with various stakeholders viz. farmers, States, insurance companies, financial institutions etc, some points/ issues like voluntary coverage of non-loanee farmers, addressing challenges of delay in release of state premium subsidy and Crop Cutting data and leveraging technology for smooth implementation etc. were identified as critical issues in implementation of the scheme during the first eight seasons. Thereafter, after making detailed discussions, the PMFBY/RWBCIS has been revamped with the following changes to make the scheme more beneficial to farmers with effect from Kharif 2020:

- ❖ To address the demand of farmers, the scheme has been made voluntary for all farmers. However, there is no change in farmers' share of premium.
- ❖ The premium subsidy sharing pattern between Centre and North Eastern States has been changed from 50 : 50 to 90:10. This has been done to allow more States to notify the scheme and existing States to notify more crops and areas to facilitate greater coverage of farmers under the scheme. For the remaining States, the subsidy sharing pattern will continue as 50: 50.
- ❖ To address the issue of high premium rate for few crops/areas due to adverse selection, the requisite central share of premium subsidy (90 : 10 for North Eastern States and 50 : 50 for remaining States) will be provided for areas/crops having gross premium rate up to 25% for irrigated and up to 30% for un-irrigated areas/crops.
- ❖ States have to decide on these high-risk crops/areas. They can remove these crops from notification or notify these crops/areas and bear the entire subsidy over and above 25% for irrigated and 30% un-irrigated crops/ areas. Central Govt. will share only up to 25% or 30% of applicable premium as the case may be.
- ❖ Besides, alternate risk mitigation measures will be explored for these high risk areas/crops. Insurance companies will now be selected by the States for 3 years in a go instead of one year thereby increasing their commitment and accountability to the farmers.

- Option has been given to the States to choose the notional value of average yield or the Scale of Finance as sum insured in the interest of the farming community.
- In view of the demand of many States, option has been given to States to choose additional risk covers besides shortfall in yield-based cover depending upon the local weather challenges and requirements of the farmers.
- Insurance Companies to pay 12% interest to farmers for delaying claim payment beyond prescribed timelines. Similarly, penalty of 12% interest per month shall be levied on State Government if failing to release state share of premium subsidy within 3 months of requisition by concerned Insurance Company. States delaying the release of subsidy beyond stipulated timelines cannot participate in upcoming seasons.
- A two-step process of crop yield estimation using weather and satellite indicators etc. is adopted, which will help in early assessment of loss.
- Use of smart sampling technique through satellite data for crop cutting experiments by some states has shown increased efficiency in implementation. This will now be universalized.
- The delay by some States in submission of crop yield data will now be suitably addressed using technological solutions.
- Provision has been made for earmarked administrative expenses @ 3% for strengthening infrastructure and technology for better delivery of the Scheme.

The 2020 revamped operational guidelines of the scheme also said that "Disputes on the quality of yield data is a challenge in the effective implementation of the scheme" and mandated that the CCE process must be digitised, including geo-coding (providing the latitude and longitude of the CCE location). One of the major reasons for states opting out or delaying paying their share of premium is financial constraints. The premium rates have increased from 11.6 per cent in kharif 2015 to 12.5 per cent currently. For many states, paying the premium subsidy is a huge cost. For example, the total PMFBY premium subsidy to be paid by Rajasthan in 2020-21 was Rs 2,822.7 crore, which formed 25 per cent of the state's agriculture budget that year.



Restructured Weather Based Crop Insurance Scheme (RWBCIS)

With the objective to provide coverage for those crops for which there is no standard/ approved methodology for assessment of yield and to overcome the shortcoming under erstwhile NAIS, a pilot Weather Based Crop Insurance Scheme (WBCIS) was launched in 20 States (as announced in the Union Budget 2007-08). However, WBCIS was implemented as a full-fledged component scheme of the National Crop Insurance Programme (NCIP) from Rabi 2013-14 season to Rabi 2015-16.

WBCIS intends to provide insurance protection to the farmers against adverse weather incidence, such as deficit and excess rainfall, high or low temperature, humidity etc. which are deemed to impact crop production adversely. It has the advantage to settle claims within the shortest possible time. Under WBCIS, actuarial rates of premium were charged. The scheme has further been restructured on the basis of premium structure and administrative lines of PMFBY and is available in the country from Kharif 2016 as Restructured WBCIS.

Coconut Palm Insurance Scheme (CPIS)

The Coconut Palm Insurance Scheme (CPIS) has been implemented since the year 2009- 10 in the selected areas of Andhra Pradesh, Goa, Karnataka, Kerala, Maharashtra, Orissa and Tamil Nadu. The scheme has also been continued during 2018-19 and 2019-20. Since inception of the scheme, 57.25 lakh palms of 1.24 lakh growers for a sum insured of Rs. 506 crore have been covered. Against premium of Rs. 3.26 crore claims of Rs. 4.40 crore have been paid to about 0.09 lakh farmers.

Coverage of Women Farmers under PMFBY

All farmers whether sharecroppers, tenant farmers including women farmers growing crops in the areas notified by the concerned State/UT Government are eligible for coverage under the scheme and can insure themselves as per provisions of the scheme. The coverage under the scheme is subject to land records and tenancy contract. Further, the Scheme is demand driven. Since, the scheme has been made voluntary for participation, all farmers including woman farmers are eligible to enroll under the scheme. There are no specific extra benefits/provisions for women farmers under the scheme. However, the Government is bound to pay its share in premium subsidy for all the farmers including women who take up crop insurance. The coverage of women farmers under PMFBY has remained consistent since inception of the scheme.

Government agencies made losses

Only 10.86 per cent of the five government enterprises empanelled for the scheme made profits. The five government corporations control 50 per cent of the crop insurance market. Agriculture Insurance Company of India (AIC) Ltd has a majority of this share.

Other government-owned enterprises under the scheme are National Insurance Company Ltd, Oriental Insurance Company Ltd, United India Insurance Company Ltd and New India Assurance Company Ltd. Only AIC has a competitive advantage in this industry among the five. In four years, the company earned Rs 32,429.24 crore in premiums and paid Rs 26,874.6 crore in claim - a profit of 17.12 per cent. New India Assurance Company got Rs 4,660.31 crore in premiums and paid Rs 5,145.22 crore; Oriental Insurance collected a premium of Rs 3,893.16 crore and paid claims worth Rs 4,305.66 crore; National Insurance paid a total of Rs 2,514.77 crore in premiums against a total of Rs 2,574.34 crore in premiums.

There has been more than 60% decline in the crop insurance claims of farmers at Rs 9,570 crore under the PMFBY for the 2020-21 crop year from the previous year as there were no major crop losses, according to official data. However, much of the crop insurance claims reported for 2020-21 and 2019-20 crop years have been cleared by the government. Crop insurance claims stood at Rs 27,398 crore in the 2019-20 crop year (July-June). About 445 lakh hectares of farm land was insured by 612 lakh farmers under the PMFBY with a total sum insured amount of1 Rs,93,767 crore during 2020-21.

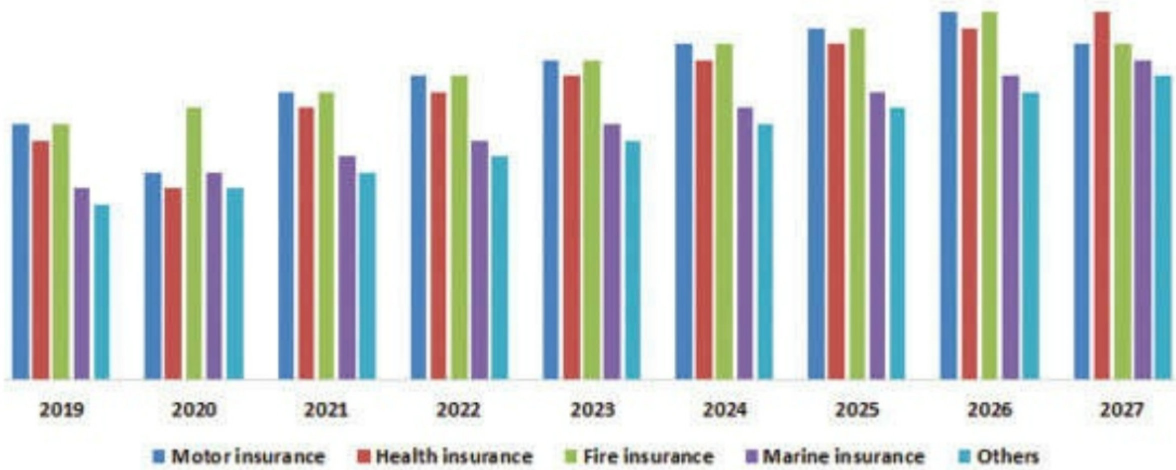
However, total claims reported were of Rs 9,570 crore for 2020-21. Out of which, claims reported from the Kharif season were Rs 6,779 crore, while from Rabi season Rs 2,792 crore. The claims at Rs 9,570 crore for 2020-21 were significantly lower as there were no major losses unlike previous year. During the 2019-20 crop year, about 501 lakh hectare was insured by 613 lakh farmers under the PMFBY with a total sum of Rs 2,19,226 crore. The claims reported from Kharif season remained higher at Rs 21,496 crore, while from Rabi season at Rs 5,902 crore of the 2019-20 crop year. Maximum crop insurance claims were reported from Maharashtra at Rs 6,757 crore, followed by Madhya Pradesh at Rs 5,992 crore and Rajasthan at Rs 4,921 crore during 2020-21. About Rs 6,845 crore crop insurance claims of farmers for 2020-21 has also been cleared The outstanding claims of Rs 1,200 crore will be cleared soon.

Insurer's point of view

In the initial years of the scheme, the pattern was reverse - claims paid by insurance companies were less than the gross premium. The problem is aggravated when most of the states which are part of the scheme are loss making. Few of the states are loss making and in other states that have not made claims frequently, the calamity for when they made, was severe. This means the incidence ratio is low but calamity is high. Hence, insurers like ICICI, Tata, Cholamandlam, Shriram have opted out. The government has made changes to the scheme twice, with an aim to make it more efficient. It has recently also set up two separate panels to suggest suitable working models for PMFBY, following the withdrawal of seven states from the scheme.

One of the panels will conduct a cost-benefit analysis of different insurance models, especially the cup and cap model, now also known as the Beed model. In Beed, the insurance company provides a cover of 110 per cent of the gross premium and if the claims exceed the cover, the state government would pay the bridge amount. If the claims are less than the premium collected, the insurance company would keep 20 per cent of the amount as handling charges and reimburse the rest to the state government.

INDIAN NON-LIFE INSURANCE MARKET- BY PRODUCT 2020-2027



Several legislations and technologies that have the potential to take India's agricultural productivity to a higher orbit will become a part of the mix as we move towards the budget for fiscal year 2022-2023. Considering the opportunity in the sector, this change will be driven by a few key factors: government policies that favor farmers, easier access to new technologies among farmers and surging innovation in the agri-services sector, and enhanced sustainability focus in the field of agriculture. Together these drivers could help the country's agricultural sector grow beyond the critical 4% mark in 2022.

The Pesticide Management Bill is expected to be passed into law in 2022. With its passage will come greater governmental control over the production, sale, and use of pesticides. With regards to the introduction of new-age farming technologies - the government has already taken significant steps in the right direction. One hopes to see more focus from government in pushing regulatory bodies to facilitate faster introduction of newer technologies for the farmers, as a follow up step of its initiatives in the last year. To its credit, the government has paved the way for use of drones in agriculture. Globally, drones have proven their efficacy in fertilizing and protecting crops more efficiently. The sustainability will be a vital lens to view the progression of Indian agriculture from here.

Globally, there is a palpable shift underway in favor of environment-friendly farming practices. One of the greatest hindrances to the Indian agricultural sector - that most Indian farmers own an average of 2.6 acres of land - presents a difficult challenge to increasing farm output and profitability. Farms of such size cannot be as efficient as large farms. The Indian non-life insurance industry is driven by the rising demand for many associated sectors, for example, the automobile industry, and the healthcare industry. Crop insurance is a heavily reinsured portfolio, with the empanelled insurance companies relying on reinsurance support. With the introduction of PMFBY, almost 75%-80% of risk is now ceded to reinsurers.

The loss ratio performance had been quite negative over the years, with 2015-16 especially bad due to severe drought. As the entire claim liability under all crop insurance schemes is borne by implementing agencies, it is much easier for the government to ascertain budgetary requirements for crop insurance in advance. Crop Insurance aims at supporting, sustainable production in agriculture sector by way of, providing financial support to farmers suffering crop loss / damage arising out of unforeseen events and stabilizing the income of famers to ensure their continuance in farming. It would be interesting to see if crop insurance can herald a change in the Indian General Insurance Industry.

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UNDERSTANDING THE NUANCES OF UNEXPIRED RISK RESERVES OF NON-LIFE INSURERS

Abstract

Non-life Insurance as a commercial venture has many peculiarities, which are not common to other commercial endevaours. Good Faith, Indemnity, Insurable Interest and Proximate Cause are some such fundamental unique concepts which form the foundations of insurance service. There are also concepts like Sum insured, Retroactive date, Reporting period (claims), Claims made basis etc., which sound quite unfamiliar even to a man of commerce, leave alone a common man. These peculiarities of Non-life Insurance have given rise to some unusual financial concepts and practices. To name a few of them - Outstanding Claims, Claims Incurred But Not Reported and Incurred But Not Enough Reported, Policyholder and Shareholder Funds, Apportionment of Investment Income, Catastrophic Reserves, Equalisation Reserves etc. One more such distinct concept goes by the name "Unexpired Risk Reserves". This article attempts to present the concept of "Unexpired Risk Reserves "in all its hues and to present the role and importance of these reserves in the financial health of a Non-life Insurer. Certain observations on the summary Annexures A & B relating to reserving status and practices of Indian Non-life Insurers are made, which might deserve the attention of the regulatory authorities and authorities of the Insurers, for improving the quality of reserves and related disclosures.

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A. Introduction

Non-life Insurance service is contingent in nature, depending on the occurence / non-occurence of an unfortunate event, in which the customer might suffer. An alternate description for this service is "risk transfer" - Insurer takeover the customers' risk for a consideration called premium, In view of its's dependence on a contingency, non-life insurers unlike other commercial entities do not enjoy the privilege or luxury of knowing the precise cost of their products / service, in advance of pricing them. Therefore pricing is one of the toughest challenges of non-life insurers. This operational limitation calls for extra precautions on their part in their financial plans. They depend heavily on their past experience and support of actuarial techniques to price their products.

Yet, all said and done it is only an estimate based on so many variables. And such estimate may turn to be far from actual results. Hence additional and extra precautions are the second nature of insurance operations. Creation of adequate and liberal reserves of various types is integral to their working. History has repeatedly evidenced, inadequacy of reserves to be the most dominant cause for failure of several non-life insurers. A study of 640 US insurance insolvencies during 1969 to 1998 insufficient reserves were responsible for failure of 145 insurers (Based on AM Best Report of 1999). Several subsequent studies in different markets have again and again reiterated this fact. It was also observed that beneficial tax regime for holding extra reserves was the cause for very low insolvencies in Germany.

Reserves of insurers can be classified as technical reserves and general reserves. Technical reserves can again be classified as claims reserves and premium reserves. Though claim reserves are much more important, premium reserves are no less important. Hence premium reserves are the focus and subject of this write-up.

B. Risk Period and Financial Reporting Period

Idea and concept of unexpired risk reserves is closely associated with the two periods mentioned above. Hence, proper understanding of these terms 'risk period' and 'financial reporting period' should help in getting clarity on the concept of unexpired risk reserves.

Risk Period

Non-life insurances, with few exceptions, are annual contracts. In some categories of policies the period co-incides with transit period or completion of certain activity. Technically policy period and risk period are different, but in most of the cases they do converge. The insured gets protection against events during this risk period, defined either by dates or by commencement and termination of transit or similar other method of determining the period. Insurers go on issuing the policies every day all through out the year. Not only the risk period in all these policies may be different, risk commencement and expiry dates will also be different. For example an annual policy issued on 1st of April will expire on 31st March of next year and the one issued on 15th of April will expire on 14th April of next year.

As stated above in certain policies the risk period and the period of contract are different. Some examples are given below.

- **Transit Policies -** Risk begins from the movement of subject matter of insurance with an intention to begin transit and ends either on delivery or certain days after reaching the destination. Contract commencing period is policy issue period. No definite contract ending period is recorded.
- **Marine Declaration Policies and Annual Policies** - The contract period is clearly defined. Risk period is again based on the pattern mentioned in 1 above.
- **Group health insurance policies.** Contract period is normally the annual period. Risk period in case of additions and deletions of members may be different for such persons.
- With the appearance of usage based new motor policy, risk period might be defined as certain kilometers, contract period and risk period may vary.
- In case of liability Insurance, 'Claims Made basis' and 'Occurrence basis' can create an issue of risk period and contract period.

Where as policy or the contract period is certain in all policies, risk period has an element of uncertainty in case of some policies. In such cases of uncertainty insurers use contract period as risk period for some of their activities like creation of reserves.

Financial Reporting Period

For a sustained and viable commercial operation, regular periodic review and stock taking of the operations / performance and the state of affairs, is a necessity. This period is very often called Financial Reporting Period (also called Accounting Period).

Where as the reporting period is definite the risk period is not so. By the nature of insurer's operations the risk period and the financial reporting period will differ in case of most of their policies, though in some cases there is a possibility, of the two being same. It is this attribute of differing risk periods of policies and reporting period gives rise to unique concepts of 'unexpired risks' and 'unexpired risk reserves'.

C. What are Unexpired Risks

From the discussions in the previous paras it is obvious that, in cases of many policies, the risk period overlaps over two financial reporting periods. Part of the 'risk period' falls in one financial reporting period and part of it falls in the next financial reporting period/s. That portion of the risk which overlaps into the next financial reporting period is called "unexpired risk'. The portion of the risk relevant to the expiring reporting period is called 'expired risk'. Thus, policies where risk overlaps over more than one reporting period will have a part of the risk period known as 'expired risk' and a part (balance period of risk) which has not expired called 'unexpired risk'.

D. What are unexpired risk reserves

Fortuitous events occuring during the entire risk period are the subject matter of financial protection offered by Insurers in their policies. The events giving rise to claims, viewed from the angle of reporting period might have occured in the expired period, with a further potential of occuring in the unexpired period too. The premium collected by insurers is for the full period. Logically the insurers earn their premium over the entire risk period which overlaps more than one financial reporting period. Hence full premium can not be included in a single financial reporting period.

This is necessary to avoid / eliminate distortion which might be caused by taking all premium in the first reporting period. In Financial Accounting terminology this is known by the name 'matching concept'- match the income with corresponding expenses/outgos. The premium corresponding to the unexpired period (also called unearned premium) will have to be taken to the next financial reporting period. The premium corresponding to the expired period is called earned premium. The process of taking the premium collected in one financial reporting period to the next financial reporting period is done by way of creating reserves. Such reserves are called reserves for unexpired risks. These reserves are expected to take care of expected outgos / expenses on such risks which have not expired and will expire in the future period.

E. Two Components of Unexpired Risk Reserves

Unexpired risks attract creation of reserves. These reserves are actually of two types. Very often the term unexpired risk reserve is used interchangeably with the term unearned premium. However unearned premium is only a part of unexpired risk reserves, the other part being reserve for premium deficiency. Unearned premium is the premium apportioned and allocated to subsequent accounting period. As stated above this reserve is meant to meet the expenses / outgos expected in the future accounting period. But it might happen that the reserve might prove insufficient to meet such expenses or outogs. For such contingency of deficiency there is a need for an additional reserve. It is called premium deficiency reserve. If the future period in which events giving rise to claims are expected to produce a situation where the outgos/expenses are more than the corresponding premium apportioned for meeting those contingencies, a reserve is required to be created for meeting the resulting deficit.

F. Basis for creation of Unexpired Risk Reserves

Fundamental principles of financial accounting and Statutory / Regulatory provisions are primarily the two basis for the concept of Unexpired Risk Reserves.

As discussed above "Financial Accounting Principles" of 'Accrual method of accounting', 'Matching income against expenses/outgos' and 'Conservatism and Financial Prudence' (Recognise the expected losses immediately and expected gains only on realisation) are at the roots of these reserves. The purpose of these principles is to present just and fair financial statements.

Apart from the Financial Accounting Principles mentioned in the previous para, the statutory / regulatory provisions - Insurance Regulatory and Development Authority of India (Preparations of Financial Statements and Auditors Reports of Insurance Companies) Regulations and The Insurance Act 1938, also form the basis for creation of these reserves. These provisions are reproduced below.

"Premium shall be recognised as income over the contract period or the period of risk".

"A reserve for unexpired risks shall be created as the amount representing that part of the premium written which is attributable to and to be allocated to the succeeding accounting periods and shall not be less than as required under section 64 V (1) (ii) (b) of the Act".

Section 64 V (1) (ii) (b) of the Insurance Act 1938.

Reserves for unexpired risks in respect of

(i) Fire and Miscellaneous Business - 50 percent

(ii) (a) Marine Cargo Business - 50 percent

(b) Marine Hull Business - 100 percent of the premium, net of reinsurances, during the proceeding 12 months. (Ideally this wording should be 'Premium, net of reinsurances pertaining to unexpired policies")

Schedule B Part I of the Insurance Regulatory and Development Authority of India regulations on Preparation of financial statements and Audit Reports of Insurance companies) Regulations 2002 provide.

" Premium deficiency shall be recognised, if sum of expected claims costs related expenses and maintenance costs exceeds related reserve for unexpired risk reserves".

Special dispensation : "In accordance with IRDAI circular IRDAI/F&A/CIR/FA/126/07/2013, dated 3rd July, 2013 insurers are not required to recognise premium deficiency arising out of Motor Third Party Portfolio including esrtwhile Motor Pool, Declined Risk Pool and Other Pools".

G. Methods of calculating unearned premium (dominant part of unexpired risks reserves)

There are three methods of calculating unearned premium.

1. Time based apportionment - "Daily Prorata Basis"
2. Varying Risk Pattern
3. Statutory Minimum Requirements.

1. Time based apportionment - "Daily Prorata Basis" over the risk period/contract period (where risk period is not practicable) which ever is appropriate is the primary method of calculating unearned premium. In most of the policies the possibility of fortuitous events giving rise to claims is same on all days of the risk period. In other words the risk (in terms of the subject matter of risk and in terms of its vulnerability to perils) is uninformally distributed over the entire risk period. Therefore the best method of accruing income of insurers is to apportion the premium based on time. Apportionment based on time is done by following either 1/365, 1/24, or 1/12 methods, the latter two being simplified versions 1/365 method. Prior to the advancements in Information Technology, it was not easy to calculate these reserves on daily basis. Hence Insurers invented simplified methods of 1/24, and 1/12 methods of calculations. Now the computers have made it easy to use 1/365 method. All Indian insurers follow only this method is a proof enough of to the relevance and simplicity of 1/365 method. 1/24 and 1/12 methods have become outdated.

2. Varying Risk Pattern Basis.

However the basic assumption of uniform spread of risk over the entire risk period is not true in certain categories of business / risks. One such example relates to project insurances. The exposure in these insurances increases as the project progresses. Hence uniform accruing of premium over the risk period is logical for such risks and premium on such policies may have to be recognised in slightly different way and the method is known as "basis of pattern of risk". This method is also recgonised by the regulator in its regulations on preparation of financial statements and audit report of insurance companies. Another example of varying pattern of risk could be the flood risks. The risk is higher in the rainy season compared to other seasons of the year. The practice of adjusting the yearly own damage premium to the insured declared values of the vehicle in case of long term motor policies is nothing but one form of recognition based on pattern of risk. Similarly the chances of fires in summer (if empirically supported) seem to be greater than in other seasons and the varying risk pattern method might be more suitable for such risks. Crop insurance is another class of business where the varying pattern basis is appropriate as the risk goes on increasing and is at its highest, close to and at the time of harvesting. High level of reserving seen historically in the marine hull segment might be based on the concept of skewed risk distribution (or need for greater degree of precaution in the hull business)

3. Minimum Statutory Requirements. Apart from the above two methods, as a prudent regulatory provision, Regulators / Laws do prescribe creation of minimum level of reserves. In addition some special dispensations may be considered by the regulators. The said provisions applicable for Indian Non-life Insurers are reproduced in "E" above.

H. Observations on status of Un-expired Risks Reserves and related Practices of Indian Non-life Insurers

Keeping in mind the importance of these reserves and based on the current Un-expired Risks Reserving Practices of Indian Non-life Insurers as reflected in their Annual Reports of 2019-20, few issues have been listed below for further examination by the Regulatory Authorities as well as Insurance Company Authorities, so that the reserving quality improves. Extract of relevant portion of accounting policies relating to un-expired risk reserves is annexed (Annexure B) along with the summarised tabulated status of reserves (Annexure A). The information pertains to Twenty Six (26) Indian Non-life Insurers. It does not cover ECGC, Agricultural Insurance Corporation, and some non-life insurers whose reports could not be accessed.

1. As discussed above there are two methods of calculating the unearned premium. All Insurers, except a few (who have followed the minimum statutory requirements), follow " Daily Prorata Basis" (1/365 method) of calculating the unearned premiums. "Varying Risk Pattern" method of calculating unexpired risk reserves is followed by none (except in case of Kharif Business (crop insurance) of Oriental Insurance) may be due to difficulties involved in evaluating the risk pattern. But methods have to be developed so that at some point in time insurers will adopt this method in cases where "Daily Prorata Basis" is not appropriate.

2. From the table it may be noted that, the ratio of unexpired risk reserves to net premium range from 33% (GIC re) of net premium to 87% (HDFC Ergo). Even if we exclude GIC Re being a re insurer, the range of 35% to 87% appears unreasonable, though theoretically such a vide range is perfectly possible. A closer examination is required. The Insurers with very low percentage seems to have not complied with the minimum requirements of 100% for Marine Hull and 50% for other classes of business.

2. Time based apportionment of premium over the risk period in a portfolio which is evenly spread during the financial reporting period, must normally yield a reserves ratio (to net premium) of 45 % to 55%. Skewed distribution of business, share of long term policies, share of marine hull policies and (method of risk pattern based calculation of reserves, certain special dispensations like the treatment of crop insurance, Rashtriya Swasth Bima Yojana and pool business might be some of the reasons for the ratio being beyond this normal range. Yet the status of six insurers who fall in the range of 61 to 87 % appear unusual. When the regulatory provisions mandate a minimum of 100% for Marine Hull business and 50% for Other business (of net premium) the case of 7 insurers falling in the range of 33% to 49% appears to be an issue of compliance, if not an issue of adequacy of reserves.

3. Certain categories of Insurance, like Crop Insurance, Terrorism Pool Rashtriya Swasth Bima Yojana etc. appears to have received special treatment. But uniformity is missing. Amongst the insurers (or some insurers have not disclosed the policy though in practice they have followed it). And also the varying practice between the acceptor and ceding / retroceding company (like GIC Re reserving at 50% and the acceptor of retro-cession providing 100%) might result in some anomaly.

4. In case of some health policies by one of the Insurer a variation of time based apportionment is followed.

5. With respect to long term policies the practice observed from reports of some insurers the unearned premium (premium pertaining to future period where the risk has begun) is taken to Advance premium or Allocated premium. Is it right to do so ? What is the need for this deviation in treatment of unearned premium ?

6. The accounting policies reflected in Annual Reports of 2019-20 of Indian Non-life Insurers on Premium Income Recognition indicate some differences. The practices do have a bearing on the working of unexpired risk reserves. Efforts should be made to rationalise the practices to ensure reasonable uniformity, so that the quality of unexpired risk reserves is improved. Ensuring uniform practices from the participants is a good regulatory practice. It is also observed that the language which leaves a scope for different interpretations and the silence which leaves scope for imagined interpretations should be avoided in the accounting policies and disclosures. Rationalisation even if minor, will considerably enhance the quality of disclosure.

7. The term unexpired risk reserve and unearned premium some times used interchangeably. It will be better if unexpired risk reserves should stand only for Unearned premium and premium deficiency. Though in practice in most of the cases premium deficiency being nil, the amount of unexpired risk reserves and unearned premium will be same.

8. Premium deficiency reserve has been created by 3 out of 26 insurers. Few Insurers have explicitly stated their reserve for premium deficiency to be Nil. Some have disclosed the accounting policy even though there is no such reserve. Others are silent. For the sake of good disclosure practice, silence should be avoided.

9. Many insurer explicitly state that pattern of risk based method has not been followed for creation of unexpired risk reserves. Many others are silent on this. Positive disclosure instead of being silent is a good practice.

10. In their policies some insurers have stated that unearned premium is calculated on net premium, others have stated that it is calculated on gross basis. Amongst

those who have calculated on gross basis, some have stated that the unearned premium of ceded business is adjusted against unearned premium of gross business. And many insurers are silent about such adjustment. Most of the insurers are silent on unearned premium of accepted business. Normal meaning of net premium is gross minus ceded plus accepted. Are the insurers who are silent about unearned premium of they complying with the minimum requirements.

11. As far as the certification of premium deficiency reserves, the policies reflect differing practices of the insurers. While some insurers get only 'expected claims cost' component of deficiency to be certified by the Appointed Actuary, others get all components of deficiency reserves (Like expected claims costs Expenses, maintenance costs corresponding unearned premium) so certified.

12. Reinsurance treaties do have clauses called 'Portfolio premium withdrawal" and "Portfolio premium entry". Such clauses in fact with unexpired risk reserves relating to re-insurance transactions. The impact of such clauses and transactions flowing there from have to be synchronized with the premium reserving in general, so that duplication or gaps if any are taken care of.

13. In case of long term policies the reserving process has to incorporate discounting into its calculations.

Conclusion

There has always been a trade off between perfection and avoiding complexity. The 21st century developments in information technology and data management have made perfection possible without the trade off. Pragmatism endowed with flexibility is essential for good governance, but always in an orderly framework and under watchful eyes. Unexpired risk reserves of Nonlife insurers is one of the areas of high stakes for all stakeholders.

Annexure A

Data on Premium and Unexpired Risk Reserves of General (Non-life) Insurers in India : Annual Reports 2019-20

Company	Gross Direct Premium	Net Premium	URR	Deficiency	URR as a % of Net Premium
		Rupees in Crs			
ACKO General Insurance Limited:	373.07	189.59	75.05	0.00	40
Aditya Birla Health Insurance Co. Ltd.	872.04	630.00	344.09	0.00	55
Bajaj Allianz General Insurance Co. Ltd.	12779.77	8016.00	4185.00	0.00	52
Chola MS General Insurance Co. Ltd.	4398.30	3409.19	2205.82	0.00	65
Edelweis General Insurance Co. Ltd.	158.6	131.77	84.15	3.98	64
Future Generali India Insurance Co. Ltd.	3417.49	2163.52	1135.24	0.00	52
GIC Re	51030.13	46655.41	15443.00	2470.98	33
Go Digit General Insurance Limited	1767.86	1560.62	842.65	0.00	54
HDFC Ergo General Insurance Co. Ltd.	9629.59	4866.67	4226.66	0.00	87
ICICI Lombard General Insurance Co. Ltd.	13312.84	9640.69	5838.16	0.00	61
IFFCO Tokio General Insurance Co. Ltd.	7961.04	4741.24	2149.44	0.00	45
KOTAK MAHINDRA General Insurance Co. Ltd.	433.39	377.14	250.21	0.00	66
Liberty General Insurance Limited	1531.37	1338.93	739.80	0.00	55
Magma HDI General Insurance Co. Ltd.	1224.77	790.18	429.35	1.70	54
National Insurance Co. Ltd.	15312.88	9421.71	4567.44	0.00	48
Navi General Insurance Limited	157.99	116.08	65.28	0.00	56

Company	Gross Direct Premium	Net Premium	URR	Deficiency	URR as a % of Net Premium
		Rupees in Crs			
The New India Assurance Co. Ltd.	29715.06	24487.05	11687.33	0.00	48
Oriental Insurance Co. Ltd.	13996.01	10988.69	5342.47	0.00	49
Raheja QBE General Insurance Co. Ltd.	158.12	140.11	94.07	0.00	67
Reliance General Insurance Co. Ltd.	7465.04	3933.62	1374.55	0.00	35
Royal Sundaram General Insurance Co. Ltd.	3666.96	2355	1215.06	0.00	52
Shriram General Insurance Co. Ltd.	2466.18	2305.26	1261.97	0.00	55
Star Health and Allied Insurance Co. Ltd.	6865.14	5239.47	2619.73	0.00	50
Tata AIG General Insurance Co. Ltd.	7384.53	4727	2573.73	0.00	54
United India Insurance Co. Ltd.	17515.09	13740.03	6939.67	0.00	51
Universal Sompo General Insurance Co. Ltd.	2859.05	1470.14	786.76	0.00	54
Total	**216452.31**	**163435.11**	**76476.68**	**2476.66**	**47**

Annexure B

Relevant Extract from Annual Reports (Year 2019-20) of Indian Non-life Insurers relating to Unexpired Risks Reserves.

Acko General Insurance Ltd.

Premium and cessation thereof are recognised over the period of risk or the contract period in respective revenue account, based on 1/365 method which ever is appropriate on a gross basis net of goods and service tax.

Reserve for unexpired risks : Reserve for unexpired risks is recognised net of reinsurance ceded and represents premium written that is attributable to and is to be allocated to succeeding accounting periods.

Premium Deficiency : is recognised at segmental revenue account level when the sum of expected claim costs and related expenses and maintenance costs related to claims handling exceed the reserve for unexpired risks. The premium deficiency is calculated and duly certified by the appointed actuary.

Aditya Birla Health

Premium including reinsurance accepted (Net of Goods and Service Tax) is recognised as income over the contract period or period of risk as appropriate after adjusting for unearned premium (Unexpired risk).

Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium.

Reserve for Unexpired Risk represents that part of the net premium written which is attributable to and allocated to succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 50% of net written premium of preceeding 12 months.

Premium Deficiency is recognised for the company at the segmental level . Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (relating to claims handling) exceeds related reserve for unexpired risk. The expected claim cost is calculated and duly certified by the appointed Actuary.

Bajaj Allianz General Insurance

Premium net of goods and service tax includes reinstatement premium on direct business and reinsurance accepted is recognised as income at the commencement of risk over the contract period or the period of risk which ever is appropriate on a gross basis and for installment cases it is recognised on installment due dates.

In case of longterm motor insurance policies premium is recognised on a yearly basis as mandated by IRDAI.

Reserve for unexpired risks represents that part of the net premium (i.e premium net of reinsurance ceded) which is attributable to and set aside for subsequent risks to be borne by the company under the contractual obligations on contract period basis or risk period basis whichever is appropriate subject to a minimum of 100% in case of marine hull business and in case of other lines of business based on net premium written on all unexpired policies at balance sheet date by applying 1/365th method on unexpired period of respective policies. (50% in case of other lines - 50% appears to be missing)

Premium deficiency is recognised if the ultimate amount of expected net claim costs related expenses and maintenance costs exceeds the related premium carried forward to the subsequent accounting period as the reserve for unexpired risks. The Company considers maintenance costs as relevant direct costs incurred for ensuring claim handling operations. As per IRDAI Circular IRDA/F&A/CIR/FA/126/07/2013, dated 3rd July 2013, (corrigendum to master circular IRDA/F&A/CIR/FA/231/10/2012 dated 5th October 2012) premium deficiency if any has been recognised at segmental Revenue Account level. The expected claims costs are calculated and duly certified by the appointed actuary.

The entire amount of reinsurance accepted for the current year on account of terrorism pool net of claims and expenses upto the above date has been carried forward to subsequent accounting period as Unexpired Risk Reserve for subsequent risks, if any to be borne by the company.

Extent of premium income recognised based on varying risk pattern - Rupees Nil.

Chola MS General Insurance

Premium (Net of Goods and Service Tax) is recognised as income on assumption of risk and for installment cases it is recognised on installment due dates, after adjusting for unexpired risks.

Unexpired Risk Reserves : Direct Business : Reserve for unexpired risks representing that part of the premium written that is attributable and allocable to the subsequent accounting periods is calculated principally on day basis in terms of IRDA circular No. IRDAI/F&A/CIR/FA/126/07/2013 dated July 3, 2013.

Inward business from pooling arrangements: In case of inward premium from terrorism pool (Fire and Engineering line of business) Nuclear Pool (Liability line of business) 50% of premium advised by the pool manager for a 12 month period is considered as reserve for unexpired risks.

Premium deficiency if any is calculated based on actuarial valuation duly certified by the appointed actuary.

In accordance with IRDA Circular No IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013, enrollment costs in RSBY schemes are absorbed over the policy period. The costs pertaining to future accounting periods are shown as reduction from Unexpired Risk Reserves.

Edelweis General Insurance

Reserve for unexpired risk represent that part of net written premium which is attributable to and allocated to the succeeding accounting periods. Reserve for unexpired risk is calculated on net written premium on all unexpired policies at the balance sheet date based on 1/365th method for all segments, other than Health insurance policies with Health 241 Add ON cover. In Marine Hull business it is subject to a minimum of 100%. In Health insurance policies with Health 241 Add ON cover; the unexpired risk is calculated on net written premium on all unexpired policies at the balance sheet date based on: a) 1/730 basis where there is no claim reported in the 1st year of policy b) 1/365 basis where the claim is reported in first year of policy.

In accordance with IRDAI Circular IRDA/F&A/CIR/FA/126/07/2013, dated 3rd July 2013, (corrigendum to master circular IRDA/F&A/CIR/FA/231/10/2012 dated 5th October 2012) Premium deficiency is recognised at segment revenue account level when the sum of expected net claim costs related expenses and maintenance costs exceeds the related premium carried forward to the subsequent accounting period as the reserve for unexpired risks. The premium deficiency is calculated and duly certified by the appointed actuary.

Future Generali India Insurance

Premium is recognised as income over the contract period or the period of risk whichever is appropriate on gross basis net of GST (Goods and Services Tax).

Reserve for unexpired risk in respect of marine hull business is computed at 100% of Net Written Premium during the preceding twelve months and other segments it is computed on the contract period basis or risk period basis, whichever is appropriate on the unexpired period of respective policies.

Premium deficiency is recognised when the sum of expected net claim costs related expenses and maintenance costs exceeds the related reserve for unexpired risks in accordance with master circular on preparation of financial statements of General Insurance Business (IRDAI/F&A/CIR/FA/231/10/2012 dated 5th October 2012) . The expected claims cost is calculated and duly certified by the appointed actuary.

GIC Re

Reserve for unexpired risk in respect of Marine Insurance (Hull) and Terrorism Risk business (included in Fire and Engineering) is made at 100% of net premium, while for all other classes of insurance is made at 50% of net premium of the period for which accounts are prepared.

London, Dubai and Malaysia Branch : Reserve for unexpired risks is provided at local practice. Adjustment for excess or short provision in Unexpired Risk Reserves as per IRDAI requirement, is accounted at head office.

Premium Deficiency Reserve (PDR) ; Where applicable premium deficiency is worked out separately for each segmental revenue level basis, viz. fire, marine and miscellaneous. As per IRDAI Circular No. IRDAI/Reg/7/119/2016 dated 7 April 2016, Premium Deficiency Reserve is calculated by Non-life Appointed Actuary.

Go-Digit General Insurance Ltd.

Premium deferred for recognition of income in the future period related long term motor insurance policies are included in unallocated premium in the Balance Sheet.

Unearned premium on reinsurance ceded is carried forward to the subsequent accounting period and is set off against related unearned premium income.

Reserve for un-expired risks :

Reserve for unexpired risk represent that part of the net premium written which is attributable to and allocated to the succeeding accounting periods. In accordance with IRDAI circular No. IRDAI/F&A/CIR/CPM/056/03/2016 dated 4th April, 2016 and Master Circular on Preparation of Financial Statements and Auditors Report of General Insurance Business and corrigendum issued thereon, reserve for unexpired risks is calculated based on 1/365 method in all segments subject to minimum of 100% of net premium written with respect to marine hull policies written during the year and are unexpired as on balance sheet date.

Premium deficiency is recognised if the sum of expected net claim costs related expenses and maintenance costs exceeds the related reserve for unexpired risks. Premium is assessed at each Balance Sheet date and is recognised at segment revenue account(s) level. The expected claims including related expenses and maintenance for premium deficiency reserve computation calculated and duly certified by the appointed actuary.

Terrorism Pool : The entire amount of reinsurance accepted for the current year on this account, net of claims and expenses up to the above date has been carried forward to subsequent accounting period as unexpired risk reserve for subsequent risks if any to be borne by the company.

HDFC Ergo

Premium including reinsurance accepted is recognised as income over the contract period or risk period as appropriate after adjusting for unearned premium (unexpired risk).

Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium.

Reserve for unexpired risks is calculated on the basis of 1/365 method in all segments subject to a minimum of 100% in case of marine hull and based on net premium written during the year which ever is higher as per IRDA Circular No. IRDAI/F&A/CIR/CPM/056/03/2016 dated 4th April, 2016

Premium deficiency is recognised for the company as whole on an annual basis. Premium deficiency is recognised if the sum of expected net claim costs related expenses and maintenance costs exceeds the related reserve for unexpired risks. Claims costs are calculated and duly certified by the actuary.

ICICI Lombard

Premium earned including reinstatement premium and reinsurance accepted is recognised as income over the period of risk or the policy period based on 1/365 method whichever is appropriate on gross basis, other than installment premiums received for group health policies where in the installment premiums are recognised over the balance policy period.

Premium allocated to subsequent period is included in premium received in advance.

Reserve for unexpired risks is created net of reinsurance ceded and represents premium written that is attributable to and is to be allocated to succeeding accounting periods For fire, marine cargo and miscellaneous business it is calculated on daily pro-rata basis except in case of marine hull business it is computed at 100% of net premium written on all unexpired policies on the balance sheet date.

Premium deficiency is recognised at segmental revenue account level when the sum of expected net claim costs related expenses and maintenance costs exceeds the related reserve for unexpired risks. The Premium Deficiency is calculated and duly certified by the Appointed/ Panel Actuary.

IFFCO Tokio

Premium and cession thereof are recognized over the contract period or the period of the risk in respective revenue account following 1/365 method. Reserve for unexpired risk representing premium attributable to the succeeding accounting period is maintained based on the above method except in Marine Hull business and reinsurance acceptances under the Pool arrangements. Unexpired Risk Reserve for Marine Hull business and reinsurance acceptances in respect of Terrorism Pool is maintained at hundred percent of net premium and in respect of all other reinsurance acceptances under pool arrangements at fifty percent of the net premium during the preceding twelve months.

Premium deficiency is recognized whenever expected claim costs, related expenses and maintenance costs exceeds related reserve for unexpired risks for each segment of business.

Kotak Mahindra

Premium earnings are recognised over the period of the policy or period of risk.

Reserve for Unexpired Risk Reserve for unexpired risk is recognised net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Company under contractual obligations over a contract period or period of risk, whichever is applicable. As per circular vide IRDAI/F&A/CIR/CPM/056/03/2016 dated April 4, 2016 such reserves are calculated on a pro-rata basis under 1/365 basis subject to 100% for marine hull business, on all unexpired policies at Balance Sheet Date.

Premium deficiency is recognized when sum of expected claim costs, related expenses and maintenance costs exceeds related reserve for unexpired risks. It is done on annual basis and at segment revenue account level viz. Fire Marine and Miscellaneous for each segment of business. Premium deficiency reserve is estimated and certified by the Appointed Actuary.

In accordance with master circular and corrigendum on master circular on Preparation of Financial Statements issued by IRDAI vide circular No. IRDA/F&A/CIR/FA/231/10/2012 dated 5th October 2012 and Circular No IRDA/F&A/CIR/FA/126/07/2013, dated 3rd July 2013, respectively, in respect of calculation and recognition of premium deficiency, the company does not require to make any provision for premium deficiency reserve during the current year (Previous year : Nil)

Terrorism Pool : The entire amount of reinsurance accepted for the current year on this account net of claims and expenses up to the above date has been carried forward to subsequent accounting period as changes in unearned premium under insurance contract liabilities for subsequent risks, if any, to be borne by the Company.

Liberty General Insurance

Revenue recognition Premium including re-insurance accepted (other than Motor long term Insurance policies) is recognized as income over the contract period or the period of risk (1/365 method) whichever is appropriate on gross basis net of Goods and Services Tax.

Reserve for unexpired risk represents that part of the net premium (i.e., premium, net of reinsurance ceded) in respect of each line of business which is attributable to, and set aside for, subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis (1/365 method), whichever is appropriate. In case of premium retro ceded by the Terrorism pool, reserve for unexpired risk is created at 50% of the retro ceded premium (net of XOL premium) during the year

Premium deficiency is recognised at Company level if the ultimate amount of expected net claim costs and related expenses and maintenance costs on unexpired period of the inforce policies exceed the related reserve for unexpired risks carried forward to subsequent accounting period. The Company considers maintenance cost as relevant cost incurred for ensuring claims handling operations. The Premium deficiency is calculated and duly certified by the Appointed Actuary.

As on 31st March 2020, as per IRDA (Assets Liabilities and Solvency Margin of General Insurance Business) premium deficiency has been calculated at segmental level but recognised at the company level.

Premium income recognised based on varying risk pattern is Nil.

Magma HDI

Reinsurance premium is ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium.

Premium on longterm policies is accounted as premium received in advance.

Reserve for unexpired Risks : is made on the amount representing that part of the net premium written which is attributable to and be allocated to the subsequent accounting period, using 1/365 method

Reserve for premium deficiency : In accordance with IRDAI Circular premium deficiency is recognised at segmental revenue account level when the sum of expected net claim costs and related expenses and maintenance costs (relating to claims handling) exceed reserve for unexpired risks. In computing the overall deficiency at miscellaneous revenue account level premium deficiency arising out of reinsurance acceptances from declined risk pool is not considered as per regulatory guidelines. The premium deficiency is calculated and duly certified by appointed actuary.

Terrorism Pool : The Company has created liability to the extent of 100% of premium (net of claims and expenses) retroceded to the company during the year through reserve for unexpired risks.

National Insurance

Unearned premium reserve is created on the amount representing that part of the net premium written which is attributable to allocated to the succeeding accounting periods including on the yearly premium recognised on long term motor policies on new cars and new two wheelers sold on or after 1st of September, 2018 and also on short term policies, at 50% of net premium except marine hull business, where it is made at 100% of net premium.

However, no unearned premium reserve is created in case of Pradhan Mantri Fasal Bima Yojana - Kharif Business, as the entire risk period falls within the financial year.

Premium deficiency is recognised and disclosed where the sum of expected claims costs, related expenses and maintenance costs exceed the related unearned premium on an annual basis as certified by the Actuary.

Navi General Insurance

Premium including reinsurance accepted is recorded over the contract period or the period of risk, as appropriate, after adjusting for unearned premium (unexpired risk).

Long term Motor Own Damage Premium is recorded on a year to year basis in proportion to the movement in Insured's Declared Value (IDV) and Third-Party Premium is recorded equally over the duration of the term of Insurance. The remaining premium in Long Term Motor business is taken to Advance Premium Account.

Reserve for unexpired risk represents that part of the net premium written which is attributable to and allocable to the succeeding accounting period(s), is calculated net of re-insurance cession, on the basis of the following method: 50% for Fire / Marine Cargo / Miscellaneous business; and Reinsurance premium 100% for Marine hull business of the net premium written over the preceding twelve months.

Premium Deficiency is recognised if the sum of expected net claim costs and related expenses and maintenance costs (relating to claims handling) exceed reserve for unexpired risks. The expected claim costs are calculated and duly certified by appointed actuary.

In accordance with master Circular and corrigendum on master circular on preparation of financial statements issued by IRDAI vide Circular No IRDA/F&A/CIR/FA/231/10/2012 dated 5th October 2012 and IRDA/F&A/CIR/FA/126/07/2013, dated 3rd July 2013, respectively.

New India Assurance

A reserve for unearned premium for each segment, representing that part of the recognised premium attributable to succeeding accounting periods calculated on time apportionment basis is created. This forms part of the unexpired risk reserves.

Unearned premium reserve is computed in accordance with guidelines issued by IRDAI as under.

a) Marine hull 100% of net written premium during preceeding 12 months.
b) in respect of other segments 1/365 method on the unexpired period of respective policies.

Premium deficiency is calculated where the sum of expected claims costs, related expenses and maintenance costs exceed the related unearned premium. The premium deficiency is recognised as per IRDAI guidelines and forms part of unexpired risk reserve.

Oriental Insurance

Reserve for unexpired risks is based on a percentage there of, being 50% in case of fire, marine cargo and miscellaneous business and 100% in case of marine hull business. It represents the net premium attributable to the successive financial years. Unexpired risks for kharif crops is taken as nil as it is short term expiring within the accounting period. The premium is booked in compliance of compendium to master circular ref. no. IRDA-F&A-CIR-FA-126-07-2013 dated 3rd July, 2013.

Premium deficiency is calculated where the sum of expected claims costs, related expenses and maintenance costs exceed the related unearned premium. The premium deficiency is recognised as per IRDAI guidelines and forms part of unexpired risk reserve.

Raheja QBE

Revenue Recognition: Premium Income: Premium (net of GST), on direct business and reinsurance accepted, is recognized as income based on 1/365th Method of contract period or risk period whichever is appropriate.

Reserve for unexpired risk represents that part of net premium (net of proportional reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on a contract period basis or risk period basis, whichever is appropriate. The reserves are computed as 100% in case of Marine Hull business and 1/365th method on unexpired period in case of other businesses.

Premium deficiency is recognised if the ultimate amount of expected net claims costs related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risks. Premium deficiency is maintained at company level and monitored by line of business.

In accordance with IRDAI circular IRDAI/F&A/CIR/FA/126/07/2013, dated 3rd July, 2013 insurers are not required to recognise premium deficiency arising out of Motor Third Party Portfolio including esrtwhile Motor Pool, Declined Risk Pool and Other Pools. Accordingly during the year the company has not recognised premium deficiency on motor third party portfolio which was accounted hitherto.

Extent of premium income recognised based on varying risk pattern is nil.

Reliance General Insurance

Reserve for Unexpired Risk Reserve for unexpired risk is made on the amount representing that part of the net premium written which attributable to, and to be allocated to the succeeding accounting period using 1/365 method for all lines of business other than Marine Hull. In case of Marine Hull business 100% of the Net Written Premium during the preceding twelve months is recognized as reserve for Unexpired Risk.

Premium deficiency is recognised if the cost of expected net claims costs related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risks. Premium deficiency is recognised at the company level. The Company considers maintenance costs as relevant costs incurred for ensuring claims handling operations. Premium deficiency is calculated and duly certified by the Appointed Actuary of the Company.

The Company has created liability to the extent of 50% of premium retroceded to the company through reserve for unexpired risks.

Royal Sundaram

Premium is recognised as income over the contract period or period of risk as appropriate and for installment cases it is recognised on installment due dates after adjusting for unearned premium and premium deficiency if any,

Premium deficiency is recognised whenever expected claims cost related expenses and maintenance cost exceed related reserve for unexpired risk in fire, marine, miscellaneous revenue accounts.

The reserve for unexpired risks represents the proportion of premium relating to periods of insurance subsequent to the balance sheet date. Calculated principally on a daily prorata basis, as stipulated in the IRDAI circular IRDAI/F&A/CIR/FA/056/03/2013. However in respect of marine cargo, marine hull business a fixed percentage of 50 and 100 respectively on net written premium of the year is adopted.

Re insurance Ceded : Un earned premium on reinsurance ceded is carried forward to the period of risk and set off against related unearned premium

Indian Market Terrorism Risk Insurance Pool : A reserve for unexpired risk is recorded at 100% of net premium retroceded to the Company from the pool during the year.

Premium income recogised based on varying risk pattern is nil.

Sriram General Insurance

Direct Business: Reserve for unexpired risk (risk related to period subsequent to the Balance Sheet date) represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis, is calculated on "day basis" in terms of Circular No. IRDA/F&A/CIR/FA/126/07/2013 dated 3rd July 2013.

Reinsurance accepted under pooling arrangement: The entire amount of reinsurance accepted from Terrorism Pool, for the current year on this account, net of claims and expenses is carried forward to the subsequent accounting period as 'Reserve for Unexpired Risk' for subsequent risks, if any, to be borne by the Company.

Premium deficiency is recognised if the ultimate amount of expected net claim costs related expenses and maintenance costs exceeds the related premium carried forward to the subsequent accounting period as the reserve for unexpired risks. Premium deficiency is calculated at business segment level.

Extent of premium income recogised based on varying risk pattern is nil.

Star Health & Allied Insurance

Premium is recognised as income over the contract period or the risk period on the commencement of risk after adjusting for unearned premiums (Unexpired Risk)

Unearned premium reserve is created as the amount representing that part of the premium written (Net of reinsurance ceded) which is attributable to and is to be allocated to the succeeding accounting periods. It has been calculated at 50% of net written premium of preceeding 12 months as per IRDAI directives.

Unearned premium on reinsurance ceded is carried forward to the period of risk and setoff against related unearned premium.

Premium deficiency is recognised whenever expected claims cost related expenses and maintenance costs exceed related reserve for unexpired risks. The premium deficiency is calculated and duly certified by the appointed actuary.

Tata AIG

Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium.

Reserve for unexpired risk, representing that part of the premium written attributable and allocable to the subsequent accounting period(s) is calculated net of reinsurance cession on the basis of 1/365th method as per IRDAI Circular No. IRDAI/F&A/CIR/CPM/056/03/2016 dated April 4, 2016.

Premium deficiency is recognised at segmental revenue account level, when sum of expected claims costs and related expenses and maintenance costs (related to claims handling) exceed the reserve for unexpired risks. The premium deficiency is calculated and duly certified by the AA.

For unearned premium reserve accounting, the amount of reinsurance premium accepted for the risk assumed in the current financial year on this account has been carried forward to the subsequent accounting period at 50% of the reinsurance premium accepted as unexpired risk reserve for subsequent risk, if any, to be borne by the Company.

There is no premium deficiency for the company on overall basis in accordance with para 2(2) of Schedule II of Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations 2016.

Extent of premium income recogised based on varying risk pattern is nil.

Universal Sompo

Premium earned including Reinstatement Premium is recognized as income over the period of risk or the contract period based on 1/365 method, whichever is appropriate on a gross basis,net of goods and service tax.

Reserves for Unexpired Risk Reserve for unexpired risk is recognized net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Company under contractual obligations on a contract period basis or risk period basis, whichever is appropriate. It is calculated on a daily pro-rata basis (1/365th method) for all lines except for Marine Hull. In case of Marine Hull reserves shall be computed as 100% of net written premium during the preceding twelve months.

Premium deficiency is recognised at Company level when the sum of expected claim costs and related expenses and maintenance costs (related to claims handling) on the unexpired period of the in-force policies exceed the related reserve for unexpired risks. The Company considers maintenance cost as relevant cost incurred for ensuring claims handling operations. The Premium deficiency is calculated and duly certified by the Appointed Actuary.

The Company has recognised Nil of the total premium earned from the Miscellaneous -Engineering class of business based on varying risk pattern. The risk pattern determined based on underwriting estimates which are inturn based on project related information received from the customers, and these are relied upon by the Company.

United India Insurance

Premium income is recognised on assuption of risk and is adjusted for increase or decrease in reserve for unearned premium calculated as per 4.3 above.

Reserve for unexpired risks comprises of Unearned premium reserve and Premium deficiency reserve.

Unearned premium reserve is made on the amount representing that part of net premium written which is attributable to, and allocated to the succeeding accounting period/s at 50% of net premium except in case of marine hull business, nuclear pool and terrorism (fire and engineering) where it is made at 100% of net premium.

Premium deficiency is calculated where the sum of expected claims cost, related expenses and maintenance costs exceed the related unearned premium. The premium deficiency is recognised as per IRDAI guidelines. ❑

1ST JULY, NATIONAL DOCTORS DAY - FIRST DO NO HARM

The doctors talk of medicine. What is the good of medicine when it can't cure? What do the doctors know? They are the first hurdle to good health. It is because doctors misunderstood the meaning of good health. For example, the mothers of the world ceased to experience motherhood! How can they? When every child birth is Caesarian!? No doctor speaks of good health; they only speak of diseases!

"Our body is a machine for living. That is what it is made for, and that is its nature. Leave life to take care of itself, and don't interfere. It will fight its own battles a great deal better than if you paralyze its powers by encumbering it with remedies. Our body is a perfect watch meant to go for a certain time; the watch maker cannot open it - he can only adjust it by fumbling his way blindfold." (Leo Tolstoy).

Majority modern day 'doctors'- will do anything for few rupees more. If Hypocrites were to witness it, he will withdraw his oath in shame. An ancient Sanskrit saying:

शरीरेजर्जरीभूतेव्याधिग्रस्तेकलेबरे।
औषधंजाहनवीतोयंवैद्योनारायणोहरिः।।

Meaning: "When the body is ruined and has many diseases, the sacred waters of Ganga (which confers health) alone is the medicine, and the doctor can be none other than Lord Himself."Again,at some other place it is observed:

वैद्यराजनमस्तुभ्तम्यमराजसहोदरः।
यमस्तुहरतिप्राणान्वैद्यः प्राणान्धनानिच।।

Meaning: Salutations to you, O Doctor (vaidya-raaj), the brother (sahodar) of Yamraaj (God of death). Yamaraj only takes life (praana), whereas the doctor takes life as well as money (dhana)! To synthesize: O Vaidyaraaj I offer salutations as you are real brother of Yamaraaj. While Yamaraaj robs a person of life only, you rob both life and wealth!

"I swear by Apollo the Healer, by Asclepius, by Hygieia, by Panacea, and by all the gods and goddesses, making them my witnesses, that I will carry out, according to my ability and judgment, this oath and this indenture."This pledge is from the Hippocratic oath, written nearly 2500 years ago, forms part of the Western medicine.

Some doctors see the oath as a formality, some can't remember taking it, and some think it is irrelevant. Medical students usually take an oath when they graduate. There is no standard universal approach. In India, some organizations are trying to make their presence felt in the field of medicine. They came up with an idea about how doctors should take an oath by the father of Ayurveda - Maharishi Charak!

Leo Tolstoy in his classic "War & Peace" observed that 'our body is a machine for living' and this machine cannot be tampered with. The message of Hippocrates is simple - "First do no harm".

On the eve of National Doctor's Day (1st July), we request the hospitals and doctors to bear in mind that it is not medical insurance that counts...but the good health of a patient. "First do no harm". ❑

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A STUDY ON GROWTH OF REINSURANCE BUSINESS DURING COVID-19

Introduction: Reinsurance

Reinsurance is a valuable and diverse product that assists an insurance company in properly hedging its business risks while also protecting its capital position. It has a critical role in the Indian economy, and as a result, it holds a significant position in the financial markets to protect and sustain insurance entities.

It is a risk-transfer mechanism in which an insurance company transfers the risk of an insurance policy to a reinsurer in exchange for a fee under a Reinsurance treaty (contract). In reinsurance, one direct insurance company (also known as a Ceding firm) transfers (cedes) a portion of the risk to another (called Reinsurer). In simple terms "Reinsurance is an insurance for the insurance companies."

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Need for reinsurance

Mainly a direct insurer needs reinsurance

- To be protected in case of catastrophe.
- To keep the annual fluctuations in the losses he must endure on his account to a minimum (as much as practicable).

Type of reinsurance

Reinsurance is divided into two types first is treaty reinsurance and second is facultative reinsurance. Treaty reinsurance is divided into two parts proportional treaty and non-proportional treaty.

- Types of proportional Treaty Reinsurance
  - Quota Share
  - Surplus
- Types of non-proportional Treaty Reinsurance
  - Excess of Loss
  - Excess of Loss Ratio (Stop-Loss)
  - Pools

Insurance and reinsurance play a crucial part in support of the growth and development of any economy. Insurance helps and supports people as also an industry in case of accidents and insurance investments that are long-term in nature aid in infrastructure development for a developing economy. By promoting appropriate risk management and providing a source of finance to respond to damages and losses sustained by consumers, corporations, and governments, the insurance industry also plays an important role in minimizing risks in the economy.

Reinsurance is a high-capital industry. It also has to adhere to reserving regulations similar to those used by insurers, implying that profitability and dividend declaration/release will take a lengthy time. It's a business whose prospects are intertwined with those of primary insurers, and reinsurer profitability is a pipe dream in an era of fierce competition and sloppy/unscientific rate making on the part of primary insurers.

GIC Re was founded in 1972 as an Indian reinsurer in the expanding reinsurance market. It began as a single point of contact for the four state-owned Indian general insurance firms to safeguard their risks, and then grew into a full-service worldwide reinsurer.

The Market for Reinsurance expansion in India

In India, the sole indigenous reinsurance business, General Insurance Corporation of India (GIC Re), has long had a monopoly on professional reinsurance activities. Recent legislative amendments have progressively opened the market to multinational organizations, making it easier to create overseas reinsurance offices.

GIC Re is primarily focused on Asia, the Middle East, and Africa, with subsidiaries in the United Kingdom, Russia, the United Arab Emirates, Malaysia, South Africa, and Brazil.

During the 2018-2019 fiscal year, GIC Re held 81 percent of the Indian reinsurance market's revenue or 6.357 billion dollars. At the end of the 2019-2020 financial year, which ended on March 31, 2020, the Indian reinsurance market as a whole recorded a turnover of 637.12 billion INR (8.46 billion USD). This is a 16.57 percent increase over the 546.56 billion INR (7.85 billion USD) reported in the previous fiscal year. With a turnover of 510.3 billion INR, the General Insurance Corporation of India (GIC Re), the only domestic reinsurance provider, controls 80.09 percent of the market (6.78 billion USD).

GIC Re-recorded a financial loss of 3.59 billion INR (47.72 million USD) in the 2019-2020 fiscal year, compared to a net profit of 22.24 billion INR (319.67 million USD) in the previous fiscal year.

The obligatory reinsurance cession rate in India has been reduced by the Insurance Regulatory Authority of India (IRDAI). The proportion decreased from 5% in the years 2021-2022 to 4% in the years 2022-2023.

How Reinsurance Affects the Direct Insurer

The reinsurer offers value to the services a direct insurer provides to his clients in a variety of ways.

- By taking on the direct insurer's disaster risks, the reinsurer minimizes the likelihood of the direct insurer's failure.
- By taking up a portion of the direct insurer's risk of random fluctuation, change, and error, he helps to stabilize the balance sheet.
- By covering huge sums-insured and highly exposed risks, he improves the direct insurer's portfolio's balance.
- He increases the capacity of the direct insurer's underwriting by absorbing a proportional share of the risks and providing a portion of the required reserves.
- By releasing stock that had been tied up to pay risks, he raises the amount of capital effectively available to the direct insurer.
- He improves the efficiency of the direct insurer's operations by providing a variety of services.
- Kinds of services: for example, by
- Getting underwriting data from all across the world and putting it together:
- Special dangers are assessed and evaluated.
- Provision of loss prevention consultancy
- Supporting actuarial work by assisting with loss adjustment.
- Members of the cedent's team are being trained in the following areas

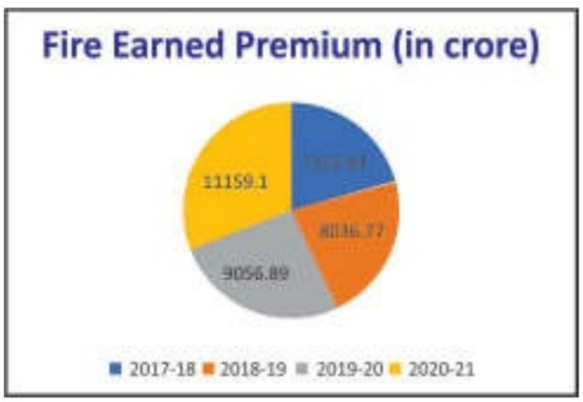
Business Figures of Re-Insurance in India

One of the most important factors of reinsurance is to reduce the disruption in India or worldwide. Because of the increased pandemic uncertainty, reinsurance demand is rising. While improving pricing movement is a huge plus for both the reinsurance and insurance sector, economic challenges might reduce premium revenue and undermine asset quality for main insurers.

Reinsurance Lines

1. Property reinsurance - Fire and Engineering

It is primarily concerned with a variety of various types of initial insurance businesses. The reinsurance contract completely covers physical loss or damage to real and personal property, as well as the financial repercussions of such loss or damage, as defined in the original policy.



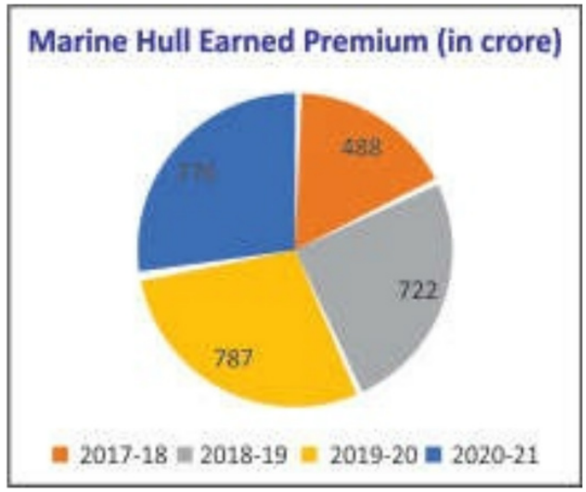
2. Accident/Liability Reinsurance

Motor, personal accident, burglary, jeweller's block, non-traditional insurances, and a variety of liability insurances cover the risk of legal exposures to third parties and the general public as a result of products sold, as an employer, a director, or executive, like software vendors, like stock exchanges, banks, and financial institutions.

3. Marine Reinsurance

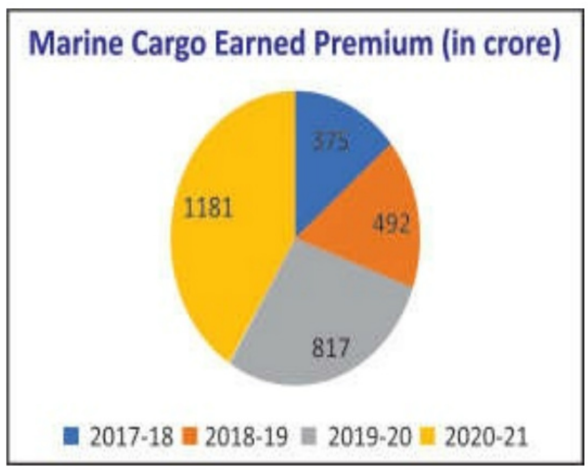
Hull insurance is classified into two major groups, namely

- Ocean-going boats, such as bulk carriers, tankers, and OBOS.
- Local vessels such as barges, lighters, launches, tugs, dredgers, trawlers, and so on.



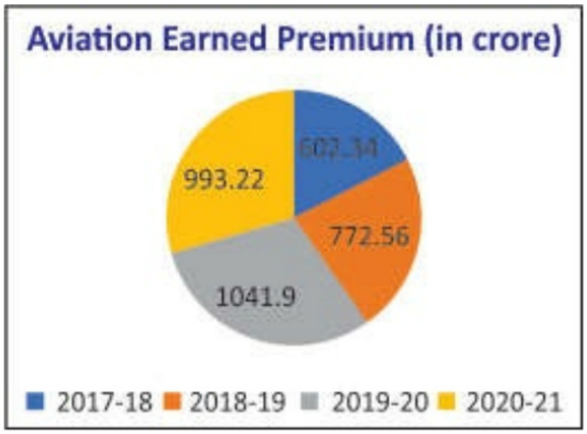
4. Marine Cargo reinsurance

Most nations' marine cargo industry is dominated by the ocean and air transit, but in countries like India, inland transit via rail, road, or waterways accounts for a significant percentage of the premium.



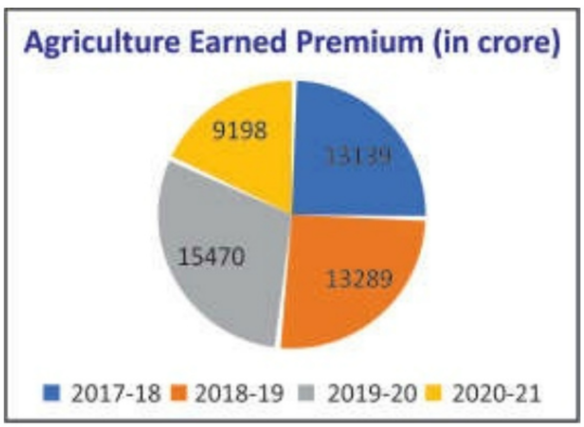
5. Aviation reinsurance

Aviation reinsurance makes advantage of all types of reinsurance protection that have been created throughout time. Although the challenges connected with aviation insurance are not uncommon, it is unusual to find a class of company where they all exist at the same time. Because risks are put in all nations through reinsurance exchange, the aviation insurance industry is global. On a global scale, this results in a competitive and free market. Reinsurance is important in aviation insurance since about 80% of all aircraft are reinsured.



6. Agriculture reinsurance

This comprises farmers' production and financial risks, as well as other stakeholders' shortfall risks, such as input suppliers and grain processors. Multi-peril crop, hail, and named peril insurance, which covers both production and revenue changes from catastrophic occurrences, are among their main requirements.



Reinsurance - Claims

The above graph shows the total reinsurance claims experience (CR) FY 2017-21, it can be seen that both Indian & foreign reinsurers received higher claims in FY2019-20 covid-19 would be the main cause of the higher premium.

Conclusion - systematic review

Reinsurance businesses are experts in risk management, drawing on their extensive study and knowledge of risk causes from throughout the world. Reinsurance businesses combine risks from a variety of insurers and price them accordingly. To ensure their risks, they collect premiums from insurance firms. When a client's reinsurance business receives a claim, they pay the insurance company their portion of the risk insured, which then settles the claim with the consumer. Insurance and reinsurance businesses can share high-value or sub-standard risks in this way.

The COVID-19 pandemic has added to the sector's uncertainty, which was already seeing an increase in loss activities as a rise in claims portion. The COVID-19 pandemic has a significant impact on the aviation sector throughout the world, with airline operations being halted for most of 2020-21.

Going Concern On the basis of their assessment of the reinsurance companies' financial positions and after making appropriate enquiries, the report reasonably expect that the companies have adequate resources to continue in operational existence for the foreseeable future. The report has considered the impact of Covid-19 and believed that, due to participating on multiple syndicates and thus diversifying their risk, it will not impact on the companies' ability to continue as a going concern.

Economic issues caused by Covid-19 could lead to large losses in some lines and an increase reinsurance purchases. Reduced claims in some areas like motor insurance may lead to insurers purchasing less reinsurance. These competing forces mean that the longer-term impact on reinsurance remains highly uncertain.

Reference

Various sources

Birla Institute of Management Technology (BIMTECH) holds Commencement Day 2022, 2022-24 batch; Economist Dr Ajit Ranade and S&P Global ED Ms Bhavana Batra offer Success Mantras

On June 18 2022, BIMTECH Greater Noida held the Commencement Ceremony to welcome its new PGDM 2022-24 batch on campus. The ceremony was attended by about 300 students, and their parents, who have joined four programs at BIMTECH -- PGDM-Core, PGDM-International Business, PGDM- Insurance and PGDM-Retail. Well known Economist Dr Ajit Ranade and Ms Bhavana Batra, Executive Director, Global People Programs Leader, S&P Global addressed the students and their parents.

Complimenting BIMTECH leadership, Dr Ajit Ranade said, "BIMTECH does not believe in resting on its laurels. It keeps climbing and reaching newer heights!" In an inspiring speech, Ms Bhavana Batra said, "You are lucky to be entering the MBA program in an era where there are so many opportunities. Be buoyant and open to opportunities. But remember these opportunities will not come to you. You need to work hard for it."

In his welcome address Dr Harivansh Chaturvedi, Director, BIMTECH talked about the diversity. Dr Chaturvedi said, "BIMTECH is a rainbow of diverse cultures of India." He further added that BIMTECH has admitted 40 percent female and 60 male students this year and students are from all education backgrounds.

Complimenting incoming students, Dr Ranade said, "In domain of private sector management education, BIMTECH is in top 10 or even top 5 B-schools. You have absolutely made the right choice."Dr Ranade, a well-known economist, was the President and Chief Economist at Aditya Birla Group. He has earlier served as an Executive Officer of Financial Technologies India Ltd. and Chief Economist at ABN AMRO Bank. He has served on various committees of the Reserve Bank of India. Ms Bhavana Batra, ED, S&P Global inspires students

In an inspiring address the Guest of Honour, Ms Bhavana Batra shared her perspectives on changing World of Work, and how MBAs can do well in these uncertain times.

Ms Batra said, "We are living in times of significant change. Covid 19 has changed how business is done, and how we work. Honestly, no one is sure of the future! No one can claim to know it all. Everyone is learning new things and trying to improve every day."

Offering an example, Ms Batra said, "Today our Supply Chain is being reconfigured completely. We no longer rely on a single vendor. We don't even rely on a single country. Businesses want to diversify across continents... This requires new thinking, capabilities and execution."

Motivating young students, she said, "This is a great time for MBAs to learn business management. Be buoyant and be open to opportunities!" She however cautioned students: "But remember these opportunities will not come to you. You need to work hard for it."

Ms Batra said MBAs should focus on following areas to improve their employability:

Continuous Learning: Lean constantly and add value to yourself.

Relationship Building: Relationships will help you learn and give you comfort in difficult times. So, leverage this opportunity to build stronger relationships.

Problem Solving Skills: In industry, we look for problem solvers. We look for people who have the ability to leverage different aspects of learning and offer options to problems. So, think on those lines. Have a tangible takeaway in everything you do. It will differentiate you.

Concluding her talk, Ms Batra said, "You cannot achieve anything without perspiration and getting your hands dirty. Today, the organization mantra is Fail Fast! So, try your hands at the various opportunities offered during an MBA program. You will fail at some, but move on and take the next challenge!"

Orientation programme for newly admitted students of PGDM-Insurance Business Management programme batch of 2022-24 was held on 20th June 2022.

The Programme started with the Introduction of Insurance faculty and staff to the students by Prof. Pratik Priyadarshi Associate Professor & Programme Coordinator-PGDM-IBM Programme. Thereafter the students gave a brief introduction of themselves. This was followed by a welcome address by Dr. Abhijit K. Chattoraj- Dean (SW-SS), Professor and Chairperson-PGDM-IBM programme who welcomed the chief guest and guest of honour. The Anchor for the programme Prof. Monika Mittal- Assistant Professor & Programme Coordinator-COOLS introduced the Chief Guest.,Mr.AbhayTewari, Managing Director & CEO, Star Union Dai-ichi Life Insurance Co. Ltd., and Guest of Honor., Mr. K.B. Vijay Srinivas, Director & Joint Additional Charge CMD (Retd.), United India Insurance Co. Ltd., Director-General-ACDR. The faculties associated with the IBM programme namely Prof. Manoj Kumar Pandey, Prof. Pratik Priyadarshi, Prof. Manoj Pareek, and Prof. Monika Mittal were present along with students.

Post this introduction the students were addressed by the Chief Guest for the day - Mr. AbhayTewari. The chief guest spoke about how the insurance sector served society at large and had a critical role to play in a growing economy like India. He emphasised that the penetration of insurance in India compared to the world average was dismal so there was a lot of room for growth in this sector. People looking to make a career in insurance needed to adapt to new technology and should acquire leadership skills along with a growth mindset apart from having core business knowledge. Since insurance was a push product rather than a pull product in India there was a need to make insurance relevant to people. Though he had actuarial qualifications and long experience as an actuary he felt that exposure to sales management early in his career was a key factor for his success in corporate life.

Dr. Harvansh Chaturvedi, Director of BIMTECH graced the occasion by welcoming the Guest of Honour Mr. K.B. Vijay Srinivas. Mr. Srinivas discussed how India was well placed for rapid growth in the requirement of insurance services. Mr. Srinivas talked about various functional areas in a general insurance company and the employment avenues available to young career seekers in these areas. Besides functional jobs, he emphasised an insurance career created a skill set that could lead to self-employment. The students could start their ventures as intermediaries, technology start-ups, investigation, and survey agencies.

The session concluded with a vote of thanks by Prof. Manoj K. Pandey.

Future Generali India Insurance adjudged 'Best General Insurance employer' by Great Place to Work

Future Generali India Insurance Company Limited (FGII), the general insurance arm of the joint venture between retail giant Future Group and global insurer Generali, has been recognized for its 'employee centric approach' and 'Human Touch' philosophy, yet again. FGII outshines amidst the 'General Insurance' category by emerging as the employer of choice and earning its place amidst the much-coveted list of 'India's top 50 best companies' to work with as per 'Great Place to Work® Institute'.

FGII's ambition is to be a 'Life Time Partner' to its customers by combining simplicity and innovation with empathy and care along the entire customer journey. They are of the strong belief that customer delight and employee satisfaction go hand in hand, and its ambition of housing strong and happy customer relationships will be delivered through its happy and motivated employees. Over the last few years, the company has made extensive efforts towards orchestrating an appropriate organisational design aimed at fostering a culture of growth and productivity, a nurturing environment for employees that enables them to realise their full potential and progress in their career aspirations with FGII.

The pandemic stood testimony to some of FGII's people practices, relevant to the difficult times. Right from prioritizing employee safety, job, and financial security, providing for medical needs to emphasize on mental health for employees and families, the management stayed focused on keeping employees first.

LEGAL

HC order asking insurance firm to compensate farmers for crop loss stayed

The Supreme Court has stayed a Bombay High Court order which had asked Bajaj Allianz General Insurance Company Ltd. to compensate over 3.5 lakh farmers under the Pradhan Mantri Fasal Bima Yojana (PMFBY) for loss of soya bean crop due to heavy rainfall in 2020. A Supreme Court vacation bench comprising justices J K Maheshwari and Hima Kohli, however, asked the insurance company to deposit Rs 200 crore with its registry within a period of six weeks from June 16.

In a major relief to soya bean farmers of Osmanabad district of Maharashtra who had suffered crop loss due to heavy rainfall in the Kharif season of 2020, the Bombay High Court circuit bench in Aurangabad recently directed the insurance company to compensate them.

The insurance firm was represented in the Supreme Court by senior advocate Vivek Tankha and other lawyers including Tanvi Dubey.

While issuing notice on the appeal of the insurance firm, the SC bench, on June 16, said, "In the meantime, there will be a stay of operation of the impugned judgment subject to the petitioner depositing an amount of Rs 200 crore with the Registry of this Court within a period of six weeks from today, as requested. The amount deposited shall be invested in an interest bearing fixed deposit in a nationalised bank until further orders."

In the event the amount is not deposited within six weeks, the order of stay shall stand automatically vacated without further reference to the court, it ordered.

The bench directed the petitioner farmers and the state government to file their replies within six weeks.

The high court, while directing the insurance firm to compensate the farmers, had said that if the company failed to pay then the state government should compensate the farmers for the crop loss.

"If the amount is not paid by the insurance company...the state government is directed to pay such claim for compensation for post-harvest loss caused to the soybean crop in Kharif season 2020 to remaining 3,57,287 agriculturists of Osmanabad district within a period of six weeks thereafter," the high court had said.

The high court order had come on a batch of petitions of the farmers challenging the refusal of their insurance coverage for their post-harvesting losses.

The farmers had submitted that they had paid premiums for insurance coverage of their crops.

The high court was also informed that the insurance company received over Rs 500 crore as premium under the Pradhan Mantri Fasal Bima Yojana from farmers in Osmanabad.

NHRC seeks mandatory insurance, accident covers of Rs 15 lakh for truck drivers

The National Human Rights Commission (NHRC) has issued anadvisory to central government, the states, and the union territories to defend the interests of truck drivers after seeing that their legal entitlements are not given enough consideration. The recommendation has advised that the Motor Vehicle Act, 1988 be revised to require the purchase of personal accident insurance for each driver, co-driver, and helper of a commercial truck in an amount not less than Rs 15 lakh.

The NHRC has written to the Union ministries and departments, chief secretaries of states, and administrators of UTs, asking them to implement its recommendations in the advisory and has sought an Action Taken Report' within three months.

Some of the other recommendations include providing cashless treatment to drivers, co-drivers, and helpers injured or incapacitated in road accidents, establishing and regularly maintaining driver rest stops and lay byes consisting of parking areas, furnished restrooms, and restaurants providing food and beverages at reasonable rates, mechanic shops, medicine shops, doctor's clinics, etc. At regular intervals, not exceeding 40 kilometres, along national highways and at prominent locations along the state highways and other major district roads.

"Establish fully equipped Trauma Centres at regular intervals along highways to extend emergency to victims of road accidents. Launch a special drive to create awareness and register all truck drivers, co-drivers, and helpers on the e-Shram portal to avail benefits of Pradhan Mantri Ayushman Bharat Jan Arogya Yojana (PM-ABJAY) as well as Pradhan Mantri Jeevan Jyoti Bima Yojana (PM-JJBY) and Pradhan Mantri Suraksha Bima Yojana (PM-SBY) and Old Age Protection under Pradhan Mantri Shram Yogi Mann Dhan (PM-SYMD)," read the advisory.

NHRC chairman Justice Arun Mishra had chaired a Core Group meeting on Business and Human Rights on the issues of commercial truck drivers and had expressed serious concerns over the plight of commercial truck drivers and suggested collaborative, pragmatic, and implementable solutions to safeguard their rights.

The NHRC has also proposed to launch a Group Insurance Scheme providing for life as well as health cover for truck drivers on payment of a nominal subsidized subscription and minimizing physical interface between truck drivers and law enforcement agencies by providing online facilities for auto-generation of challans for over-speeding, grant and renewal of registration and fitness certificates, permits and licenses, payment of taxes and penalties only online besides storage of vehicle-related documents.

"Installation of speed cameras at regular intervals along highways for detection besides mandatory installation of vehicle location tracking devices in each truck to track and detect overspeeding. Establish an online portal and a round the clock helpline to receive complaints along with evidence (photographic, video graphics, and documentary) from truck drivers," it said. ❑

Motor Technical Seminar organised by Udaipur Unit : IIISLA

A one day Motor Technical Seminar was held by Udaipur Unit under Rajasthan Chapter, IIISLA on 26/06/2022.

The seminar was aimed to enhance the knowledge of the members and to update the members about new technology in the automobile/insurance industry. The learned faculties updated the members about working and functions of Electric Vehicle, Mechatronics technology, Spot Survey, Report presentation and Bulker body fabrication/case study etc.

Rajasthan Chapter Chairman Tilak Raj Verma welcomed all the delegates. IIISLA National President Sri Lalit Gupta graced the occasion. Answer of all the queries of members are given by National President During open session.

Convener Sri Dinesh Agarwal gave the Vote of thanks with a promise to arrange a three days seminar shortly.

IRDAI Circular

Product Filing procedure

IRDAI/NL/CIR/MISC/107/6/2022

Dated: 1st June, 2022

1. Currently, the filings of General Insurance Products are governed by the Guidelines on 'Product Filing Procedures for General Insurance products issued vide ref: no. IRDAI/NL/GDL/F&U/030/02/2016 dated 18th February, 2016.'.
2. The relevant provisions of product filing procedures are as under:
   a. As per para 7.2 (I) of said guidelines, 'the File and Use Procedures require the products to be necessarily filed with the Authority before these are marketed. All Retail Products (including their modifications) shall be filed with the Authority under File and Use Procedures. However, the commercial products offered to commercial customers (such as Micro Small & Medium Enterprises, small shops and establishments, trustees, cooperative societies etc.,) with a policy Sum Insured up to 5 Crs (for package policies fire section Sum Insured) or as prescribed by the Authority from time to time shall be filed under File and Use Procedures'.
   b. The Commercial Products shall fall under Use and File Procedures in terms of para 7.2 (III) of said guidelines.
3. In order to facilitate the industry to respond faster to the emerging market needs, in terms of designing and pricing of general insurance products and to promote efficiency in the conduct of general insurance business, the Authority, in exercise of the powers conferred under Section 14(2)(i) of IRDA Act, 1999 hereby permits the general insurers to file all products under Fire, Marine, Motor and Engineering lines of business under Use and File procedure for both Retail and Commercial categories. However, the Retail products of Miscellaneous lines of business (including modifications of current products) having initial sum insured upto Rs. 5 Crores shall continue to be filed with the Authority under the File and Use Procedure.
4. Accordingly, Para 7.2(I) and 7.2 (III) of Guidelines on Product Filing Procedures for General Insurance products stands modified to the above effect (Para 3).
5. All the other provisions and requirements of Guidelines on 'Product Filing Procedures for General Insurance products' shall remain applicable.
6. This circular shall come into force with immediate effect.
7. The new and revision of products / add-ons filed with the Authority prior to the effective date of this circular shall be processed as per the current provisions.

(Anita Josyula)
General Manager (Non-Life)

Use and file procedure for all categories of products under health insurance business - reg

Ref: IRDAI/HLT/REG/CIR/108/06/2022

Date: 01 June, 2022

Reference is invited to Consolidated Guidelines on Product Filing in Health Insurance Business ref no: IRDAI/HLT/REG/CIR/194/07/2020 dated 22 July 2020. In partial modification of these guidelines dated 22 July, 2020 and in superseding circular ref no: IRDAI/HLT/REG/CIR/29/02/2021 on "Modification guidelines on product filing in health insurance business" dated 08 February 2021 the following norms are introduced in respect of all categories of products offered under Health Insurance Business.

1. All categories of products and add-ons or riders to be introduced or modified / revised under health insurance business and offered by General and Health Insurance Companies are permitted to be launched through "Use and File" by duly complying with the following norms.
   i. Insurers shall have in place the Board approved policy of products that are to be offered or modified / revised which shall at minimum address (i) the philosophy of the company in enhancing the insurance penetration (ii) the health insurance needs of the insurable population (iii) provision of inclusive insurance to all the market segments (iv) the need for providing simple and easily comprehendible products. The Board approved policy shall also comply with the norms specified herein and the same shall be complied at the point of launching the products or modification / revision of the products. The Product Management Committee of the insurer shall ensure compliance to the policy of the board while signing of the new products or modification of products.
   ii. Insurers shall file the proposed name of the product, date of approval by Product Management Committee and shall obtain the UIN. Thereafter, Insurers shall file the product along with all other documents specified in Consolidated Guidelines on Product Filing in Health Insurance Business dated 22 July, 2020 with the Authority within 7 days of launch of the product.
   iii. Insurers shall ensure that the product pricing is viable, self-sustainable and affordable to the targeted market.
   iv. The revision in the price, if any, shall be effected only based on the underlying claims experience (Incurred Claims Ratio) and to make the product viable and self-sustainable. Insurers shall disclose the rationale for revision in price along with the underlying claim experience (Incurred Claims Ratio) of the product that lead to the revision in the price in their website.
   v. Where optional covers or add-ons are offered with very low premium rates giving an indication that coverage is not material under the said add-on or optional cover, Insurers are advised to consider subsuming such add-ons or optional covers into base cover of the product.
   vi. Pricing of the products/add-ons shall be based on the generally accepted actuarial principles.
   vii. The premium rates shall appropriately reflect the benefits, terms and conditions of the underlying products/add-ons and shall not be discriminatory.
   viii. Management Expenses loading for add-ons to be considered on marginal basis.
   ix. No two risks with identical risk characteristics shall be rated differently.
   x. The insurer shall build-up, maintain and monitor the experience under all the base and add-on covers separately.
   xi. All categories of the products, namely, Pilot Products, Health plus Life Combi Products and Health Package Products are also allowed to be launched under the above procedure. Non-life package products where UIN is already obtained for non-life covers are also permitted to be launched in accordance to the norms specified herein.
2. Insurers shall comply with the provisions of Insurance Act, 1938, all other applicable regulations and guidelines / circulars notified thereunder while launching the products. Insurers shall also comply with all the requirements specified in the standard technical note issued vide circular ref: IRDAI/ACT/CIR/MISC/069/04/2021 dated 1st April 2021.
3. Where any Insurer is found to be non-compliant with the extant regulations or guidelines, the Authority notwithstanding the action that may be taken under the provisions of Insurance Act 1938, may take one or more of the following actions.
   i. Direct the insurer to withdraw the product.
   ii. Withdraw the Use and File facility specified as per the norms specified herein for such insurer for a period as may be determined.
4. These norms shall come in to force with immediate effect. All existing products filed under File and Use procedure and whose UIN are yet to be issued are deemed withdrawn and insurers may launch the same under the Use and File procedure specified under these guidelines.
5. These guidelines are issued under the powers vested with Section 34 (1) of the Insurance Act, 1938 and under the powers vested in Regulation 2 (i) (o) of IRDAI (Health Insurance) Regulations, 2016.
6. This has the approval of the competent authority.

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

Performance Statistics - Non-Life Insurance

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

(Rs. in crores)

INSURER	For the month of May		Upto the Month of May		Market Share upto the Month of May 2022 (%)	Growth over the corresponding period of previous year (%)
	2021-22	2020-21	2021-22	2020-21		
Acko General Insurance Limited	95.91	56.22	194.80	109.39	0.53	78.08
Bajaj Allianz General Ins. Co. Ltd.	894.83	634.15	2,165.82	1,648.65	5.90	31.37
Bharti AXA General Ins. Co. Ltd. #	NA	129.05	NA	321.37	NA	NA
Cholamandalam MS General Ins.	380.77	237.28	849.25	559.71	2.32	51.73
NAVI General Insurance Limited	6.92	2.19	15.90	5.32	0.04	198.63
Edelweiss General Ins. Co. Ltd.	25.22	16.10	62.80	43.57	0.17	44.14
Future Generali India Ins. Co. Ltd.	258.94	195.27	606.88	476.86	1.65	27.27
Go Digit General Ins. Ltd.	484.35	260.41	1,075.29	506.27	2.93	112.39
HDFC Ergo General Ins. Co. Ltd.	860.72	630.79	2,129.67	1,628.33	5.81	30.79
ICICI Lombard General Ins. Co.	1,428.47	1,063.13	3,781.59	3,021.73	10.31	25.15
IFFCO Tokio General Ins. Co. Ltd.	573.53	479.75	1,242.63	1,139.55	3.39	9.05
Kotak Mahindra General Ins. Co.	69.05	36.09	137.30	73.77	0.37	86.13
Liberty General Ins. Ltd.	118.60	76.82	330.22	242.78	0.90	36.02
Magma HDI General Ins. Co. Ltd.	152.09	68.33	340.42	167.64	0.93	103.06
National Ins. Co. Ltd.	775.07	842.97	1,948.45	1,865.39	5.31	4.45
Raheja QBE General Ins. Co. Ltd.	36.48	26.72	70.13	55.66	0.19	26.00
Reliance General Ins. Co. Ltd.	635.12	527.97	1,603.07	1,334.39	4.37	20.14
Royal Sundaram General Ins. Co.	213.67	181.33	484.71	412.95	1.32	17.38
SBI General Ins. Co. Ltd.	534.98	332.64	1,132.10	744.21	3.09	52.12
Shriram General Ins. Co. Ltd.	124.82	113.54	232.84	210.63	0.63	10.54
Tata AIG General Ins. Co. Ltd.	871.16	605.97	2,024.81	1,418.46	5.52	42.75
The New India Assurance Co. Ltd.	2,207.09	2,207.78	6,790.72	6,079.66	18.51	11.70
The Oriental Ins. Co. Ltd.	1,123.88	929.31	2,416.03	2,111.58	6.59	14.42
United India Ins. Co. Ltd.	1,425.97	1,164.73	3,052.73	2,556.36	8.32	19.42
Universal Sompo General Ins. Co.	268.54	135.64	533.53	359.18	1.45	48.54
General Insurers Total	**13,566.18**	**10,954.18**	**33,221.70**	**27,093.42**	**90.57**	**22.62**
Aditya Birla Health Ins. Co. Ltd.	168.20	117.71	347.86	247.67	0.95	40.45
ManipalCigna Health Ins. Co. Ltd.	82.38	62.80	192.39	143.29	0.52	34.26
Niva Bupa Health Ins. Co. Ltd.	260.31	207.98	495.08	373.48	1.35	32.56
Care Health Insurance Limited	338.59	227.68	707.25	494.34	1.93	43.07
Star Health & Allied Ins. Co. Ltd.	859.37	766.53	1,516.43	1,324.26	4.13	14.51
Reliance Health Ins. Ltd.*	---	---	---	---	NA	NA
Stand-alone Pvt Health Insurers	**1,708.86**	**1,382.71**	**3,259.01**	**2,583.05**	**8.88**	**26.17**
Agricultural Ins. Co. of India Ltd.	46.82	35.30	48.77	94.42	0.13	(48.35)
ECGC Limited	82.60	51.79	151.22	96.52	0.41	56.67
Specialized PSU Insurers	**129.42**	**87.09**	**199.99**	**190.94**	**0.55**	**4.74**
GRAND TOTAL	**15,404.45**	**12,423.98**	**36,680.69**	**29,867.41**	**100.00**	**22.81**

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 MAY - 2022 (PROVISIONAL)

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies / Schemes				
		Month of May-2022	Upto May-2022	Month of May-2021	Upto May-2021	YTD Variation in %	Month of May-2022	Upto May-2022	Month of May-2021	Upto May-2021	YTD Variation in %
1	**Aditya Birla Sun Life Insurance Co. Ltd.**										
	Individual Single Premium	16.27	29.46	12.91	21.15	39.29%	225	403	106	214	88.32%
	Individual Non Single Premium	137.40	234.48	81.79	146.05	60.55%	14542	24717	10654	18852	31.11%
	Group Single Premium	575.26	648.01	103.68	154.75	318.75%	8	17	8	10	70.00%
	Group Non Single Premium	0.65	0.74	0.06	0.27	171.44%	0	0	0	0	---
	Total	**742.94**	**939.46**	**201.62**	**329.62**	**185.01%**	**14792**	**25166**	**10781**	**19100**	**31.76%**
2	**Aegon Life Insurance Co. Ltd.**										
	Individual Single Premium	0.00	0.00	0.00	0.00	-100.00%	0	0	0	0	---
	Individual Non Single Premium	0.18	0.32	1.42	2.66	-88.01%	153	283	1094	2052	-86.21%
	Group Single Premium	0.03	0.10	0.00	0.00	---	1	3	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**0.21**	**0.44**	**2.46**	**6.09**	**-92.74%**	**154**	**286**	**1095**	**2064**	**-86.14%**
3	**Ageas Federal Life Insurance Co. Ltd.**										
	Individual Single Premium	15.54	24.41	14.50	23.68	3.10%	339	552	244	495	11.52%
	Individual Non Single Premium	18.67	27.58	8.45	19.94	38.30%	2301	3315	1006	2368	39.99%
	Group Single Premium	12.54	22.43	4.46	13.83	62.21%	1	2	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	407.14%	0	0	0	0	---
	Total	**46.76**	**74.42**	**27.41**	**57.45**	**29.55%**	**2641**	**3869**	**1250**	**2863**	**35.14%**
4	**Aviva Life Insurance Co. Ltd.**										
	Individual Single Premium	0.54	0.54	0.31	0.98	-44.71%	11	12	8	-28	-142.86%
	Individual Non Single Premium	8.47	12.44	4.94	16.79	-25.91%	1142	1930	805	1696	13.80%
	Group Single Premium	0.47	0.96	0.09	0.09	950.19%	0	0	0	0	---
	Group Non Single Premium	0.15	0.15	0.15	0.15	1.76%	0	0	0	0	---
	Total	**25.78**	**36.32**	**6.76**	**20.62**	**76.19%**	**1159**	**1957**	**813**	**1668**	**17.33%**
5	**Bajaj Allianz Life Insurance Co. Ltd.**										
	Individual Single Premium	40.99	73.59	13.57	23.20	217.12%	517	1004	171	324	209.88%
	Individual Non Single Premium	293.32	543.06	126.05	264.60	105.24%	42962	75689	19110	38048	98.93%
	Group Single Premium	666.48	844.27	98.05	328.83	156.75%	7	11	3	5	120.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**1133.65**	**1657.05**	**256.40**	**680.96**	**143.34%**	**43518**	**76775**	**19292**	**38400**	**99.93%**
6	**Bharti AXA Life Insurance Co. Ltd.**										
	Individual Single Premium	1.37	3.41	1.41	7.21	-52.75%	34	73	21	59	23.73%
	Individual Non Single Premium	41.17	79.94	29.94	53.99	48.07%	6545	11742	5541	10319	13.79%
	Group Single Premium	16.40	27.89	11.15	23.12	20.64%	1	1	1	3	-66.67%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**60.50**	**112.97**	**42.61**	**84.53**	**33.65%**	**6580**	**11816**	**5563**	**10381**	**13.82%**
7	**Canara HSBC OBC Life Insurance Co. Ltd.**										
	Individual Single Premium	16.69	31.81	15.00	25.26	25.90%	144	235	168	243	-3.29%
	Individual Non Single Premium	76.91	122.99	33.56	62.45	96.95%	9267	14410	5210	9351	54.10%
	Group Single Premium	23.37	66.66	110.52	285.16	-76.62%	1	1	0	2	-50.00%
	Group Non Single Premium	0.05	0.09	0.27	0.53	-82.99%	0	0	0	0	---
	Total	**116.20**	**222.02**	**160.34**	**374.59**	**-40.73%**	**9415**	**14650**	**5393**	**9614**	**52.38%**
8	**Edelweiss Tokio Life Insurance Co. Ltd.**										
	Individual Single Premium	1.73	3.68	1.75	3.51	4.88%	25	48	17	359	-86.63%
	Individual Non Single Premium	20.17	36.36	14.74	31.30	16.15%	3510	7698	3347	5707	34.89%
	Group Single Premium	0.19	2.12	0.88	2.46	-13.70%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**22.30**	**42.36**	**17.49**	**37.70**	**12.37%**	**3535**	**7747**	**3365**	**6070**	**27.63%**
9	**Exide Life Insurance Co. Ltd.**										
	Individual Single Premium	5.99	12.01	13.98	23.39	-48.66%	77	142	57	122	16.39%
	Individual Non Single Premium	46.55	76.04	25.70	46.46	63.68%	8606	14296	5866	11038	29.52%
	Group Single Premium	0.01	0.03	0.04	0.14	-80.91%	0	0	0	0	---
	Group Non Single Premium	0.62	2.21	7.17	11.54	-80.81%	6	9	2	4	125.00%
	Total	**68.37**	**107.37**	**53.08**	**87.86**	**22.20%**	**8689**	**14447**	**5925**	**11164**	**29.41%**
10	**Future Generali India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.49	0.74	0.04	0.14	448.93%	16	24	3	6	300.00%
	Individual Non Single Premium	16.73	28.23	9.36	20.56	37.26%	2462	3798	1332	2092	81.55%
	Group Single Premium	0.84	1.04	0.96	6.11	-83.00%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**120.56**	**134.26**	**32.22**	**60.81**	**120.77%**	**2479**	**3823**	**1336**	**2101**	**81.96%**
11	**HDFC Life Insurance Co. Ltd.**										
	Individual Single Premium	265.43	500.20	195.19	387.61	29.05%	3213	5901	2325	4560	29.41%
	Individual Non Single Premium	521.77	908.69	341.58	696.68	30.43%	53901	95446	47925	92264	3.45%
	Group Single Premium	672.58	1488.22	374.76	994.24	49.68%	9	18	6	12	50.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**1513.45**	**2976.17**	**935.01**	**2128.89**	**39.80%**	**57143**	**101397**	**50257**	**96841**	**4.70%**
12	**ICICI Prudential Life Insurance Co. Ltd.**										
	Individual Single Premium	202.62	404.92	185.47	368.53	9.87%	2579	5126	1674	3726	37.57%
	Individual Non Single Premium	312.84	631.41	226.01	463.89	36.11%	35673	69267	31239	65131	6.35%
	Group Single Premium	265.51	476.87	127.08	291.78	63.44%	3	13	6	14	-7.14%
	Group Non Single Premium	0.00	0.00	0.03	0.10	-99.61%	0	0	0	0	---
	Total	1219.07	2104.11	652.06	1295.33	62.44%	38310	74547	33180	69445	7.35%

Performance STATISTICS - LIFE INSURANCE

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

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies / Schemes				
		Month of May-2022	Upto May-2022	Month of May-2021	Upto May-2021	YTD Variation in %	Month of May-2022	Upto May-2022	Month of May-2021	Upto May-2021	YTD Variation in %
13	**IndiaFirst Life Insurance Co. Ltd.**										
	Individual Single Premium	3.85	7.68	2.66	6.44	19.18%	100	186	66	138	34.78%
	Individual Non Single Premium	89.23	167.03	25.82	71.70	132.95%	19397	34166	6876	14882	129.58%
	Group Single Premium	61.33	128.25	101.38	183.86	-30.25%	13	30	38	68	-55.88%
	Group Non Single Premium	0.00	0.00	0.07	0.11	-100.00%	0	0	0	0	---
	Total	**154.41**	**302.95**	**129.93**	**262.11**	**15.58%**	**19510**	**34382**	**6980**	**15088**	**127.88%**
14	**Kotak Mahindra Life Insurance Co. Ltd.**										
	Individual Single Premium	80.05	135.84	37.12	91.96	47.72%	4622	8103	775	1707	374.69%
	Individual Non Single Premium	98.44	174.20	47.85	110.78	57.24%	14882	24348	9942	18555	31.22%
	Group Single Premium	157.73	317.81	65.96	179.87	76.68%	7	10	16	26	-61.54%
	Group Non Single Premium	1.27	2.04	0.02	0.05	3896.14%	0	0	0	2	-100.00%
	Total	**362.51**	**699.11**	**168.84**	**424.15**	**64.83%**	**19545**	**32517**	**10833**	**20445**	**59.05%**
15	**Max Life Insurance Co. Ltd.**										
	Individual Single Premium	120.37	220.27	85.25	154.73	42.36%	616	1131	325	615	83.90%
	Individual Non Single Premium	300.87	514.66	172.04	399.76	28.74%	35839	63820	27844	57389	11.21%
	Group Single Premium	46.92	86.93	32.61	82.91	4.85%	0	0	8	21	-100.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**473.17**	**832.31**	**292.09**	**639.61**	**30.13%**	**36464**	**64975**	**28180**	**58030**	**11.97%**
16	**PNB Metlife Life Insurance Co. Ltd.**										
	Individual Single Premium	8.61	15.44	7.37	13.24	16.61%	167	278	99	193	44.04%
	Individual Non Single Premium	94.86	187.79	58.56	110.29	70.26%	19938	33958	13192	23030	47.45%
	Group Single Premium	41.70	79.23	19.60	41.62	90.37%	0	0	1	1	-100.00%
	Group Non Single Premium	1.18	1.70	0.23	0.30	457.32%	9	12	18	39	-69.23%
	Total	**157.19**	**301.12**	**95.12**	**184.98**	**62.79%**	**20114**	**34248**	**13310**	**23263**	**47.22%**
17	**Pramerica Life Insurance Limited.**										
	Individual Single Premium	0.08	0.91	0.00	0.18	419.07%	3	14	0	4	250.00%
	Individual Non Single Premium	9.90	18.53	7.13	15.17	22.13%	2324	3807	999	2449	55.45%
	Group Single Premium	17.24	30.50	3.18	13.29	129.46%	3	4	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**31.79**	**59.76**	**13.46**	**35.87**	**66.61%**	**2335**	**3840**	**1022**	**2493**	**54.03%**
18	**Reliance Nippon Life Insurance Co. Ltd.**										
	Individual Single Premium	3.92	6.72	2.91	7.18	-6.38%	108	196	91	237	-17.30%
	Individual Non Single Premium	58.11	152.28	37.13	98.84	54.06%	11507	23803	9097	20015	18.93%
	Group Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Non Single Premium	11.01	12.30	4.48	4.87	152.56%	5	8	2	4	100.00%
	Total	**73.42**	**172.15**	**46.17**	**113.04**	**52.30%**	**11627**	**24019**	**9199**	**20266**	**18.52%**
19	**Sahara India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Individual Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**---**	**0**	**0**	**0**	**0**	**---**
20	**SBI Life Insurance Co. Ltd.**										
	Individual Single Premium	325.23	568.26	111.96	246.45	130.58%	4705	9638	8656	13158	-26.75%
	Individual Non Single Premium	805.62	1504.03	274.26	642.72	134.01%	127456	240112	54225	117341	104.63%
	Group Single Premium	373.87	636.02	252.01	652.43	-2.52%	5	10	4	7	42.86%
	Group Non Single Premium	0.48	6.61	-0.01	9.71	-31.91%	0	0	0	0	---
	Total	**1526.73**	**2764.57**	**648.41**	**1576.84**	**75.32%**	**132194**	**249804**	**62896**	**130530**	**91.38%**
21	**Shriram Life Insurance Co. Ltd.**										
	Individual Single Premium	2.85	6.89	1.88	6.61	4.20%	748	1348	121	283	376.33%
	Individual Non Single Premium	35.12	57.20	19.50	36.24	57.85%	21793	34858	11053	21718	60.50%
	Group Single Premium	22.01	45.76	10.96	19.39	135.98%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**66.00**	**125.25**	**40.62**	**79.06**	**58.42%**	**22544**	**36213**	**11191**	**22034**	**64.35%**
22	**Star Union Dai-Ichi Life Insurance Co. Ltd.**										
	Individual Single Premium	7.56	15.87	5.30	9.21	72.24%	203	415	100	210	97.62%
	Individual Non Single Premium	55.82	120.42	18.09	35.78	236.59%	7999	15173	2813	5423	179.79%
	Group Single Premium	15.99	35.32	8.40	14.58	142.28%	2	2	0	0	---
	Group Non Single Premium	0.00	0.00	0.04	0.05	-110.58%	0	0	0	0	---
	Total	**279.17**	**411.57**	**33.74**	**93.24**	**341.39%**	**8205**	**15593**	**2922**	**5643**	**176.32%**
23	**Tata AIA Life Insurance Co. Ltd.**										
	Individual Single Premium	56.39	113.59	21.23	38.34	196.29%	563	1085	234	425	155.29%
	Individual Non Single Premium	333.06	593.62	144.32	286.15	107.46%	40868	77162	22329	44147	74.78%
	Group Single Premium	14.95	27.23	2.22	5.29	414.42%	0	1	0	1	0.00%
	Group Non Single Premium	0.14	0.68	0.33	0.66	3.15%	1	8	0	8	0.00%
	Total	**445.56**	**786.88**	**173.50**	**338.04**	**132.78%**	**41462**	**78301**	**22586**	**44614**	**75.51%**
	PRIVATE										
	Individual Single Premium	1176.57	2176.22	729.81	1458.99	49.16%	19015	35914	15261	27050	32.77%
	Individual Non Single Premium	3375.20	6191.28	1708.25	3632.80	70.43%	483067	873798	291499	583867	49.66%
	Group Single Premium	2985.43	4965.65	1328.01	3293.76	50.76%	61	123	91	170	-27.65%
	Group Non Single Premium	15.55	26.53	12.84	28.34	-6.38%	21	37	22	57	-35.09%
	Private Total	**8639.72**	**14862.64**	**4029.35**	**8911.38**	**66.78%**	**502415**	**910372**	**307369**	**612117**	**48.73%**
24	**Life Insurance Corporation of India**										
	Individual Single Premium	1608.95	2927.69	811.33	1782.04	64.29%	66977	117092	33106	68068	72.02%
	Individual Non Single Premium	2127.22	3700.16	1304.68	2542.07	45.56%	1178310	2040205	518717	1175011	73.63%
	Group Single Premium	11607.85	20075.29	6666.55	9250.95	117.01%	133	164	15	22	645.45%
	Group Non Single Premium	481.97	797.47	143.42	169.72	369.89%	492	747	384	705	5.96%
	Total	**15840.63**	**27557.34**	**8947.64**	**13804.40**	**99.63%**	**1247243**	**2160384**	**553087**	**1245272**	**73.49%**
	GRAND TOTAL	**24480.36**	**42419.97**	**12976.99**	**22715.78**	**86.74%**	**1749658**	**3070756**	**860456**	**1857389**	**65.33%**

Glossary

Underlying Interest

The asset(s), liability(ies) or other interest(s) underlying a derivative instrument, including, but not limited to, any one or more securities, currencies, rates indices, commodities, derivative instruments, or other financial market instruments.

Underwriter

Person who identifies, examines and classifies the degree of risk represented by a proposed insured in order to determine whether or not coverage should be provided and, if so, at what rate.

Underwriting

The process by which an insurance company examines risk and determines whether the insurer will accept the risk or not, classifies those accepted and determines the appropriate rate for coverage provided.

Poll

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

Yes

No

Can't say

Results of Poll in our June 2022 Issue

Do you think the idea of digital insurance companies will further boost insurance penetration?

Yes	70
No	30
Can't say	00

You may send your views to :

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