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THE INSURANCE TIMES

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In this issue

Special Feature on IIRM

Report on International conference on "Ushering Paradigm Shift in The Insurance Industry in The Next Decade - Resilience to Change."

"IIRM is a joint initiative between IRDAI and the State Government envisioned as a Centre of Excellence for the Financial Services sector with Insurance as a special focus."

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Managing Director, IIRM

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Dr V V K Mohan
Principal, IIRM

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CEO, Jyoti Life Insurance Co. Ltd., Nepal

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Correspondence Address

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

Registered Office

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

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Editor-in-Chief's Desk

Ram Gopal Agarwala
B.Com, LLB, FCA.

LICI's mega IPO recently has been fully subscribed by about 3 times which shows the interest of the investors in the PSU giant Life Insurance Corporation. It needs to be seen how LICI fairs in future and how it satisfies the Central Govtas well as the investors. Though the listing of stock was at a discount which was a dampener for the policyholders who purchased the share with much expectation. However the experts are advising to keep the share for long term as the current market sentiment is little weak.

Central Govt. has infused Rs.3000-5000 Crores in three PSU Non Life Insurers i.e. National, Oriental and United India in addition to earlier infusement in the said insurers to bring at par the IRDAI minimum requirement of solvency ratio. Govt is also actively thinking to privatize one of the insurer this year.

IRDAI's new guide live about introducing Micro Insurance with low infusement of capital district wise in the country will be good idea wherein Rural and Semi-rural areas will be served better at a low cost of premium as well as better servicing to policy holders.

IRDAI in the current changing scenario should issue guideline for awareness to all the stake holders be it policyholders, intermediaries and allconcerned with the insurance business in order to better coverage and improved services to the masses.

Risk Management awareness is must for the Insurers as well as the policyholders. Suitable awareness programme in the area of Risk Management should be organized in big way which will not only increase the insurance business but also reduce the premium and avoid the loss of capital be it human or the materials.

Overall life Insurance new business premium witnesses a growth of 84% during April, 2022, the cumulative new business premium being Rs.17940 crores during April, 2022 as per IRDAI data which is good recovery post pandemic.

Contents

News

Articles

Features

General Insurance News

Private sector General Insurers lead market share growth in April 2022

Private sector general insurance companies continued to grow faster than the industry in April 2022, driving the 24% industry growth, chipping away market share from their public sector peers, data released by the IRDAI showed.

Among the large private sector general insurance companies, SBI General grew the fastest at 45% over the last year followed by Tata AIG (42%) and ICICI Lombard General Insurance (33%).

Though New India Assurance maintained its numero uno status with a 21% market share, it was down from 22% a year ago, indicating the intense competition that public sector companies are facing from their private sector rivals.

ICICI Lombard consolidated its position as the second-largest general insurance company with an 11% market share, up from 10% last year.

"ICICI Lombard also maintained strong momentum, likely driven by health (both retail and group), motor volume pickup and price hikes in motor own damage. Private peers like SBI General, HDFC Ergo and Bajaj had growth of 45%/27%/25% year-on-year, while standalone health insurance companies' growth slowed to 23% (versus 30% in March 2022). PSUs continue to lag," Jefferies said in a report.

Faarms partners Reliance General to offer insurance to farmers

Agri-tech start-up FAARMS, in association with Reliance General Insurance Company Ltd. (RGICL), has introduced customized digital insurance solutions for the rural population especially the farmers. The partnership is aimed at offering comprehensive financial protection to the uninsured individuals of the country.

Faarms is a single point e-commerce platform for farmers for all farming related inputs from seeds, agrochemicals, machinery and animal feed in India. Currently Faarms is connected to farmers in Punjab, Haryana, UP, Uttarakhand, Rajasthan, Gujrat & MP.

Under this collaboration, not just the farmers but any individual from these regions can conveniently access and choose from a range of health and cattle insurance on the FAARMS app at the touch of a button on their smartphones. The features and offerings of the insurance products are specially customized by Reliance General Insurance keeping in mind the insurance requirements of the farmers. For instance, the premium cycles of these products have been structured around the harvest season to enable farmers to pay their insurance premiums conveniently. This will allow farmers to reap the benefits of uninterrupted insurance coverage.

"Reliance General Insurance has been known to come up with innovative Insurance products and it is a moment of pride for us to have an opportunity to work together for the farmers of our country. From just being an Agritech firm, we aim to become a Rural Tech company catering to the needs of rural Indians and this a step closer to our dream", said Taranbir Singh, Co-founder & CEO of Faarms.

Govt keen on privatizing general insurer this year

Success with the initial public offering (IPO) of Life Insurance Corp. of India (LIC) may prompt the government to privatize one of its general insurance companies this year according to sources.

After the listing of LIC, the government will start work to identify one of its three general insurers-National Insurance Co., United India Insurance Co. and Oriental India Insurance-for privatization and begin the work on it after their first-quarter earnings are in.

Federal think tank NITI Aayog is said to have recommended United India Insurance for privatization to a core group of secretaries on disinvestment, the people said, though the name is yet to be finalized.

A group of ministers (GoM) will take the final call on the candidate for privatization.

United India Insurance is not in the best of financial health, reporting a loss of Rs. 1,485 crore in 2019-20; still, the insurer is considered the best candidate for privatization, given its nationwide presence and strong market share in various insurance categories. Its losses dropped to Rs 985 crore in FY21, and is estimated to have further narrowed in FY22.

Govt may infuse Rs. 3K-5K cr into insurers

The government may infuse Rs 3,000-5,000 crore additional capital in the three public sector general insurance companies based on their performance and requirement during the year, sources said.

The capital infusion would help improve the financial health of the general insurance firms -- National Insurance Company Limited, Oriental Insurance Company Limited and United India Insurance Company.

In the last financial year, the government made capital infusion of Rs 5,000 crore in these three insurance companies.

During 2020-21, Rs 9,950 crore was infused in three PSU general insurers by the government out of which Rs 3,605 crore was infused in United India Insurance, Rs 3,175 crore in National Insurance and Rs 3,170 crore in Oriental Insurance.

Fund support was given to the weak general insurance companies last financial year, some more fund requirement is there to bring them back on profitability path, sources said.

Capital infusion of Rs 3,000-5,000 crore may be done in these companies based on their performance, sources said, adding, the government has already enhanced their authorised capital keeping further fund infusion in mind.

PSU insurers to hire consultant for revamp

PSU general insurers will hire an external consultant to advise them on organisational restructuring and performance management. This comes as the government is moving ahead with its plans to privatise one insurer in this fiscal.

"The government has recently infused capital in three insurers and this is the next step to improve on their operational efficiencies," said an executive aware of the matter, adding this may also help to increase the valuation of the firms which may be privatised.

GIPSA have floated a request for proposal or RFP to restructure the insurers, achieve profitability and employee development.

"There is a proposal for restructuring the organisation to bring in profitable growth and employee development through performance management and capability management, in alignment with the KPIs devised by the PSGICs," the RFP noted, adding that the last date for submission of bids is June 2, 2022.

Future arm to raise Rs. 3,000 crore from insurance biz sale

Debt-ridden Future Group firm Future Enterprises Ltd expects to raise around Rs 3,000 crore from selling its stake in the insurance business to pare debt, which may save the company from facing the rigour of the insolvency process, according to industry sources.

FEL would raise nearly Rs 2,950 crore and will pay to its lenders, he added.

"This is part of the exercise that Future Group is doing to pay off as much debt of various cos so they can be regularised and do not go into insolvency," he said.

Experts call for climate risk insurance in fisheries sector

At a time when the lives and property of thousands of fisherfolk families are jeopardised by sea level rise and climate-induced weather uncertainties, fishery experts have suggested climate risk insurance as an option to deal with the risks following natural calamities.

Highlighting that penetration of insurance is still low in the fisheries sector, especially in capture fisheries, they said parametric insurance could be a viable option to move forward in mitigating climate risks.

"Parametric insurance programmes can be developed based on weather and ocean observation models even with limited data", they said.

The experts were speaking at an international symposium on 'Insulating Marine Fisheries

Sector in South Asia from Uncertainties: Global Experiences with Insurance' jointly organised by the Bay of Bengal Programme Inter-governmental Organisation (BOBP), the Central Marine Fisheries Research Institute (CMFRI), and Tamil Nadu J Jayalalithaa Fisheries University in collaboration with the World Bank, as a side event during the 12th Indian Fisheries and Aquaculture Forum held in Chennai.

The symposium called for subsidising

the insurance premium initially to popularise it, though in the long run, it is desirable that such products be made affordable to smallscale fishers and farmers. It also recommended that micro insurance can be a potential solution as effective linkages between insurance companies and fishers are yet to be developed.

Insurers get nod to design products for fire, allied perils

In order to increase insurance penetration and provide a wider choice to policyholders, IRDAI has allowed insurance companies to design new and customised products for dwellings, micro and small enterprises for Fire and allied perils.

The regulator has issued a circular in this regard. "This move will enable insurance companies to broaden the coverage already provided in the standard products by offering innovative add-ons or varying the existing provisions to meet the needs of the policyholders in terms of suitability and affordability," IRDAI said in a release.

The move by the regulator comes after the introduction of standard products in this segment, namely Bharat Griha Raksha, Bharat Sookshma Udyam Suraksha and Bharat Laghu Udyam Suraksha in April 2021.

IRDAI has clarified that it does not impose any minimum rate for premium setting by insurance and reinsurance companies in order to provide clarity to insurers.

Compliance for foreign reinsurance units eased

IRDAI has rationalised the compliance norms for branches of foreign reinsurance companies, including Lloyds, operating in India. The regulator has also exempted non-life insurers and foreign reinsurers from disclosing underwriting profits for each segment. The relaxations follow representation from companies and are aimed at bringing the insurance markets onshore.

RecentlyIRDAI issued a circular exempting foreign reinsurance branches from publishing their financial results in newspapers and from filing stewardship returns where they disclose their action taken as investors in companies. The regulator has also exempted all general insurance companies and reinsurance branches from making public disclosures on their underwriting performance segment-wise.

According to an insurance broker, if India wants to increase domestic reinsurance capacity or seek to become a regional reinsurance hub, it needs a regulatory environment that will draw international companies. He added that many large reinsurers do not need a local presence as they can do business overseas, and a local presence adds to compliance costs.

Insurance Premiums on 2-wheeler EVs may rise

Insurance premiums on two-wheeler electric vehicles (EVs) may rise as insurers reassess risk based on recent fires and malfunctions. While deaths and injuries due to accidents will be covered under existing insurance plans, EV makers may have to compensate for damage or loss of life due to manufacturing defects.

There have been multiple two-wheeler fires said to involve batteries recently, with some even resulting in loss of life. This prompted roads, transport and highways minister Nitin Gadkari to caution manufacturers, saying the government will order a recall of faulty vehicles and impose penalties on any company found to be negligent in its processes.

"We are monitoring the claims experience for electric vehicles, including the instances of fire that are coming up," said Adarsh Agarwal, chief distribution officer at Digit Insurance. If more such events take place, the company could incorporate such risk while pricing premiums, he said.

NIC's drone insurance policy getting good traction

With the surge in sale of unmanned aerial vehicles (UAVs) or remotely piloted aerial systems, the drone insurance policy of the National Insurance Co (NIC), the first-of-its-kind from a PSU general insurer, is getting a good traction in the market.

Mr.Ashok Kumar Lahuty,appointed actuary and chief risk officer told that it has already written some drone policies. Besides, it is getting lot of proposals and queries in this regard. The areas where it has issued policies include agriculture, training, BVLOS, survey and mapping, aerospace and materology and aerial photography. "It is going to be a huge market," said Lahuty.

According to The Drone Rules, 2021, drones can be significant creators of employment and economic growth due to their reach, versatility, and ease of use, especially in India's remote and inaccessible areas. "India has the potential to be global drone hub by 2030," it added.

Based on their weight, drones can be divided into five categories - nano (weighing up to 250 g), micro (250 g to 2 kg), small (2-25 kg), medium (25-150 kg), and large (over 150 kg). All drones except nano require a licenced pilot and permit from the Director General of Civil Aviation (DGCA). Altitude and speed restrictions vary across categories.

AI takes Rs. 60000 crore cover for fleet at Rs. 266 crore premium

Air India, has taken a Rs. 60,800 crore ($8 billion) cover for Air India by paying Rs. 266 crore premium to insurance companies, including Tata AIG General Insurance.

The airline managed to get a better deal as it valued its fleet lower by almost $2 billion. According to the new policy, the airline will not be able to fly over Russian and Ukraine air space due to the ongoing war.

The new cover, effective April 1 for a year, will be marginally higher than the Rs. 258 crore paid in the last financial year by the airline under its previous owner, the Indian government, said a source close to the development. In the last financial year, the airline had taken a cover of Rs. 76,000 crore ($10 billion). The policy also includes passenger liability in case of any mishaps.

Air India has a fleet of 117 aircraft, while Air India Express has a fleet of 24 narrow body aircraft.

Insurance coverage for fisheries, aquaculture units abysmal in India

Given the low penetration of insurance products in the fisheries sector, the FAO World Review of Capture Fisheries and Aquaculture 2022 has suggested involvement of public and private insurance service providers to undertake proactive measures to turn the tide on fisheries and aquaculture insurance in India.

With weather playing truant in the fisheries sector, the involvement of insurance service providers should be encouraged for the overall competitiveness and efficiency of service delivery in the sector.

The report assumes greater significance when occupational hazards to life and property of fishers and fish farmers are increasingly on the rise with the occurrence of frequent extreme weather events in recent times.

Disclosure norms eased for foreign reinsurance branches, Lloyd's

In a surprise move, IRDAI has relaxed the disclosure requirements of foreign reinsurance branches (FRBs) and Lloyd's India as part of "rationalisation of compliance" standards.

The regulator said FRBs and Lloyd's India are now exempted from disclosing financial details and underwriting performance through NL40 format. However, according to experts, the latest measures will lead to opaqueness in the functioning of reinsurance branches in India.

IRDAI said FRBs and Lloyd's India need not publish the half yearly and annual revenue account, profit & loss account, balance sheet and analytical ratios as mandated in the captioned circular in the newspapers. "However, they may continue to publish a true and accurate abstract of the various returns for the purpose of publicity on a voluntary basis pursuant to provisions of Section 25 of the Insurance Act, 1938," it said.

FRBs and Lloyd's India provide reinsurance support to the direct insurers and the insurers do conduct their due diligence on the FRBs while entering reinsurance contracts with them, IRDAI said. "The necessary information on financials is also made available through public disclosures on the respective website of the FRBs. Reinsurance business is B2B segment and the policyholders do not deal with the reinsurers," it said in a circular to the CEOs of insurance companies.

"Transparency is equally important. Discontinuing uploading NL40 appears to be a retrograde step in this era of transparency. Whether the FRBs in India have provided any significant advantage to the market as compared to the services rendered by international reinsurers who do not have a branch India is a matter that requires frank study and analysis," said former IRDAI Whole-time Member KK Srinivasan.

EV fire incidents 'not a concern', insurers unlikely to hike premiums

Despite rising incidents of two-wheeler electric vehicles (EVs)catching fire, General Insurance companies are not planning to increase premiums immediately as claims are still in single digits. The insurers said they will keep a watch and hoped manufacturers will improve the quality of vehicles.

The vehicle owner will be eligible for claims from an insurance company in the event of a two-wheeler EV catching fire, only if he/she has a comprehensive motor insurance policy, which includes an own damage and a third party cover. If one has only a third party insurance cover, then insurance companies will not cover the damage to the vehicle because third party insurance covers losses to the third party, not to the vehicle owner.

"When we look at the overall portfolio, if you have under written some of the better EV manufacturers, you won't see too many claims. In our entire portfolio - we have almost 25 percent of the two-wheeler EV market share - we have seen single-digit claims. So as of now, we do not see a need to increase the pricing because this is within our appetite for losses. But if the numbers become much larger, we have to look at it," said Bhargav Dasgupta, MD & CEO, ICICI Lombard General Insurance. ❑

IRDAI News

Govt's flagship insurance schemes subscribers growing

The Centre's flagship life insurance scheme - Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and accidental insurance scheme, Pradhan Mantri Suraksha Bima Yojana (PMSBY) - have seen enrollments rise to 128 million and 284 million, respectively, in seven years of inception.

The PMJJBY Life Insurance Company provides life insurance coverage of Rs 2 lakh at a rate of Rs 330 per month to all account holders aged between 18 and 50 years and has paid out Rs 11,522 crore to 576,121 families. Nearly 50 percent of claims were paid out for Covid-19 deaths, the Ministry of Finance said in a statement.

The PMJJBY is available to people in the age group of 18 to 50 years having a bank account who give their consent to join/enable auto-debit. Aadhar would be the primary KYC for the bank account.

The life cover of Rs 2 lakhs shall be for the one year period stretching from 1st June to 31st May and will be renewable. Risk coverage under this scheme is for Rs 2 Lakh in case of the death of the insured due to any reason.

IRDAI douses 'Burning Cost', premiums may fall for Corporates

IRDAI has stated that 'Burning Cost' can't be quoted by basic insurers as a 'mandated minimum rate' to cost premiums to prospects.

The new notification by IRDAI on the position of 'Burning Cost' - which is a reversal of its earlier stand - will now assist insurers to decrease the premiums for purchasers, insurance coverage sources stated. However, whether or not it can result in undercutting of costs resulting in cut-throat competitors and underwriting losses stays to be seen. The new scenario will likely be detrimental for the reinsurers who had seen their hearth premium going up within the final two years, business analysts stated.

Burning Cost is outlined as a form of break-even value the place the upper claims within the portfolio will robotically result in greater premiums to be collected within the subsequent yr. In a bid to herald underwriting self-discipline and checking rampant under-pricing, resulting in giant underwriting losses within the Indian basic insurance coverage business, IRDAI had earlier requested the overall insurers to stay to the 'Burning Cost' as ready by the Insurance Information Bureau of India (IIBI), a knowledge mining physique for the Indian insurance coverage business arrange by IRDAI, to cost any product. The regulator stated it has been receiving a number of complaints from policyholders, each instantly and thru varied platforms corresponding to business associations, that insurers are referring to the 'Burning Cost' as a 'mandated minimum rate'.

IRDAI moots 'combi micro insurance' product

A panel on Micro Insurance (MI) - constituted by the IRDAI - has suggested introduction of a Combi MI product.

"There is a case to have a Combi MI product which can be developed on a modular basis, giving flexibility to the insurer to offer coverage to different groups and individuals as per their specific protection needs,'' the committee, chaired by Yegnapriya Bharath, Chief General Manager (Non-Life), IRDAI said in its report.

"The need of the hour is better penetration of insurance amongst the vulnerable sections of society. A one-stop solution to meet the insurance protection needs of these targeted groups will go a long way in achieving the objective of increasing insurance penetration in these strata of society," the report said.

As far as a Combi MI product is concerned, insurers may follow a modular approach using various permutations and combinations, leaving the choice to the proposer.

"Certain standard products prescribed by IRDAI can be offered as modules, albeit with a restricted sum insured, keeping the target segment in view," the committee said, while recommending 14 standard modules and suggests the product may be sold by insurers either on an individual or group basis.

While it is necessary to have identified channels of distribution which have been provided for in the MI Regulations, it might be a good idea to permit all other channels also to chip in and widen the reach, it added.

Call to set up unemployment insurance fund

Companies should consider building an unemployment insurance fund during periods of economic boom, which could be utilised to financially support workers up to a limited period after retrenchment, according to the Reserve Bank of India's Report on Currency and Finance (RCF).

"Labour reform with flexibility to hire and fire workers can allow firms to adjust their workforce according to economic cycles, thereby enabling them to use their resources more efficiently.

"This, however, could come only at the cost of lower welfare/ social security of the workers.

"One option here could be to build an unemployment insurance fund...at the firm level...," said RCF.

Further, many of the social-security measures apply to firms having a certain minimum number of workers, which creates incentives for firms to not scale up.

"To address this issue, a policy option could be universal access to social security, irrespective of firm size, with each firm required to earmark a certain percentage of their profit for the social-security schemes for the workers," according to the report.

Motor insurers asked to stop ads displaying services not part of cover

IRDAIhas asked motor insurance providers to discontinue advertisements showing services, like free pick up and drop of vehicle, which are not part of the insurance cover. General insurance companies enter into service agreements with motor workshops/garages for the purpose of providing motor insurance claim services for repair of accident vehicles.

IRDAI said it is noticed that the service agreements in addition to claim services, extend certain assistance services not related to insurance claims such as free pick up and drop of vehicle, body wash, interior cleaning, inspection of vehicle etc.

"While the bundling of (such) facilities with insurance is left to the motor service providers, the general insurers issuing advertisements on the said services, projecting them as benefits provided within the insurance cover is unacceptable," the Insurance Regulatory and Development Authority of India (IRDAI) said in a circular.

The main objective of service agreements with motor garages/ workshops shall only be providing insurance services for claims of accident vehicles and it cannot arbitrarily expand to include scope of services which are not relevant for insurance claims, it said.

IRDA increases investment limit in BFSI sector

The Insurance Regulatory and Development Authority of India (IRDAI) has increased the investment limit by insurance companies to invest in the financial sector to 30% from 25% freeing up more money for investments in stocks and bonds in the sector.

"The authority... permits all insurers to have exposure to financial and insurance activities up to 30 percent of investment assets," IRDAI said in a circular. The move also comes just before Life Insurance Corp of India's (LIC) Rs 21,000 crore IPO the largest from India.

Insurance executives welcomed the move saying it will help them diversify their investment basket.

"Weightage of financial & insurance companies in broader Indian market indices has consistently gone up over the last few years. Life insurance industry had been seeking an increase in the current 25% sectoral limit on exposure to the BFSI Sector.

Third-party motor insurance premium hiked w.e.f June 1: Check electric vehicle premium rates

The Centre approved the revised base premium rates for third-party motor vehicle insurance on Wednesday. From June 1, 2022, these new rates will come into effect. These rates were last updated for the 2019-20 fiscal year and were stable during the COVID-19 pandemic. The Insurance Regulatory and Development Authority of India (IRDAI) notified the revised motor third-party insurance rates via a notification on May 26, 2022.

Electric vehicle long term premium rates A new private electric vehicle (EV) with a power output of less than 30 KW can be insured for three years for Rs 5,543. If the EV has a power output of more than 30 kW but less than 65 kW, the three-year premium would be Rs 9,044. Larger EVs with more than 65 KW will be insured for three years for Rs 20,907 each. ❑

LIC of India News

LIC listing to boost transparency, and its credit profile

As a listed company, LIC will face more demanding disclosure requirements, resulting in increased transparency over its operations, and encouraging it to prioritize profitable underwriting and risk management, Moody's Investor Service said. It will, in turn, boost its capacity to generate and grow capital internally.

"We see the arrival of external shareholders with experience in the insurance industry as a further key benefit of the IPO. We believe the presence of foreign stakeholders will bring particular benefits in the areas of capital adequacy, financial flexibility and governance standards, enhancing LIC's credit profile," Moody's said.

Can LIC stock prove to be a good long-term bet?

LIC made a less than expected debut on bourses as the stock listed at a discount, hurting all categories of IPO investors. LIC shares listed at Rs 867.20, a discount of 9 percent, on BSE.

The listing price of LIC was non-profitable for all categories of investors, including policyholders who were given shares at Rs 889 apiece after a discount of Rs 60 per share, whereas employees and retailers were allotted shares at Rs 904.

However, the counter made a quick recovery to hit Rs 920 on BSE, before paring some gains to trade below Rs 900 levels during early hours.

However, despite the poor listing, a majority of market analysts are positive on LIC and suggest investors to hold them for the long term.

Ajit Mishra, VP- Research, Religare Broking, said despite reasonable valuations, LIC shares listed at a steep discount as the existing market conditions were not conducive for the insurance major.

"This is a solid opportunity for investors who want to make a fresh entry in the counter or add more shares if they have an investment horizon of more than one year," he added. "LIC is likely to turn out to be a wealth creator in the long term."

LIC loses Rs 46,520 crore on debut listing

LIC lost Rs 46,520 crore in value, as the market capitalisation (m-cap) on its market debut.

The stock fetched an m-cap of Rs 5,53,675.05 crore at the close of the listing day against Rs 6,00,242 crore at the issue price. This was higher than Hindustan Unilever Rs 5.27 lakh crore and ICICI Bank Rs 4.93 lakh crore, but fell short of Infosys Rs 6.38 lakh crore.

LIC listed at Rs 867.2 on BSE, a discount of 8.62 percent over its issue price of Rs 949. On NSE, it debuted at a discount of 8.11 percent. The scrip eventually ended the Day 1 at Rs 875.45 per share, a 7.75 percent discount to its issue price.

"Though LIC listing has been below the issue price of Rs. 949, given the attractive valuations and stability in the markets, we expect some buying interest in the stock both from retail and intuitional investors. Since large amount of money has been released post listing of LIC, part of this money could get diverted into equity markets," said Hemang Jani of Motilal Oswal Financial Services.

71% of LIC anchor allotment made to domestic MFs

LIC, raised Rs 5,627 crore from anchor investors ahead of its mega initial public offering (IPO), with 71 percent of the amount coming from domestic mutual funds (MFs), shows a late disclosure made by the company.

"Out of the total allocation of 59,296,853 equity shares to the anchor investors, 42,173,610 equity shares (71 percent of the total allocation) were allotted to 15 domestic mutual funds (MF) through 99 schemes," LIC said in a stock exchange disclosure.

SBI MF subscribed to shares worth over Rs 1,000 crore via four different schemes. ICICI Prudential MF subscribed to shares worth over Rs 700 crore through over half a dozen schemes and HDFC MF subscribed to shares worth over Rs 650 crore of the insurer via 10 different schemes. ❑

Health Insurance News

Health insurance premiums on the rise

Health insurance premium is set to rise this fiscal on the back of rising medical costs and high Covid-19 claims. While a number of insurers have already announced hikes in their retail health insurance products, others are expected to raise in the coming months.

"High Covid-19 claims have impacted many insurers in the last year. A few are looking at increasing the premium by 15 percent to 20 percent on retail health covers," said an executive with a private sector non-life insurer. Insurers also point out that the rising medical inflation along with new protocol post the Covid 19 pandemic has added to costs.

"Premium increase is predominantly linked with medical inflation, which in turn is a function of several factors such as rising hospital costs, new advances in medical technology and treatment. These factors are ever-present in a growing economy like India where healthcare is advancing in a big way. The pandemic has also brought a multitude of changes in the treatment protocol, impacting the cost of claims," said Prasun Sikdar, Managing Director and CEO, ManipalCigna Health Insurance.

The insurer has increased the premium by 14 percent on one of its products - ManipalCigna ProHealth. "We have increased prices after three years. This will ensure the overall portfolio is managed better," Sikdar explained.

Covid warrior gets infected thrice even after 2 jabs

A healthcare worker who contracted Omicron after two bouts of Covid and a round of vaccination may be India's first case of reinfection despite natural- and vaccine-induced protection, investigators from the ICMR-National Institute of Virology (NIV) have said.

The individual first got Covid in October 2020, then experienced a breakthrough infection with Delta (after two doses of Covishield) and was again hit by Omicron during the third wave this year. The time between recovery from Delta and the Omicron reinfection was just about two months, ICMR scientists told, adding that the case demonstrates Omicron's significant immune-escape abilities.

"An extensive search of the scientific database so far has not revealed any reports of a primary infection, followed by a breakthrough infection and reinfection in India. So the healthcare worker is, presumably, the first such case from the country," an ICMR scientist said.

The scientist added that genome sequence analysis demonstrated that the case had a breakthrough infection with Delta derivative AY.112 and reinfection with the Omicron sublineage BA.2. "The clinical specimens of the first bout of infection couldn't be characterized but the probability of B.1 (Wuhan strain) as the infecting variant is higher as the infection occurred in October 2020," the expert said.

Centre extends insurance scheme for health workers

The Central government's insurance scheme for health workers fighting Covid-19 has been extended for another period of 180 days.

"The Pradhan Mantri Garib Kalyan Package (PMGKP): Insurance scheme for Healthcare Workers Fighting Covid-19 has been extended for a further period of 180 days from 19th April, 2022. It has been decided to extend the policy so as to continue to provide the safety net to the dependents of health workers who are deputed to take care of Covid-19 patients," the government said in an order.

The PMGKP was launched on March 30, 2020 to provide comprehensive personal accident cover of Rs 50 Lakh to 22.12 lakh healthcare providers, including community health workers and private health workers, who may have been in direct contact and care of Covid-19 patients and may be at risk.

Group health policies see rise in premiums in renewal cycle

Group health insurance policies up for renewal in the current renewal cycle saw price correction, where insurers revised their premiums upwards. While in some cases premiums went up 15-18 percent, others saw a marginal increase of 5 percent, with the median increase being 10 percent, said insurers and brokers.

Medical inflation, losses incurred due to Covid claims, and inclusion of modern treatment have weighed on group health insurance premiums. The impact of Covid claims on prices has been somewhat lower this year, said insurers. This is in stark contrast to last year, when they factored in the Covid claims received in the underwriting and increased prices accordingly.

Insurers have paid Rs 25,000 crore of Covid-related health claims in the two years of the pandemic, according to the General Insurance Council (GIC). The incurred claims ratio of private sector general insurers and standalone health insurers jumped by over 5 percent and 10 percent, respectively, in 2020-21, compared to the year-ago period, illustrating the impact of Covid on health claims, revealed the data shared by the insurance regulator in its annual report.

Now, government to issue health IDs to newborns

Newborn babies and young children will be issued their own Ayushman Bharat Health Account (ABHA) numbers, also known as health IDs, allowing parents to track their children's health records.

The National Health Authority is developing a mechanism under which parents can generate ABHA numbers for their newborns and young children.

The ABHA number will enable parents to upload all personal health records from birth, as well as all healthcare benefits availed, ranging from public health programmes to insurance schemes.

Currently, only individuals above 18 years of age are entitled to enroll for ABHA cards.

To be sure, the central government runs several programmes and schemes, such as POSHAN Abhiyan, Reproductive and Child Health, and Rashtriya Bal Swasthya Karyakram, catering to young children and newborns.

India's 1st standalone mental health insurance cover soon

AXA France India, with its Indian insurance partners, is set to launch India's first-ever mental health insurance cover in its group policies, said a person aware of the development. The mental health insurance would provide Rs 25,000 for consultation with therapists, psychologists, life coaches, among others through virtual mode, and up to Rs 1 lakh for hospitalisation.

The cover would also provide free mental health assessment tests as recommended by the World Health Organisation (WHO). This comes amid rising awareness about mental health in India and the number of cases increasing after the pandemic came.

The policy will provide coverage for consultation, therapy medicines, and hospitalisation, and is expected to be available from July 1, said the person quoted above. This will be a first-of-its-kind policy focusing on mental health, said Rajesh Dalmia, partner, EY India.

The demand for such a product would pick up slowly with rising awareness on mental health issues, Dalmia said.

Ayushman cover likely for 40 crore more at small premium

Moving towards rolling out the world's first comprehensive health insurance scheme, the government plans to expand the Ayushman Bharat health cover to over 40 crore more people who are currently not covered under any government or private health insurance scheme.

While over 50 crore people (10.74 crore families) are already covered under the Ayushman Bharat Pradhan Mantri Jan Aarogya Yojana (AB-PMJAY) that provides free annual health cover of Rs 5 lakh to every family, the government now plans to extend this coverage for a small premium to those who cannot afford a health insurance at retail price. The plan is to bring down the insurance premium by more than one-third of the retail price and make it affordable for the 'missing middle' who are currently devoid of any financial protection for health, an official said.

The governing board of National Health Authority (NHA) - the implementing agency for AB-PMJAY - approved the proposal in a meeting earlier this month. The NHA is now planning to start pilot projects in select states over the next few months, after which coverage will be expanded pan India.

The move assumes significance as it will mean premium health facilities in government as well as private sector will be soon accessible to people without any income bar. It is likely that even private wards in government hospitals will be made available under the scheme.

Health premium rise spurs non-life growth

Health insurance premiums, which registered a 25.6 percent growth - almost double that of last year - have been the main driver of the double-digit growth in non-life insurance in FY22. This comes after a horrid FY21, where the industry registered a low single-digit growth.

In FY22, health insurance premiums rose to Rs 73,582.13 crore, becoming the main line of business for non-life insurance sector, with a 33.33 percent market share. This is a jump of 380 basis points (bps) over last year, data from the General Insurance Council showed.

Health premiums grew at 13.5 percent and 13 percent in FY21 and FY20, respectively. Non-life insurers have reported an 11 percent growth in premiums in FY22 to Rs 2.2 trillion. This compares with Rs 1.98 trillion worth of premiums collected in FY21, up 5.2 percent over FY20. The industry had posted a growth of 11.7 percent in FY20 over year-ago period.

Within the health segment, retail health premiums reported a 16.5 percent growth in FY22 over last year. This is mainly driven by standalone health insurance companies with 28 percent growth.

General insurers reported a meagre 7 percent growth in retail health premiums during the same time.

Urban Company rolls out health insurance for service professionals

Urban Company, Asia's largest tech-enabled home services marketplace, said it is introducing a comprehensive health insurance plan for its service partners in India.

Under the newly launched health insurance policy, all UC Plus service partners will get an insurance cover of Rs 2 lakh. The policy will also provide family medical insurance for spouse and two children and up to 12 free medical consultations per year. This is in addition to the existing group life and accidental insurance cover.

"Health insurance provides a shield against unexpected medical expenses that can throw individuals and families in dire financial situation," said Varun Khaitan, COO & co-founder Urban Company. "To protect our service partners from such a scenario, we are introducing a specially designed health insurance plan."

Service partners without UC Plus subscription will benefit from a health insurance cover of Rs 1 lakh, with up to 12 free medical consultations per year for self, along with the existing benefits of the group life and accidental insurance cover.

Recently, Urban Company also announced an industry-first 'Partner Stock Ownership Plan (PSOP)' initiative for its service partners. Under this initiative, the Company plans to award stocks worth Rs 150 crore to thousands of service partners over the next seven years. This will enable Urban Company service partners, including plumbers, electricians, cleaners, beauticians, and massage therapists to become equal stakeholders in the company's growth.

Private hospitals in Chennai deny dialysis to govt insurance beneficiaries

Many private hospitals in Chennai have allegedly refused to provide dialysis to pensioners and their family members under the TN Government's New Health Insurance Scheme.

According to official data, under the scheme, the state has 7.5 lakh beneficiaries who pay a monthly premium of 350 so that they can avail cashless treatment at certain government and private (network) hospitals, which are part of the insurance agreement.

Given the age, many of the beneficiaries suffer from renal issues and require dialysis at least twice a week. But many private network hospitals here refuse the treatment and refer them to government healthcare centres, say pensioners.

On an average, it would cost 1,500 to 2,500 to undergo dialysis at a private hospital. This means that elderly people will end up spending up to 2.5 lakh a year despite paying a monthly premium, said Smitha Sadasivan, a relative of a pensioner who was denied dialysis at a private hospital in Ambattur.

NL Sridharan from Tamil Nadu All Department Pensioners' Association said that they have been requesting the government to ensure that all recognised hospitals were made a part of this scheme because it is difficult for senior citizens, particularly those staying alone, to find a network hospital during an emergency like heart attack or stroke.

"Also, the scheme should not be administered by a third party and make sure that cashless treatment is available in all the hospitals so that pensioners don't struggle to gather funds during such emergencies to pay the money demanded by private hospitals upfront before admission," he said.

While the directorate of pensions could not be reached for comments on whether action

will be taken against private hospitals denying treatments to beneficiaries, a finance department official said that they can contact the helpline (1800 233 5544) number and action will be taken. Only on Tuesday, the ceiling on medical assistance under this scheme was increased from 4 lakh to 5 lakh for the next four years and for those with specific illness (cancer, liver and other transplantation etc) can get assistance of up to 10 lakh, the official said. ❑

Private Life Insurance News

Life insurance firms settled 2.2 lakh Covid death claims: IRDAI data

Life insurance companies have so far received 2,18,084 COVID claims amounting to Rs 16921.70 crores, according to data provided to Business by Life Insurance Council. Insurers say the death claims rose drastically in 2021 amid deaths during the second COVID-19 wave.

"During the 2nd wave, all insurance companies observed multifold increase in the death claims under Covid and Non-Covid categories. All claims in which death was confirmed due to Covid 19 basis the medical documents and / or hospital records, were considered as COVID claims. A positive RTPCR & RAT test and subsequent death is also considered as Covid death," says Rushabh Gandhi, Deputy Chief Executive Officer at IndiaFirst Life.

Gandhi adds, "IndiaFirst Life also observed a rise in death claims during the same time. In FY22 we have settled 4785 individual life death claims of which 845 death claims are directly attributed to COVID. IndiaFirst Life Insurance has paid 159.51 crore of COVID claims since the start of the pandemic." The figures include the individual, group as well as Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) figures.

Life insurers' New business premiums zooms 84% in April

New business premiums (NBP) of life insurance companies jumped 84 percent year-on-year (YoY) in April, propped up by 141 percent increase in initial public offering-bound insurance behemoth Life Insurance Corporation (LIC) of India's NBP, according to the latest data released by the Life Insurance Council.

In April, the industry earned NBP to the tune of Rs 17,939 crore, compared with Rs 9,739 crore in the year-ago period. LIC's NBP totalled Rs 11,717 crore in the same period, up 141 percent, due to a colossal rise in group single premium. Group single premium reported a 227 percent jump to Rs 8,467 crore in the period. Alternatively, private insurers saw their NBP rise 27.47 percent to Rs 6,222.91 crore, bankrolled by growth in individual non-single premiums.

Among large private sector insurers, SBI Life's NBP was up 33.33 percent YoY in April. HDFC Life's NBP was up 22.52 percent in the same period.

IDBI Bank exits insurance, sells entire stake to Ageas for Rs. 580 crore

IDBI Bank has entered into a share purchase agreement with Ageas Insurance International, wherein the bank is looking to sell its remaining stake of 25 percent in private sector life insurer Ageas Federal Life Insurance for Rs 580 crore, making Ageas one of the few foreign insurers to raise its stake in its Indian insurance joint venture to 74 percent, after the government raised the FDI cap in the insurance sector.

The transaction is expected to be completed in Q2FY23, subject to regulatory approvals and satisfaction of the terms and conditions set out in the share purchase agreement.

Ageas Federal Life Insurance to look at inorganic play for bank partnership

Ageas stake increase will end uncertainty around company, increase domain knowledge, expertise

Ageas Federal Life Insurance is hoping to increase its distribution footprint this fiscal with partnerships and tie-ups with banks after IDBI Bank discontinued selling its products.

"For the next three to five years, the aim is to shore up our topline and distribution footprint. That would be through a combination of proprietary channels like agency, group, online and also inorganic play," said Vighnesh Shahane, Managing Director and CEO, Ageas Federal Life Insurance.

IDBI Bank contributed to about 50 percent of the topline through its distribution, Shahane said, adding that over the last three years, it had stopped selling the insurer's products.

The private sector life insurance is hopeful that with the open architecture policy of the IRDAI, it will be able to find a banking partner.

"The inorganic opportunity would be in terms of a partnership or joint venture with a bank for distribution," Shahane told.

HDFC Life posts 13% rise in March Quarter net

HDFC Life's net profit increased 13% to 358 crore in the quarter ended March 2022 from 318 crore a year ago, led by higher premium income and business margins even as expenses remained high.

Premium income net of reinsurance increased 11% to 14,290 crore in the quarter from 12,868 crore a year ago. Total expenses including commissions increased 15% to 2,430 crore in the quarter from 2,108 crore a year ago.

CEO Vibha Padalkar said the higher expenses were linked to the growth the company has seen over the year. She expects the momentum to continue even in the current fiscal. "Despite the pandemic, we have grown at a compounded rate of 17%. We are reasonably confident that this momentum will continue riding on economic growth as demand for savings and investments will remain strong despite headwinds like inflation," Padalkar said.

At the end of March 2022, HDFC Life's total annualised premium equivalent (APE), which is the sum of the annualised first-year regular premiums and 10% weighted single premiums, grew 17% to 9,758 crore from 8,372 crore a year ago. Total new business premium, which indicates the fresh business the company has underwritten, increased 20% to 24,155 crore in March 2022 from 20,107 crore a year ago.

HDFC Life claims a market share of 9.3% in the individual segment measured by the weighted received premium (WRP). The company covered 54 million lives in FY22, registering an increase of 36% over FY21.

PolicyBazaar rejigs its top deck

PolicyBazaar, has elevated cofounder and chief financial officer (CFO) Alok Bansal to executive vice chairman and has invested further in its insurance broking arm, it said in a stock exchange filing.

Bansal will step down as CFO on May 2 and will be succeeded by Mandeep Mehta, former executive vice president of finance at Max Life Insurance. Manoj Sharma, another cofounder of PolicyBazaar who was earlier the director of finance, has been elevated to deputy chief financial officer as of April 26.

Bansal will now lead inorganic growth and investment opportunities for the PolicyBazaar group while managing its investor relations.

The company also informed the exchanges that Sharat Dhall, chief operating officer of its direct insurance broking arm, Policybazaar Insurance Brokers, has resigned from the company and that Kheadup Dorji Bhutia is being elevated to chief sales officer.

HDFC Life becomes Signatory to United Nations - Supported Principles for Responsible Investment

HDFC Life recently signed up for the UN-supported Principles for Responsible Investment (PRI), epitomising its objective of sustainable growth and long term value creation.

HDFC Life is committed to following the principles of Responsible Investment (RI). The Company believes that as an active asset manager for policyholders, who have entrusted their savings with HDFC Life, it is the Company’s fiduciary responsibility to generate optimal risk adjusted returns over the long term. This objective can be served by following the RI approach which includes core stewardship principles and consideration of environmental, social and governance (ESG) factors in addition to financial parameters and outlook, while making investment decisions. This framework complements HDFC Life’s philosophy of achieving sustainable growth. The Company currently has Assets Under Management of over Rs. 2 lakh crores.

Commenting on the development, Vibha Padalkar, MD & CEO - HDFC Life, said, “We are pleased to announce our association with the PRI. We endeavour to grow holistically and sustainably by continuing to invest in the five pillars of our ESG strategy, namely - ethical conduct, responsible investing, diversity, equity & inclusion, holistic living and sustainable operations.

As a steward for responsible investment, we have been actively applying the ESG approach in our investment decisions. Our alliance with the PRI will further enable us to streamline our responsible investment framework as well as adopt and share the industry and global best practices. ❑

International News

M &A deal value in China drops 12% QoQ despite witnessing 10 megadeals in Q1 2022

The ongoing global geopolitical issues and volatile market conditions continue to pose downside risk to the mergers and acquisitions (M&A) deal activity in China. As a result, despite witnessing 10 megadeals (deal value =$1bn) in Q1 2022, the country saw 12% and 9% drop in deal value compared to Q4 and Q1 of 2021, respectively, reveals GlobalData, a leading data and analytics company.

GlobalData's latest report, 'Mergers and Acquisitions Deals by Top Themes and Industries in Q1 2022', notes that a total 390 M&A deals were announced in China in Q1 2022 with a combined transaction value of $31bn, a 35% drop from the previous quarter and 16% drop versus Q1 2021 in terms of deal volume.

Snigdha Parida, Senior Analyst of Thematic Research at GlobalData, comments: "Globally, the market has weakened in Q1 2022, lower than every quarter in 2021. This can be viewed as a return to more 'normal' levels, as the COVID-19-driven boost to deal making has largely dissipated and the broader economic outlook has become less conducive to deal making."

"Fuelled by rising geopolitical tensions in the wake of the Russia-Ukraine conflict, worsening macro-economic outlook, higher interest rates, and supply chain disruptions have all led to dampening investments activity, particularly in M&A hubs in Asia-Pacific including China, Japan, and South Korea. As corporates are now more cautious around deals, the M&A market is entering into a more subdued phase."

The report also notes that out of 18 sectors, 10 sectors—Aerospace, Defence, and Security (ADS), apparel, automotive, banking & payments, consumer goods, healthcare, insurance, mining, oil & gas, and travel & tourism have reported a quarter-on-quarter increase in deal value in China and the remaining saw a drop. In fact, one of the top 10 megadeals was witnessed in China - EQT to acquire Baring Private Equity Asia for $7.5bn.

Bancassurance remains the leading insurance distribution channel in Spain

Bancassurance is the leading distribution channel in the Spanish insurance industry and is expected to account for 39.5% of the gross written premiums (GWP) in 2022 as an increasing number of insurers are partnering with banks, says GlobalData. The leading data and analytics company notes that high levels of bank penetration, economies of scale and the advantage of cross-selling insurance products to their existing client base will continue to provide a competitive edge to Spain's bancassurance channel.

Swarup Kumar Sahoo, Senior Insurance Analyst at GlobalData, comments: "Despite losing market share in the life insurance and pension segment, the Bancassurance channel remains the leading distribution channel of the Spanish insurance market, supported by growth in the general insurance business."

The insurance sector is a highly profitable business for banks, with more than 50% of a banks' profits in 2020 coming from the insurance sector. GlobalData found that of the 195 insurers operating in Spain, 34 are associated with major banks and these insurers registered higher profits in 2020 when compared to insurers that did not have any bancassurance business.

Sahoo continues: "Bancassurance is popular in Spain for purchasing life insurance, particularly for investment-related life insurance products which serve as an alternative to bank deposits. This channel has started to gain market share in the general insurance segment as well."

The bancassurance business has been supported by cross-selling and bundling insurance products such as home mortgage insurance, risk life insurance, loan amortization insurance and fire insurance. Unemployment insurance covering mortgage payments for 12 months have also supported its growth.

Examples of bancassurance partnerships include Bankinter and Liberty's partnership in February 2022 to set up a new bancassurance company under the name Bankinter Liberty Hogar y Auto (which is pending for regulatory authorization), the agreement between Mapfre and the Catalan savings bank in December 2021, and an extension of the bancassurance agreement between Caser and Crèdit Andorrà in November 2021.

Cyber insurance prices still too high as almost 30% of small-medium UK businesses cancelled policies in 2021 to cut costs

While interest in cyber insurance is certainly increasing—especially amid heightened risk due to the Russia-Ukraine conflict and working from home—the price is likely to still be too high for UK small-to-medium enterprises (SMEs), according to GlobalData. A survey by the leading data and analytics company notes that 38%* of these businesses think it is unlikely that they will be targeted, while 29%* cancelled their policies in 2021 due to cost cutting.

Ben Carey-Evans, Senior Insurance Analyst at GlobalData, said: "The results from GlobalData's 2021 SME Insurance survey suggest that SMEs are aware of the threat, but don't feel it is applicable to them. We expect that, while interest in cyber insurance will continue to rise, price will continue to be a key barrier to cyber insurance uptake in the near future."

GlobalData notes that, as risk of attack increases, so will the premiums. Given that cutting costs is one of the leading causes for policy cancellations, this will be a significant obstacle.

Carey-Evans continues: "Even if UK SMEs do become more concerned about their business being targeted by cybercriminals, they are unlikely to be willing to pay even higher premiums to protect themselves. It is a difficult product for insurers to price, as unlike other products, they cannot look to limit risk—any SME could be hit with a cyberattack at any time, and the costs can be significant."

The Ukraine-Russia war has only heightened potential cybersecurity risks. The UK's National Cyber Security Centre (part of GCHQ) advised all organizations in the UK to bolster their cybersecurity in March 2022, specifically due to the increased risk posed from the Ukraine-Russia war.

General insurance industry in India to grow at 9.9% CAGR through 2026

The general insurance industry in India, which grew by 5% in 2021, its slowest growth during the last decade, is projected to grow at a compound annual growth rate (CAGR) of 9.9% from INR2,172.03 billion ($29.39bn) in 2021 to INR3,484.35 billion ($41.78bn) in 2026, in terms of gross written premiums (GWP), forecasts GlobalData, a leading data and analytics company.

GlobalData reveals that the sluggish performance of motor and property insurance lines due to the COVID-19 pandemic negatively impacted the general insurance industry in India in 2021.

Shabbir Ansari, Senior Insurance Analyst at GlobalData, comments: "General insurance industry in India is poised for a strong recovery in 2022, driven by increase in awareness and demand for health insurance and an economic recovery, which has helped automobiles and property demand reach its pre-pandemic levels.

Personal accident and health (PA&H) insurance was the largest segment, accounting for 33.8% of general insurance GWP in 2021. It grew by 14.0% in 2021 due to a surge in demand for health insurance policies following the COVID-19 pandemic. This trend will continue over the forecast period as the PA&H segment is expected to grow at a CAGR of 11.7% over 2021-26.

Motor insurance was the second-largest segment, accounting for 33.3% of GWP in 2021. It registered a sluggish growth of 2.7% due to lower vehicle sales following the economic slowdown and shortage of automobile chips globally. The motor insurance segment is expected to recover in 2022 and grow by 8.8%, in-line with recovery in automobile sales.

Furthermore, the expected increase in motor third-party liability (MTPL) premium rates later this year is expected to help motor insurance premium grow at a CAGR of 8.1% during 2021-26.

Property insurance was the third-largest general insurance segment with a 25.4% share of GWP in 2021. It declined by 5.0% in 2021 due to a halt in commercial construction activities and decline in housing demand due to COVID-19. There was decline in agriculture insurance premiums due to delays in claim settlements and release of subsidies. ❑

HOW INSURERS CAN OPTIMIZE RETURN ON CAPITAL EMPLOYED FOR INSURANCE TECHNICAL RISK MANAGEMENT

That which is already known

Business Organizations have always been exposed to various types of risks such as:

- Market Risks
- Credit and Insolvency Risks
- Operational Risks
- Statutory and Regulatory Risks
- Environmental and Climate Change Risks
- Exchange Rate Risks
- Legal, Reputational and Cyber Security Risks
- Risks related to bilateral, regional or international trade agreements between nations
- Risks related to politics, economic policies, environmental policies, etc.
- Risks related to Industrial Relations, general socio-economic conditions, and so on.
- Other Risks specific to the lines or sub-lines of business pursued

Events of the year 2008 had revealed the darkest manifestation of some of these risks, causing an avalanche of systemic failures, in turn resulting in a global financial meltdown. Affected Business Organizations had ignored or underestimated these latent risks only at their peril and had to pay an unprecedented price for it, causing a domino effect on others. Now again the COVID 19 pandemic promises to prove more disastrous and long-drawn-out on a never-before-experienced global scale.

Defining Risk

The Insurance Institute of India defines that:

- Risk is the possibility of adverse results flowing from any occurrence.

About the author

Shambhu Nath Roy

He is among the Top Ten authors on Quora as regards multiple aspects connected to the English language. His answers on English and Insurance are about to touch a million views from Quora readers.

His interests include reading, writing, teaching, training, music, poetry and (in younger years) high altitude trekking.

- ❖ Risk is a condition where there is a possibility of an adverse deviation from a desired outcome - there is no requirement that the possibility be measurable, only that it must exist.

Managing Risk

The Insurance Institute of India defines that:

- ❖ Risk Management is the identification, analysis and economic control of those risks which can threaten the assets or earning capacity of an enterprise.

Risk Management comprises of:

- ❖ Risk Identification
- ❖ Risk Analysis
- ❖ Risk Control:
    - ● Physical risk control
    - ● Financial risk control - Retention & Risk Transfer

Methods of Risk Management

Business Organizations deploy a combination of the below-mentioned methods of risk management:

- ❖ Risk Avoidance
- ❖ Risk Retention
- ❖ Risk Reduction
- ❖ Risk Pooling
- ❖ Risk Combination
- ❖ Risk Hedging
- ❖ Risk Transfer including Insurance

It is clear from the above that Risk Transfer is only one of the methods of Risk Management and that Insurance is only one of the methods of Risk Transfer.

Insurance Technical Risks

The International Association of Insurance Supervisors (IAIS) defines that:

"Insurance Technical Risks (liability risks) represent the various kinds of risk that are directly or indirectly associated with the technical or actuarial bases of calculation for premiums and technical provisions in both life and non-life insurance, as well as risks associated with operating expenses and excessive or uncoordinated growth.

Technical risks result directly from the type of insurance business transacted. They differ depending on the class of insurance. Technical risks exist partly due to factors outside the company's area of business activities, and the company often may have little influence over these factors. The effect of such risks - if they materialize - is that the company may no longer be able to fully meet the guaranteed obligations using the funds established for this purpose, because, either the claims frequency, the claims amounts, or the expenses for administration and settlement are higher than expected. When considering the technical risks, IAIS proposes distinguishing between "current risks" and "special risks".

Current risks consist of the following elements:

- ❖ risk of insufficient tariffs,
- ❖ deviation risk,
- ❖ risk of error,
- ❖ evaluation risk,
- ❖ reinsurance risk,
- ❖ operating expenses risk, and
- ❖ risks associated with major or catastrophic losses or accumulation of losses caused by a single event.

As to the special risks, they can be considered to consist of the following:

- ❖ risk of excessive or uncoordinated growth, leading to a rapidly increasing claims ratio or an aggravated expenses ratio, and
- ❖ liquidation risk."

Insurers and Reinsurers face many of the same risks that other Business Organizations face. However, for purposes of this Technical paper, we shall confine ourselves to Insurance Technical Risks or Insurance Risks as defined above for Insurers. What is stated in this Technical paper applies to a

great extent also to Reinsurance Technical Risks or Reinsurance Risks faced by Reinsurers.

Insurance Risks are basically inherited through direct insurance business, inward coinsurance business and inward reinsurance business of an insurer as reduced by risks ceded through outward coinsurance business, outward reinsurance business and other means. Similarly, Reinsurance Risks are basically inherited through inward reinsurance business of a reinsurer as reduced by risks ceded through outward retrocession business and other means.

Insurance Technical Risks Analysis

The insurance business is all about risk - understanding it, minimizing it, pricing to compensate for it.

Insurance risk analysis methods are mentioned below:

- Insurance risk factor profiling
- Insurance predictive modelling
- insurance risk modelling
- Insurance scoring
- Insurance risk-level classification

Insurance Technical Risks Management

Presently, insurers manage insurance risks through the seven methods mentioned earlier. More particularly:

- **Insurance Risk Avoidance:** Insurers may avoid accepting certain specific risks, certain sub-lines or lines of business altogether, or business in certain geographies or hazardous locations.
- **Insurance Risk Retention:** Insurers may retain certain insurance risks either deliberately, through inadvertence or due to market conditions. In the first case, insurers may retain certain insurance risks found more profitable to retain, or as per the retention obligations imposed by the reinsurance arrangements, or which are not covered under the existing coinsurance or reinsurance arrangements and facultative cover is either not available or available at unacceptable rates or terms and conditions.

  In the second case, insurance risk retention may be forced by inadvertently failing to make other arrangements so that the insurer is (so to say) 'left holding the baby'.

  In the third case, market conditions may be adverse such that other arrangements can be made only at uneconomical rates or unfavourable terms and conditions. Hence, insurance risk is unwillingly retained.

- **Insurance Risk Reduction:** Insurers reduce insurance risks accepted, through various mechanisms such as policy deductibles, co-pay, exclusions, warranties, terms, conditions, no claim bonus, other rewards to the insured for good claims history, requirement of material changes to be intimated, working with the insured to mitigate risk, working with loss prevention associations, working with governmental agencies, creating awareness among policyholders, and so on.
- **Insurance Risk Pooling:** Insurers participate in pools within the country such as Indian Market Terrorism Risk Insurance Pool, Indian Nuclear Insurance Pool and Motor Third Party Insurance Pool (the last mentioned has now been disbanded). Pooling may also be regional or global.
- **Insurance Risk Combination:** Insurers may combine a large number of small or medium, widely dispersed insurance risks in the same sub-line or line of business in their portfolio instead of a few large insurance risks. Such a combination may be relatively more feasible to retain to a larger extent. Also, they may opt for an ideal mix of insurance risks among various sub-lines and lines of business, so that adverse results in one may be offset by favourable results in others in a particular year. Further, they may combine good insurance risks (few available), average insurance risks (relatively more available) and poor insurance risks (the largest number available) in such a way that the first category is fully retained, the second category is partially retained and the last category is fully transferred.
- **Insurance Risk Hedging:** Insurers hedge insurance risks through the operation of the Law of Large Numbers. As the number of risks increases in a portfolio, the number of losses also increase, but less than proportionately. If one out of ten factories insured reports a fire loss, it does not mean that ten out of hundred or hundred out of a thousand factories insured will report fire losses. So the

insurance risk is hedged, not by taking a contrary position, but by offsetting it through a far larger number of similar risks.

- **Insurance Risk Transfer including Coinsurance and Reinsurance:** How an insurer shifts back a certain portion of insurance risks to the insured has been discussed under "Insurance Risk Reduction". An insurer can transfer the insurance risk to third parties under the Principle of Subrogation. An insurer may share the insurance risk with other insurers through the mechanism of Coinsurance. Finally, the residual insurance risk may be transferred through Reinsurance arrangements.

Insurers also manage insurance risks through techniques including but not limited to:

- Prudent selection of lines of business, geographies, etc.
- Deployment of astute business processes, competent personnel and appropriate software
- Prudent selection from business offered
- Sound underwriting including rating, terms, conditions, exclusions and warranties
- Guarding against risk accumulation hazards and catastrophe hazards
- Guarding against moral hazards including insurance fraud
- Claims investigation, salvage, subrogation, legal remedies, etc.
- Control over expenses of administration and settlement
- Building up of technical and other reserves
- Optimizing investment income to supplement underwriting profits or to offset underwriting losses
- Coinsurance and reinsurance
- Alternative Risk Transfer (ART) including Special Purpose Vehicles (SPVs)

The Problem

Insurance Risk Management is already a few centuries old. Is it then not refined enough?

The root cause of the problem lies not only in the departmentalization of insurance companies but also in the understandably differing mindsets of marketing, underwriting, claims, reinsurance and investment personnel and in the ingrained mentality of personal fiefdoms of key executives.

For instance, when a decision is taken to cede business to a reinsurer, rarely is the investment department consulted to calculate the opportunity cost of the investment income lost (on the premium ceded less the reinsurance commission and profit commission earned) vis-à-vis the claims likely to be paid out on the risk proposed to be ceded, if not ceded. That decision is taken in isolation, leading to less than optimum return on capital employed on insurance technical risk management.

Similarly, investment decisions are considered to be too confidential, sacrosanct and unintelligible for the uninitiated to be discussed with the likes of personnel of 'less informed' departments. Those decisions, too, are taken with utmost secrecy, leading to lack of coordination, avoidable retractions and, ultimately, less than optimum ROCE on ITRM, not to mention undoing all the good work done by sound underwriting. Events of year 2008 have given cause enough to cast serious aspersions on the so-called financial management expertise of investment experts.

Executive Summary

For insurers, risk can contain valuable upside, if managed effectively. An insurer that understands how risk might impact its Key Performance Indicators (KPIs) can move more effectively to seize opportunities and drive business performance.

The strategies that insurers develop for financing risk are an important part of this process. By simply reinsuring, insurers probably miss an opportunity to extract better value from their capital. Sub-optimal decisions on financing risk can impact Key Financial Indicators (KFIs) and erode margins.

Investment trend for insurers has to move towards managing risk rather than buying more reinsurance - taking greater control over their risk-related costs. By better managing their

exposure to the reinsurance market cycle, through improved risk management and alternative financing arrangements, insurers are reducing the volatility of their risk financing cost base and creating value for their businesses.

Insurance Technical Risk Management Optimization (ITRMO) describes the course of action which insurers have to follow in order to arrive at optimal risk financing arrangements, typically resulting in a sustainable and lower total cost of risk. It draws on information and people from all across the insurer's business, encouraging them to offset investment in mitigation and management strategies with a reduction in cost of risk, and to counterbalance expenditure on reinsurance with realistic retentions.

One of the guiding principles of ITRMO is to treat the use of reinsurance not as a written off commodity spend, but as a third source of capital, over and above debt and equity. As well as providing protection, it can help to optimize the cost of capital.

The case for ITRMO

Insurance Technical Risk Management Optimization (ITRMO) describes the strategic process undertaken by insurers to make balanced and objective decisions around the allocation of capital to risk. Its fundamental principles are:

- It considers the purchasing of reinsurance as only one of a number of tactics that can be deployed, as part of a broader, often more long term risk management and financing strategy. ITRMO is about more than the limits and deductibles of a reinsurance arrangement.
- It treats reinsurance and risk financing spend as a form of capital allocation, with the potential to work harder and deliver a higher return when allocated in a more optimal way.
- Ultimately it describes the matching of an insurer's buying style with its appetite to take risk, the losses it is likely to sustain and the cost of capital associated with its various financing options.

An insurer's total cost of risk (TCOR) can be calculated by adding the expected cost for the risk it chooses to retain to the cost of its reinsurance, while also accounting for the cost of capital assumed for unexpected volatility.

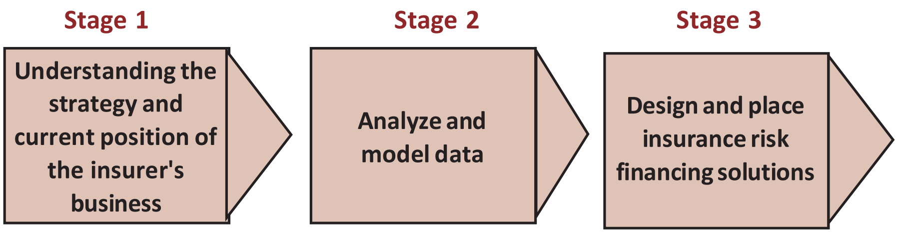
TCOR = cost of retained losses + cost of capital (including statutory reserves) + cost of external risk transfer + taxes

The cost of purchasing reinsurance might become more expensive in relative terms than the cost of capital for retaining the risk. There risk-adjusted return on capital (RAROC) is negative - i.e. no value is being created from purchasing reinsurance.

The reverse may also be true. An insurer with high retentions may find that over time a reinsurer's risk-adjusted return on capital (RAROC) is a lower cost - here it would be more optimal to transfer the risk.

Reinsurance coverage can be accurately matched to exposures and loss expectancies. Exposures not reinsurable can be identified and assessed, and alternative forms of financing arranged to manage potentially major losses. Areas on which to focus risk improvement or management activity can be identified, with the investment budget determined by or even offset against the potential reduction in losses or savings in risk transfer.

The ITRMO process



Stage 1 - Understanding the strategy and current position of the insurer's business

The information that an insurer should gather to inform its subsequent decisions on risk would include:

- Historic claims experience
- Existing risk registers
- Benchmarked risk data from insurer peer groups
- Corporate attitudes to risk - insurer as risk-taker or risk-avoider
- Gaps in required underwriting information and develop parameters and systems for optimum data collection

Stage 2 - Analyzing and modelling data

Turning data into meaningful decision making tools forms the second, critical stage of the ITRMO process. The goal is to identify the optimal structure for the risk financing programme, against which reinsurance coverage can be overlaid.

This stage is focused not only on identifying optimum reinsurance arrangements, but also in determining the amount and type of risk that can be retained by the insurer. Typical considerations in this stage include:

- Technically reviewing current coverage, limits and exclusions, in order to stress-test the adequacy of existing reinsurance arrangements against the risks identified in Stage 1.
- Calculating risk tolerance: insurers must evaluate whether changes to their business, its strategy and its financial strength could mean that current levels of reinsurance no longer represent the best form of capital for financing risk. This stage will help determine the insurer's materiality threshold and transfer 'strike points'. A variety of indicators can be followed to determine risk appetite and the willingness or ability of the insurer to pay for losses from their own liquid reserves. These include credit ratings, materiality thresholds, industry benchmarked retention levels or 'rules of thumb'. Besides ensuring more effective deployment of capital, this process can help insurers reduce the volatility attached to reinsurance market cycles, by buying potentially protection at higher levels.
- Using the analysis on risks, existing reinsurances and optimal retention levels, insurers are then in a position to develop actuarial models - sometimes called 'integrated loss models' -that enable them to design various programme structures, balancing a range of theoretical transfer and retention costs. The objective at this stage is to identify the lowest TCOR, allowing for self-reinsured volatility.
- Analysis of Alternative Risk Financing options, including captive feasibility studies: If a company has concluded that it is potentially overspending on reinsurance, then it might consider setting up a captive reinsurance vehicle to self-finance some of its risk.

For each class of exposure under consideration, it is necessary to define (for any level of per occurrence deductible):

- the appropriate aggregate stop loss
- the retained risk fund required at a given confidence level
- reinsurance pricing
- the cost of risk [this being the sum of (retained losses) + (reinsurance premiums ceded less reinsurance commission and profit commission) + (cost of capital including statutory reserves) and (taxes)]

This helps insurers to establish the cost benefit of each of the options generated in relation to the current basis - for each class of risk (mono-line) and as an integrated risk (multi-line) financing programme. It then prioritises the options to define the optimum programme design.

Stage 3 - Designing and placing insurance risk financing solutions

Work done in the above two stages will now help determine the appropriate reinsurers to approach. Any work an insurer has done to identify its exposures, build an integrated risk financing strategy and potentially managing down the causes of claims, should help it obtain better terms in the reinsurance market.

Cessions to reinsurers should contain detailed and relevant data on the extent of the risks, the performance of controls and their correlation with losses and the insurer's commitment to improving risk profile. Given such available and transparent information and performance metrics, reinsurers will often offer financial incentives to insurers who implement a programme of ongoing risk improvement, by either increasing reinsurance commissions or contributing to risk management initiatives.

The reinsurance placement will be complemented by the structure of alternative risk financing and transfer solutions to ensure the overall return on capital invested in risk is optimised for the company.

Summary

As stated earlier, what is true between an insurer and a reinsurer is also true between a reinsurer and a retrocessionaire and so on. A unique domain-technical solution incorporating elements of financial modelling, actuarial science and insurance market methodologies, further customized for each specific insurer, is the all-encompassing holistic solution to optimizing insurers' return on capital employed on insurance technical risk management.

The net result of this would be sustained financial and business benefits. Needless to add, the solution needs to be reviewed for adequacy and optimality on a regular basis and changes, if required, incorporated. ❑

DOES THE HEALTH INSURANCE POLICY PAY FOR MONKEYPOX?

Monkeypox is a rare disease found in central and West Africa. It kills as many as 1 in 10 people who contract it. Cases of Monkeypox (part of the orthopoxvirus genus) have been reported in several countries, including England, Canada, US, Portugal, Spain, Italy, France, Australia and Sweden. Monkeypox is similar to smallpox, but less severe.

Monkeypox can cause rashes, fever, headaches, muscle and backaches and swollen lymph nodes. The monkeypox of Congo strain has a 10% fatality rate, while the West Africa strain has a 1% fatality rate. There is no specific treatment for monkeypox, but the smallpox vaccine, antivirals and other treatments can be used to control an outbreak.

The monkeypox virus spreads when a person comes in contact with an infected animal, human or material contaminated with the virus. It is believed that most human-to-human transmission spreads through large respiratory droplets from prolonged face-to-face contact. It is also possible for monkeypox to spread through contact with a lesion from a rash or bodily fluids.

Keep in mind that monkeypox symptoms start to appear one to two weeks after exposure, but the incubation period can be between 5 to 21 days. Initially a rash will appear which starts as red discoloration in the skin. It starts on the face and then progresses to the arms and legs, then hands and feet, and then the rest of the body. After one to two days these rashesbecomes raised on the skin and they look like blisters.

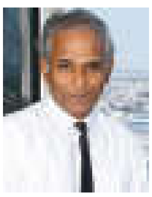
The current outbreak has not yet been linked to any areas where the virus is usually found. This is the first time monkeypox cases across many countries at the same time in people who have not traveled to Africa.

Observing the patterns of transmission so far, it can be said that the current outbreak is not typical. The cases have primarily, but not exclusively, been identified in men who have sex with men. However monkeypox is not a gay disease...anybody can contract monkeypox through close contact.

As of May 21, the World Health Organization (WHO) reported 98 confirmed cases and 22 probable cases. The U.S. has one confirmed one case in Boston. Cases of monkeypox have not been reported in India yet. It must be kept in mind that India has a large number of international flyers from Africa and Europe daily. The health officials who screen travellers at the airports are not trained to identify monkeypox rash through physical checks.

We are still in the early days of this outbreak, so there is a lot to learn about monkeypox. The way coronavirus was not covered under health insurance policy till the Regulator's amendment of the health insurance policy wording, paving way for policies like the 'Corona kavach', Insurancepe believes that Monkeypox is not covered by the existing health insurance policies. ❑

About the author



Dr. K Raja Gopal Reddy
PhD, FIII, FCII(UK), FLMI (US),
Chartered Insurance Practitioner
Principal Officer
Topspot Insurance Broking Private Limited
(Commercially known as insurancepe)

"Our software is very user friendly and the learning curve is very short. Within an hour or so they can take full control of the software. They can simply transfer their insurance data from their existing software to InsureBox and start using it immediately."

Mr. Ashish Aggarwal
Founder & CEO
InsureBox

Q. Please tell us about the Online Solution you are offering for Insurance Agency.

A. InsureBox is a cloud based Insurance Agency/Intermediary management solution. Since many intermediaries deal with multiple insurance companies - it becomes challenging to compile renewal data monthly and sending timely renewals to their client and manage insurance policies.

Q. Is the Software also useful for Insurance Brokers?

A. Yes please, we focus on providing solutions to all forms of Insurance Advisors and to empower them digitally and help improve their business work flow and efficiency . Brokers are an essential part of the ecosystem.

Q. What if the Insurance Advisors are using any other software to manage their operations. Can it be integrated with existing software.

A. Our software is very user friendly and the learning curve is very short. Within an hour or so they can take full control of the software. They can simply transfer their insurance data from their existing software to InsureBox and start using it immediately.

Q. Client servicing is one of the major pain points for Insurance Advisors. How can this solution help to provide better service to policyholders?

A. Precisely, our goal is to provide a solution for all the stake holders. To make it easier for the Insurance advisors we will also be providing a web & mobile app for their clients so they can view download policies or relevant insurance documents with just a click.

Q. Does the software has the facility to connect with customers through emails, whatsapp, sms

A. Policies , insurance relevant documents , renewal reminders all can be sent from InsureBox software with just a click. We will also be integrating whatsapp communication from the InsureBox.

Q. Can leads of new customers be managed/followed up through it

A. Yes, we would also be having a lead management system whereby all new leads , conversion , reports can be tracked.

Q. Any other information you would like to share.

A. Thanks. We are coming up with a lot of innovative solutions to empower the insurance advisors which would help to grow their business and improve their efficiency.

IIRM

(A Joint initiative of IRDAI and Govt. of Telangana)

About IIRM

The Institute has been in existence for over a decade and is mandated to deliver excellence in education that meets the changing need of the rapidly-growing Industry and Economy at large, with the sole aim of developing an employable workforce.

It is unique in character as the Institute is promoted by the Regulator IRDAI and Govt. of Telangana and the programs offered by the Institute are approved by AICTE.

Institute is dedicated to education in the financial services sector, which includes courses on Finance & Financial Services, Banking, Insurance, Risk Management, Actuarial Science, Marketing, Data Science & Analytics, and allied areas.

Institute offers a 2-year full-time Post-Graduate Diploma in Management (PGDM) Program and also Post Graduate Certificate in Management Program with Widely experienced faculty, excellent infrastructure combined with innovative pedagogy, and rigorous learning processes. Institute is the right platform for transforming students into global leaders of tomorrow.

Institute constantly endeavors to provide its students with excellent learning through experiential methodology and curriculum that matches contemporary industry requirements.

It is built on 5 acres' land and is located in the financial district, state of Telangana. The Institute is surrounded by financial services companies and fintech echo systems.

The campus comprises of an academic block, administrative block, canteen building, hostels, and Quarters for staff.

The key focus of the Institute is to develop industry ready human resources with a special focus on Insurance sector and the allied Financial Services sector. The institute pursues its various student oriented activities with the following objectives :

- *Impart knowledge and in-depth understanding of the Industry oriented unique specializations apart from General Management areas to gain integrated knowledge on selected functions.*
- *Provide an understanding of the business environment through practical experience and corporate practices with Industry connect.*
- *Develop technical/analytical skills through the integration of dynamic courseware with a strong IT platform.*
- *Encourage creativity, inquisitiveness, and responsibility for continuous learning and professional development to develop socially responsible and value-driven industry leaders.*
- *Develop learning skills required for pursuing professional qualifications and higher academic achievements to be in tune with Industry relevance, enhanced Placement opportunities, and potential career growth.*

Apart from providing quality education to the students who will be working in the Insurance sector which has been one of the key objectives of the establishment of the Institute. IIRM is also actively involved in training the insurance industry professionals in the upcoming areas of interest, conducting research in various areas wherein the research output is beneficial for the insurance industry and also to the policymakers. IIRM has entered MOUs with wide spectrum of organizations for promoting insurance education, creating awareness about Health and Health Insurance, training activities and Insuretech. During the course of this financial year, IIRM will be establishing an exclusive research and publication division for active contribution to the Insurance industry.

"IIRM is a joint initiative between IRDAI and the State Government envisioned as a Centre of Excellence for the Financial Services sector with Insurance as a special focus."

Mr. Suresh Mathur

Executive Director, IRDAI
Managing Director, IIRM

Mr. Mathur is the Executive Director in the Insurance Regulatory and Development Authority of India (IRDAI). He has been with IRDAI right from its inception and worked at various levels.

Mr. Mathur joined the New India Assurance Company Ltd. as a Direct Recruit Officer in 1987 and had worked in the operational offices for around nine years.

His experience in IRDAI includes registration and supervision of Insurance / Reinsurance companies, registration of Insurance intermediaries such as Insurance brokers, corporate agents and Third Party Administrators and their supervision. He has been associated with the IFSC Taskforce Committee and represented the Authority in various International conferences.

Mr. Mathur holds a Master's Degree in Management in addition to a Post Graduate Diploma in General Insurance.

Currently, he is on deputation to IIRM as Managing Director since July 2021.

Q. Insurance industry in India is one of the most promising industry with tremendous growth potential. Still we have a large untapped market with significant potentials. How do you visualise growth of the Indian Insurance Market in coming years.

As you have rightly pointed out, in the coming years one of the big revolutions would be happening in the economy is in the insurance industry. Kick starting the big change in the insurance industry is our current Chairman of IRDAI who has proposed to ease of doing business in the insurance sector with a slew of measures among them - (i) reducing the regulatory burden on the insurance entities, (ii) encouraging and allowing micro insurance companies to ensure penetration into the rural markets. (iii) enhance utilization of technology for increased access of insurance products reaching to the common public. (iv) bringing in risk based supervision which enables the sector to have more capital for utilization of product distribution and improving awareness about insurance.

The pandemic has changed the perspectives about risk mitigation efforts globally, more so in India thereby unleashing the potential that it can offer to the individuals and the businesses in terms of absorbing a wide range of insurance products for their own benefit and overcoming risks. This will ensure a stable growth of 20% on a year on year basis in the Indian insurance market. Our new Chairman has already minimized the regulatory aspects giving scope for the industry and also individuals with their entrepreneurial capability to take advantage of the changing scenarios. Thus the penetration and the market growth of insurance industry will be significantly high in the coming years.

Q. After liberalisation the Insurance Industry opened up new avenues for Insurance distribution. With multiple Intermediaries like Insurance Brokers, Corporate Agents, Bancassurance, Agency channel, TPAs, POS Channel offer a huge scope for employment. How do you view the estimated demand for qualified working professionals in Insurance Industry?

At the time of liberalization insurance sector had only agents and surveyors. Our Chairman's vision is to ensure adequate insurance cover to all the citizens by the year 2047. To realize this vision, intermediaries have to play a very significant and proactive role. All the training and educational institutions have to gear up to supply huge trained manpower and domain experts required by the industry.

With plethora of avenues available for product distribution, it has an immediate impact on the scope of employment opportunities for young aspiring job seekers. Right from the field level the entire value chain requires qualified, skilled and knowledgeable professionals which will lead to a higher growth for each individual contributing to the growth of the industry.

Q. Pursuant to your vision of creating a Centre of Excellence in Insurance Education, please brief us about the journey of IIRM?

IIRM is a joint initiative between IRDAI and the State Government envisioned as a Centre of Excellence for the Financial Services sector with Insurance as a special focus. Initially, it has started a one year program mostly as a training program module catering to the needs of the industry for almost a decade. Subsequently, due to demand from the industry for having human resources with broader perspective, and managerial capabilities along with domain knowledge, the Institute has entered into the foras of management education with Insurance and Risk Management as key specializations. Despite of many hurdles, in the year 2019, the Institute could occupy its own infrastructure which is now a platform for its journey towards the Centre of Excellence. Apart from having a two year PG program, various research initiatives, training programs, distance learning activities have also been kick started with a greater rigor. Progressively, the Institute would be contributing to the Insurance industry by way of knowledge dissemination, knowledge creation and knowledge enhancement which is an hallmark of any Centre of Excellence.

Q. Research and development is building block for any institution to grow and develop. What has been your efforts in this area of R & D which can make a meaningful contribution in growth of your Institute as well as Insurance Industry as a whole?

As mentioned earlier lack of effective infrastructure prevented the Institute to pursue Research and Development activity in a serious manner. Post 2019, the Institute started actively focusing on research based activity which would help the policy makers and the industry to make use of its findings. All our student work projects are based on the issues the industry is facing which requires additional information or inputs through research are taken up. Recently, the Institute has entered into MOUs with a number of organizations who are actively involved in the research and development works for the insurance sector. These MOUs will help the industry with newer insights and resolve many of their potential issues contributing to the incremental improvement in the policy aspects. As we are focusing more on research and development activity, I am sure in the years to come IIRM will be the name to reckon with for research and development activity to the insurance industry. ❑

"IIRM would be contributing to the Insurance industry by way of knowledge dissemination, knowledge creation and knowledge enhancement which is an hallmark of any Centre of Excellence."

Dr V V K Mohan

Principal, IIRM

A Graduate in Mechanical Engineering from JNTU (1983) holds Post Graduate Diploma in management from IRMA and PhD in Commerce and Management in the area Marketing Management.

With over thirty four years of industry experience in Marketing, Advertising, Communication Interventions, Project Management for varied sectors. Handled numerous product launches and consultancy assignments for Government, Non-government and Multinational Companies. Concept marketing and awareness creation campaigns on social issues. Benchmark studies on resource management, development indicators and Sectoral interventions for Planning Commission and also for AP State Council of Science and Technology. Published various papers on Zero based budgeting, Management Information systems, Financial Control systems and research studies for Institute of Public Enterprise. IEC Consultant for World Bank funded AP Economic Restructuring Project on Health. Resource person on Training for corporate and government personnel on and teaching methodologies, communication and other soft skills.

Concurrently as Adjunct Professor for more than three decades has been teaching, developing curricula and other academic initiatives for various prestigious Management Institutes and reputed Engineering Colleges.

Currently Principal, IIRM since three years heading the academic activity and shaping the institute as Centre of excellence and Institute of National Importance.

Q. Please tell us about the current academic programmes being offered by IIRM.

Currently, our Institute is offering two programs, the flagship program being the 2-year Post Graduate Diploma in Management with dual specializations in the areas of Insurance, Risk Management, Actuarial Science, Business Analytics, Finance, Operations Management, HR and Marketing. The other program we are also offering one year Post Graduate Certificate in Management focusing mainly on Insurance, Risk Management and Actuarial Science. Both the programs are approved by AICTE.

Q. Apart from regular academic programmes, are you offering programmes in distance mode also.

The Institute has been offering programs in Distance mode since a decade. The programs which are most popular in the distance mode where we have students from across the globe are International Post Graduate Diploma program in the area of Insurance and Risk Management. Recently, we have also added a new program in the area of Re-Insurance.

Q. How has been the placement of students in last few years?

Our Institute has been industry centric since its inception. Hence, placements have been 100%. Further, with the addition of our 2-year program, the Institute continues its 100% placement achievement till date and every year we have seen a 50% raise in the average CTCs that are being offered by the industry to the students.

Q. With disruption in global supply chain in product and services due to Covid 19, the Risk Management has assumed significant importance. How is your institute gearing up to prepare your students to face challenges in dynamic environment and make them future ready.

One of the key drivers of our Institute's activity is student's industry orientation. Due to this, we are in constant touch with the Industry and based on their inputs we modify our curriculum to make them ready for the industry by the time they graduate from the Institute. Thus, it is not just one aspect, the changes which happen in the environment, any aspect, which is relevant to the industry and which needs to be imparted to the students, we are always ahead in doing it. As far as Risk Management is concerned, it is a compulsory course to all the students and they are also exposed to the annual seminar which we conduct on Risk Management. Thereby enabling them to be future ready understanding the challenges in the dynamic environment and also develop appropriate strategies to face the risks. The industry feedback regarding our students who have been in the areas of Risk in those organizations has been very encouraging which proves that our efforts in preparing our students to the changing environment are working effectively in the real life situation.

Q. Apart from academic programmes are you offering regular training programmes for the Industry. Also do you have any Continuous Professional Development programmes for alumnus of IIRM.

IIRM regularly conducts training programs for the working professionals of the Insurance industry. Hence, continuously offering programs in the emerging areas of interest by the industry to the working professionals. All our training programs are an open invitation to our alumnus, wherein, they can hone their skills and upskill periodically to become contemporary in terms of knowledge and skills irrespective of their domains they are working in. As IIRM believes learning is life long and we always encourage our alumnus to be part of our any development programs.

Q. What is your current intake capacity and do you plan to increase the capacity in near future.

AICTE approved intake for the PGDM program is 180 admissions and PGCM program is 60 admissions as on date. As you are aware, the infrastructure available is just sufficient to cater to the requirements of this intake and hence we will be planning to increase the capacity only when we improve our infrastructure. Plans are under way for the phase 2 of the development of infrastructure at IIRM.

Q. Do you have any plans to grow across the border and reach out to other international markets?

As of now we are consolidating ourselves in the Indian markets and are in the process of preparing content and software for us to take advantage of the growing international markets with the help of online delivery. Further, we are also actively in discussions with number of international Institutes for collaborations and exchange programs.

Q. Would like to share any other development or new initiatives of IIRM?

Apart from 8-School initiatives, IIRM is currently focusing on Research and Consultancy, Publications and training activity as a part of its industry connect and contribution to the sector. Within a short span of time, these initiatives would be delivering results thus making our Institute industry relevant from all angles. ❑

"Nepali market is purely dominated by participatory products where in addition to risk coverage, insurance is deemed as an investment product with returns at the time of maturity."

Mr. Prakash Bikram Khatri

CEO, Jyoti Life Insurance Co. Ltd., Nepal

Mr. Prakash Bikram Khatri has rich experience in both national and international banking. He started his career with Barclays Bank UK where he worked with teams across the globe mandated to provide world class cutting edge service to it's clients with use of technology. In Nepal, he spent almost half a decade with Laxmi Bank leading large transformational projects related to business operations and technology. He has also served as a Director of NIC Asia Bank, one of the biggest brands in banking in Nepal and Nepal Life Insurance Company Limited, the leading name in life insurance business in Nepal. Mr. Khatri has been with JyotiLife since the inception of the company and has been leading the organization since the start.

Q. Can you give a brief Overview of the Life Insurance Industry in Nepal?

Nepal currently has 19 life insurance companies out of which 10 life insurers came into operation only 4 to 5 years back. The current market penetration as per Nepal Insurance Board (NIB) data is approximately 35% and increasing. Nepali market is purely dominated by participatory products where in addition to risk coverage, insurance is deemed as an investment product with returns at the time of maturity. Agents are the main distribution channel and more than 98% of the business booked is through the agency channel.

Q. Covid had impacted all industry segments worldwide. How do you perceive the impact of Covid-19 on the Life Insurance Industry in Nepal?

Covid 19, a pandemic, impacted all business sectors and life insurance surely wasn't immune to this global crisis. However, despite the inherent risk when Covid 19 first started, insurers didn't charge any extra premium to cover the risk. The reinsurance arrangement remained unchanged and insurers continued to underwrite policies at the same price. However, there was an additional documentation requirement related to Covid 19, its symptoms, exposure to infected people, etc. Although the death rate was lower in Nepal compared to other parts of the world, Covid 19 cases did impact the claim ratio of life insurers. In the case of Jyoti Life, in the last 3 years out of the total death claims received approximately 8% of the cases were cases of Covid 19 death. Now as we enter the year 2022 Covid 19 related deaths are being reported in a negligible amount.

Q. Apart from the traditional product Jyoti Life is focusing on Critical Benefit covers. Can you elaborate on the USP of Jyoti life and its products?

Jyoti Life since its inception has been focusing on living benefits rather than death benefits. Jyoti Life was also the first Nepali company to introduce the concept of Critical Illness by launching coverage for 11 Critical Illnesses for the amount of up to Rs. 10 lakhs. Based on the excellent feedback we received we further enhanced the product which now covers up to 35 Critical illnesses for the amount of Rs. 50 lakhs. The entire coverage amount is handed over to the policyholder upon diagnosis of the disease and the policyholder can then decide how and where he/she would like to get the treatment and fight the disease. In essence, through insurance, we are providing a financial support system to fight dreadful diseases to live. To date, Jyoti Life provides the best coverage in terms of diseases and amount in Nepal.

"In essence, through insurance, we are providing a financial support system to fight dreadful diseases to live. To date, Jyoti Life provides the best coverage in terms of diseases and amount in Nepal."

Life insurance mainly is viewed as a product whereby the policyholder pays an annual premium for a term as per the contract and funds in the form of Sum Assured are made available to the policyholder only after maturity or in case of loss. This modality is convenient and doesn't cause financial strain for small-size policies or individuals with a certain level of guaranteed income monthly/yearly basis. However, for large-size policies and individuals who have fluctuating income levels, this can cause a financial strain as the funds are released only at maturity which may be deemed as an opportunity loss. Taking this consumer mindset and behavior into consideration, Jyoti Life Insurance Co. Ltd. designed and developed a unique product, Jyoti Three-20 Dhan Bahar Jeevan Beema (Three-20). Three-20 is a Money Back plan under which the sum assured will be returned to the policyholder in THREE installments during the policy term as 33% in 1st Installment, 33% in 2nd installment, and 34% plus bonus in 3rd/the last installment. After the policy term, will automatically continue for an extended period of 20 years and 5% of the sum assured will be paid annually during this period. Hence the name of Three-20. With a guaranteed return of 100% of the Sum Assured within the term period + Bonus and an additional 5 x 20 = 100%, making a total of 200% (excluding bonus), this plan is targeted for those who need to fulfill their financial obligation at a different stage of life and also requires regular source of income after a certain period or for the retirement period.

Q. With technology driving the change in the life insurance industry, how do you see your company coping with advancements, digitalization, and product innovation?

Technology and innovation have been the key driver at Jyoti Life. In the past, various regulatory requirements which could have only been achieved through a manual paper-based process have been relaxed by the regulator. We are now able to execute several processes digitally such as first premium, renewal payment, customer forms submission, etc. The core system handles all the core operations of the business. However, to bring in innovation and technological edge, we are developing various in-house systems which shall connect various internal departments, manage the business process and workflow and allow us to capture the Turn Around Time (TAT).

I am confident that JyotiLife is well-positioned to cope with technological advancements or even be the trendsetter. Digitalization I feel is not only about buying tools and technology. It's part of work culture, work ethos. At Jyoti Life,

"Technology and innovation have been the key driver at Jyoti Life. In the past, various regulatory requirements which could have only been achieved through a manual paper-based process have been relaxed by the regulator."

everyone, the Board of Directors, Executives, Head of Department, and the entire team are constantly looking at ways of doing things better. We, therefore, do not have the challenge of resistance to change when it comes to technology. We have been constantly re-engineering our processes, evolving and innovating.

Q. The ultimate goal of a Life Insurance Company is to pay insurance claims on time without any hassles. What is your claims philosophy and what is your claim settlement ratio?

While business growth is very important as it drives the entire balance sheet, without a robust claims handling mechanism, the business will suffer. At Jyoti Life our philosophy is as follows:

"We understand the value of the security and emotions of our valued customers. Therefore, we explicitly express our prime concern to prove that Jyoti Life is always with our customers at the time of their need. We look at life insurance from the customer's perspective and are committed to payout every valid claim promptly after submission of all necessary documents."

Every claim case is reviewed in the most professional, ethical, and prudent manner and the outcome is determined by the process which is governed by our claims policy. We at JyotiLife never look at the size of the policy or claims paid for the month or any financial indicator during the claims process. Claims payout is a commitment that the company had made during the underwriting process and as long as claim cases are eligible for payout the claim is settled at the earliest while adhering to regulatory requirements, our claims policy, and other terms and conditions as per the policy document. We currently maintain a claim settlement ratio of more than 90%.

Continued in page 40

“Advisors who embrace digital and continue to adapt to the changing technologies will thrive in the future and those who don’t will become invisible in the future."

Mr. Deepak Chaudhary

Founder & MD
Shrigoda insurance4life

Q. How do you foresee future of Life insurance market in India in terms of individual demand for various products?

Life insurance has gained significant importance and momentum in the last two years when the uncertainty of life became starkly visible. The coverage for life and health have become crucial for the financial protection of the family. In future, it is going to be roti, kapda, makaan aur insurance! Life Insurance would be an integral part of everyone’s life. Going by the growth projections, the life insurance industry is expected to increase at a CAGR of 5.3% between 2019 and 2023.

India's insurance penetration was pegged at 4.2% in FY21, with life insurance penetration at 3.2% and non-life insurance penetration at 1.0%. Insurance reach is still low in India with overall insurance penetration (premiums as % of GDP) was 4.2% in FY21, emulating that it remains a hugely underserved market.

But the bright part is that it is riding on the increased awareness levels, digitized payments, web aggregators, and professional services rendered by advisors/ brokers. This way an ecosystem has been created which will provide a substantial push for life insurance in the near future. The growth story will continue...

Q. With your long and illustrious insurance background, do you think individual customers still think of Life insurance as an investment avenue or they have matured to buy it as a protection product?

Going by my long experience in the Insurance industry, insurance is perceived in a very different manner than it should be. According to me, Insurance should be pure insurance that should come into play in the event of death of the insurer, when the family needs utmost security. There are pure protection plans like term plans. But nowadays we have many insurance products bundled with investment options (ULIPs – High return potential product or endowment plans) which give returns in the lifetime. After all, people need money in their life too to fulfil several obligations. These two serve completely different objectives so whichever plan you opt for, you should take an informed decision. To understand the benefits of both, one should consider his liabilities and study risk profile too.

Q. There is a stiff competition in the non-life insurance market. Can we say we have more competitive pricing rather than risk pricing? Do you think there must be a base tariff pricing for all products?

Indeed, the non-life insurance market in India has been witnessing growth, lately because of innovative products covering miscellaneous risks associated with the current market scenario. It’s a fact that the health care and automobile industry drive this growth as we have seen during the pandemic which proved to be a game-changer for the industry. Innovative products, technological intervention, ease of digital payments, widespread reach, and competitive pricing have made this industry fiercely competitive in recent years. Still, its reach remains questionable, hence there should be uniformity of rates across the board so that customers are benefitted. I propose a base tariff for all the products and add-on features should be spelled out. Currently, customers are buying cheap policies and getting a raw deal as they are not aware of its fine points.

Preference is certainly shifting in favour of digital buying along with digital interaction with advisors on various platforms. With millennials being the prominent customers, this trend is likely to become even stronger.

Q. In which kind of products do you visualize good growth in the coming years?

As I mentioned earlier, the insurance sector is poised for a big leap forward and almost all segments are going to witness robust growth like health, motor (E vehicles, etc.) assets, businesses, factories, etc. As we see Motor insurance accounted for 34.1% of the non-life insurance premiums earned, followed by health insurance at 29.5%, in FY21. Post-Covid, along with health, there has been rising demand for personal mobility preferences which will lead to a shift in vehicle market, hence growth for motor insurance.

The growth may be attributed to the concerted efforts of industry players, advisors, brokers, web aggregators, insuretec, and customers. In terms of the size of the insurance industry in India, the share of life insurance in total premiums in India is 74.94% and the share of the non-life premium is 25.06% (2019-20), so there is big room for growth.

Q. Do you think are we doing enough in terms of policy holders' education and awareness.

There is never enough when it comes to investor education which includes Insurance too. Insurance as a subject generates enough curiosity and lots of questions and myths, which needs to be addressed. IRDA runs a campaign that aims to create awareness about the need for insurance amongst the general public as well as policyholders who need to know about their protection coverage, rights, and duties about insurable interest, assignment, nomination needs, claim settlement, surrender value and other terms and conditions of the policies.

Insurance companies, regulators, Advisors, Brokers, Web aggregators, Insuretech, mainstream media and social media, all have a role to play in spreading awareness about insurance and propagating the importance of the right policy. If all make joint efforts, the awareness will spread, which is the need of the hour.

Q. What is your experience of customer demand for insurance products through Insurance advisor's vis-a-vis online purchases through policy aggregators?

Ideally, whichever is the mode, insurance should be bought and sold. Now, preference is certainly shifting in favour of digital buying along with digital interaction with advisors on various platforms. With millennials being the prominent customers, this trend is likely to become even stronger.

However, the scenario is slightly challenging for Advisors/ brokers owing to product commoditization, new client acquisition, meeting client needs, and new technologies. Advisors can overcome these and be in synch with the times by effectively using social media channels which provides an unprecedented opportunity to advisors for client engagement and also holds the potential to attract new customers. Advisors who embrace digital and continue to adapt to the changing technologies will thrive in the future and those who don't will become invisible in the future. Insurance products are complex hence advisor's role will always be relevant.

It is going to be co-existence!

Q. Please tell us about your new Insurance broking venture and your future plans.

Insurance4life, has been in existence since 1963 and has been recently renamed Shrigoda insurance4life. We are on our way to expand pan India footprints. We recently opened offices in Mumbai and New Delhi expanding our reach with innovative products, competitive pricing, and excellent after-sales service. We want to take out the pain of claims of our customers, as over a period we have acquired expertise in the field. In the future, we want to be the market leader with our numbers, premiums, customers, and overall services. While rendering all this, we will not forget our corporate social responsibility and will do our best for society.

Q. How has been a demand for health insurance products post covid.

COVID 19 outbreak provided a sort of reality check for people who believed that only others fall ill or if they fall ill, their savings will come in handy. The myth was broken and now people have realized the importance of health insurance with wide coverage. It is no longer an alternative but a necessity. This transformed these perceptions by giving a reality check to uninsured people, we are witnessing people have started buying a health insurance plan, so health insurance is showing good traction Post Covid 19.

Q. Any other development you would like to share.

There are talks of Insurers hiking their premiums, which is bound to create a flutter in the current scenario. People are just coming to terms with the pandemic subsiding and life returning to normalcy. The scenario is changing, though for the better, still there is a lot of catching up that needs to be done, financially, emotionally, and medically. The revision in premiums will certainly make a dent in their pockets, which will not work in anybody's favour. ❑

SYSTEMATIC REVIEW OF BEST PRACTICES IN RISK MANAGEMENT

Risk and Risk Management

Risk implies future uncertainty about deviation from expected earnings or expected outcome. Risk refers to the probability that an undesirable event, situation or condition will occur. And Risk management is the process of identifying, assessing, and controlling threats to an organization's capital and earnings.

There are many unexpected and harmful risks and events which every business or organisations face. They cause loss and can even become the reason for closure.

Risk management allows organizations to attempt to prepare for the unexpected by minimizing risks and extra costs before they happen.

Risk management has developed in recent years into an accepted discipline, with its own language, techniques, and tools.

About the author

Shaik Gulam Fazal Biya Bani
Re-Insurance Processor,
Gulf Union Corporative Insurance Company- Saudi Arabia

Introduction

By implementing a risk management plan and considering the various potential risks or events before they occur, an organization can save money and protect their future. This is because a robust risk management plan will help a company establish procedures to avoid potential threats, minimize their impact should they occur and cope with the results.

This ability to understand and control risk enables organizations to be more confident in their business decisions. Furthermore, strong corporate governance principles that focus specifically on risk management can help a company reach their goals.

Other important benefits of risk management include:

a. Creates a safe and secure work environment for all staff and customers.

b. Increases the stability of business operations while also decreasing legal liability.

c. Provides protection from events that are detrimental to both the company and the environment.

d. Protects all involved people and assets from potential harm.

e. Helps establish the organization's insurance needs in order to save on unnecessary premiums.

Here's the essence of risk management: Risk no more than you can afford to lose, and risk enough so that a win is meaningful. If there is no such amount, don't play.

- Ed Seykota

Best Practices in Risk Management

Risk has a constant presence in the business world and ignoring it does not make it go away. On the contrary, understanding a company's exposure and practicing risk management are the first steps toward a healthier business.

The AICPA defines Business Risk as risk "resulting from significant conditions, events, circumstances, actions, or inactions that could adversely affect an entity's ability to achieve its objectives and execute its strategies."

Here is a list of some best practices for risk management:

1. Involve Stakeholders

Behind every risk are individuals, groups or social actors who are affected by risk. These stakeholders are dynamic and likely to change during the course of the process. Some are constant, while others come and go, and others may join in at different stages of the process. Therefore, it is important for the organization to engage with these stakeholders.

Stakeholder participation in the risk management process is becoming increasingly recognized as a means of producing decisions that are responsive to the varying interests and values. The benefits of engaging stakeholders are many and include a better understanding of the risk, building trust and credibility as stakeholders feel involved in decision-making and actions affecting their future, stakeholders feel that their interests are taken seriously by the organization.

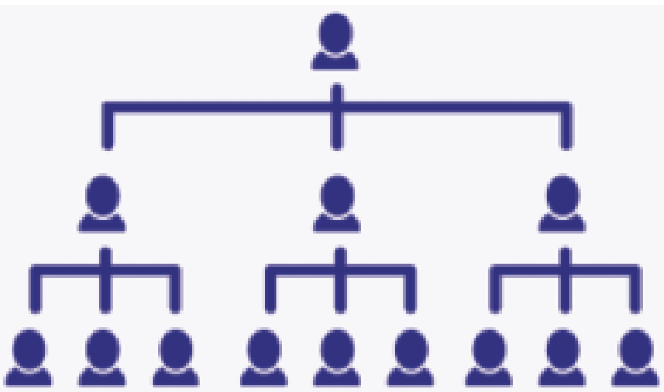
Engagement generates mutual understanding and sharing of responsibility if things go wrong. It also allows risk stakeholders to express their opinion on the risk and the actions taken by the organization to address it, as well as its potential outcome. Engaging with a variety of stakeholders provides a platform for different voices to be heard. Different risk stakeholders can be consulted at different stages of the risk management process.

In order to engage appropriately with the stakeholders, the organization needs to know who they are, and how they are involved. The following simple steps can be undertaken to understand, map and plan risk stakeholder engagement.

- Identify and analyse risk stakeholders
- Prioritize risk stakeholders
- Plan risk stakeholder management
- Risk stakeholder engagement

2. Tone from the Top

Effective tone at the top is a prerequisite to a commitment to continuous improvement that is so essential for risk management to function effectively.



A leadership failure and the organizational "blind spots" that contribute to dysfunctional behaviour will almost always undermine even the strongest risk management capabilities.

An organization's culture can have a huge impact on its ability to prevent the occurrence of unacceptable risk events and identify new and emerging risks in a changing operating environment.

Tone at the top is a balance between creating and protecting enterprise value. For example, if management's focus is always on the short term, i.e., the next month or quarter, the organization could end up undertaking risks that mortgage the future.

3. Communication

A risk manager's job is to evaluate risks, of course – but communication of these findings to board members, senior management and others is crucial. In fact, without effective and thorough communication, a risk manager's role is worthless to a business.

Without effective communication that helps stakeholders understand the output and consequences of certain actions, an organization will almost certainly undergo more harm than good. In fact, most business crises are not linked to a lack of information or understanding but a failure to effectively communicate risk.

4. Clear Risk Management Policies

The purpose of the risk management policy is to provide guidance regarding the management of risk to support the achievement of corporate objectives, protect staff and business assets and ensure financial sustainability. Organizational policies and procedures for risk management are like the rules governing the game of football. In football there are certain pieces of equipment that a player needs to have in order for the player to be safe while they are playing. Football also has rules determining what a player may, or may not do, during the game so that they remain safe, and the other players also remain safe.

Organizational policies and procedures for risk management are player guidelines that tell each employee what the company they work for expects of them, and what the company will do to protect them from harm while they are at work.

5. Continuous Risk Monitoring

Monitoring a risk and relevant issues surrounding it focuses on looking for three things:

a) How the risk is changing.

The effect those change(s) will have on objectives or other factors of the internal or external operating environment.

b) Whether the organization took enough risk to achieve its objectives

To say that risk monitoring is important would be an understatement.

Without following through on the risks that were identified, assessed, and mitigated, it is all just a one-time exercise.

Despite the importance of this part of the risk management process, it is not clearly understood and a struggle for many companies.

6. Make Risk Management as part of your project.

Project risk management is the process of identifying, analysing and then responding to any risk that arises over the life cycle of a project to help the project remain on track and meet its goal. Risk management isn't reactive only; it should be part of the planning process to figure out risk that might happen in the project and how to control that risk if it in fact occurs.

A risk is anything that could potentially impact your project's timeline, performance, or budget. Risks are potentialities, and in a project management context, if they become realities, they then become classified as "issues" that must be addressed. So, risk management, then, is the process of identifying, categorizing, prioritizing, and planning for risks before they become issues.

Risk management can mean different things on different types of projects. On large-scale projects, risk management strategies might include extensive detailed planning for each risk to ensure mitigation strategies are in place if issues arise. For smaller projects, risk management might mean a simple, prioritized list of high, medium, and low priority risks. You should have clearly identified time in your schedule for risk management.

7. Start identifying risks from initial stages of your project.

All projects have risks. If a potential risk of the project is not identified early, then the project will be at a high risk to complete as per schedule, within budget and to meet the expected quality. One of the current difficulties faced by a new Project Manager today is not having a sample or general risk list to refer to when identifying the project risk. Project Risk identification is the most important process in the Risk Management Planning.

Risk Identification determines which risks might affect the project and documents their characteristics. However, as recommended by [Donna Ritter], we should not spend too much time in identifying risks. After the list is made, qualitative and quantitative analysis is done to figure out which risks you spend time and/or money on.

8. Maintain risks in one risk tracker or register.

The risk management framework also provides templates and tools, such as: A risk register for each project to track the risks and issues identified.

Risk Description	Impact	Probability	Severity	Rsnk

A risk checklist, which is a guideline to identify risks based on the project life cycle phases.

A risk repository, which is all the risks identified across projects so far Make sure you maintain one single risk register for all type of risks.

9.Identify both Threats & Opportunities.

An opportunity is a positive outcome that may bring additional value to a project by achieving improvement. Project opportunities management is a set of techniques and tools to help a risk manager to identify and understand possible improvements to the project objectives.

This component of a strategy for project risk management refers to actions for identifying, analysing, and mitigating negative consequences that are risks. Threats management involves utilization of project risk management resources to describe risks, analyse their attributes, evaluate the probability of occurrence, and add identified risks to the risk register.

Like with managing opportunities, managing threats refers to a 4-stage process (Identify, Analyse, Plan and Manage). A project risk manager is responsible for organizing a team which will follow a risk treatment plan and report back on current progress of project risk management strategy.

Try to decrease the impact of threats & to increase the chances of occurrence of opportunities. Plan to spend time for both.

10. Analyze & prioritize risks.

For risk management to be effective, you must take the time to identify risks; otherwise it's impossible to prioritize them. Once you've identified potential risks, use our risk treatment plan template to help you prioritize them. Project managers need to be a sort of judge and jury when prioritizing risk. Too much intervention to align your risks will produce chaos. To begin, put on that judge hat and get a head start on your project using effective prioritizing skills.

Why Risk Management Process needs Systematic Review?

Many industries that undertake policy and guideline creation perform some type of risk assessment. It could be identifying and quantifying specific risks relating to a company and its stakeholders, or a broader mandate to assess risk and harm in the general population. Regardless of its purpose, the assessment, in turn, dictates the risk management process.

The process of risk assessment, and therefore risk management, is a prime candidate for the robust and rigorous methodology used in systematic reviews. Let's take a closer look at what role systematic reviews play in the risk assessment and management process.

The challenge of bringing SR methodology to risk assessment

While it might seem like a no-brainer for risk management professionals to rely on systematic review processes in their work, you would be surprised to know that many in the industry are only just beginning to adopt these practices in their workflow. The reason for this is something we see all too often - a lack of time and resources.

For some risk management pros, systematic reviews were not part of their initial education or training. It was a relatively new concept that required further learning. And in many cases, that further learning just wasn't possible due to time or resource constraints. The challenge becomes retraining and applying the ideas of systematic reviews to the unique evidence that risk management professionals are handling.

How systematic review software can help

As more risk management professionals are conceptualizing the use of systematic reviews in their workflow, the rise of specialized systematic review software is making things even easier and more efficient for them to complete reviews. Systematic review software integrates seamlessly into their risk management steps.

Some of the benefits of using systematic review software for risk assessment and management include:

a) Increased consistency across research teams
b) More transparent and consistent processes
c) Dramatic gains in efficiency through automation
d) Improved collaboration

Once the role of systematic review is understood from a risk assessment standpoint, adopting the use of specialized software provides further structure and methodology - speeding up the process to save time and money.

The future of systematic reviews in the risk management process

For professionals in the risk assessment industry, gathering evidence and reporting on it is only going to get more complicated and fast-paced given the tightening regulatory requirements we are seeing across all industries. This means that systematic review software has become a "need" vs. a "nice to have".

Conclusion

Systematic reviews provide a robust, rigorous method of collecting and synthesizing data. In the risk management process, credibility is paramount, and a systematic review is a great way to analyse data systematically and thoroughly.

Many of risk assessment clients use systematic reviews as a major part of their workflow because they help guide every aspect of their research. They dictate how the assessment is performed and the engagement approach with various stakeholders in terms of their transparency in communication.

References

Various Sources

Continued from Page 32 Interview with Mr. Prakash Bikram Khatri

Q. How has been your company's performance in the current year and your business target for 2022-23?

As a player in the market, the market condition has a huge impact on the company. We are currently witnessing an economic slowdown in Nepal. Government spending remains very low, remittance has reported degrowth and banks are now unable to lend due to a liquidity crunch. This has had an impact on the life insurance industry where the industry as a whole has currently reported a degrowth of about 8% in the first premium collection for the first 8 months of the current fiscal year. We have however come to the last quarter of the Nepali fiscal year and almost 50% of total business is booked in the last quarter by the industry. Despite the current slowdown, Jyoti Life is targeting to close the year with a growth of 20-25% in the first premium and 35% in Gross Premium.

Q. Continuous professional development of Employees and Agency force is of utmost importance for the growth of the company. What are your efforts in this regard?

The growth of a company is directly linked to the growth in capabilities of individual staff and agents in life insurance. We at JyotiLife have always kept HR and Agency Management a top priority. This has become even more crucial due to the scarcity of proper resources both in employee's and agent's space. For employees, we are constantly providing in-house training to ensure that our team members have adequate background and knowledge with regard to various regulatory requirements and changes. Also, since we are constantly improvising, evolving, and optimizing, our team members need to cope with these changes, hence video calls are used extensively for this purpose. We also have a corporate trainer who provided various training related to communications, professional development, positivity, etc. New recruits go through an induction program and then are provided on-the-job training. Technical team members such as IT and actuarial, are enrolled in various professional certification courses. Based on the training need assessment carried out by the HR Team, we also sign up various trainers to bridge the gap for both soft and hard skills. Most importantly a lot of emphasis is given to creating a professional, meritocratic, a highly positive working environment where everyone grows, learns, and contributes to meet the company objective.

In the case of agents, our strategy is to develop professional agents who are 100% devoted to the life insurance business. We provide extensive training to our agents on various sales techniques, compliance, and other aspects related to business. We also aim to create a healthy number of Agency Managers with the right mix of sales, business, and technical skills who can lead their large agency teamsmost professionally. These individuals require key leadership skills also and are therefore provided Train the Trainers (TOT) courses. We also expect our agents to be digitally smart and well equipped. We have therefore provided an extensive list of features in our mobile app where agents can track their business, status of renewal, team business status, create proposals to send to prospective clients, share animated videos related to a product, etc.

Q. Any other development you would like to share?

Despite being a new company, JyotiLife has established itself as a fundamentally strong and financially sound company. We completed our IPO only last year and have already paid out a dividend of 10% bonus shares to its shareholders within 3 years of business operation, the highest among new companies to date. With unique product offerings, professional and ethical work culture, a dedicated team, strong brand value, sustainable and long-term approach to everything, the company plans to deliver value to all its stakeholders in the days to come too.

Interviewed and edited by: Ms. Nishu Bhagat

THE TOP TECH TRENDS TRANSFORMING THE INSURANCE INDUSTRY

In the past few years, we've witnessed the emergence of core technology trends impacting nearly every industry – and the insurance industry, for one, has never been more ripe for disruption than it is today. Not to mention the many Insurtech startups leading with their technology-first approaches to shake up and redefine the industry forever – from augmenting legacy systems, low-code/no-code developments, and tailored digital products. And it's far from over.

More and more, the industry is shifting towards an automated, infinitely scalable, and lightning-fast territory. Someone who knows this well is Jenny Cohen Derfler, CEO & Founder at Air Doctor. Jenny spent more than 20 years at Intel, most recently as general manager of its manufacturing facility in Israel and before that in various engineering and manufacturing roles in Silicon Valley. Air Doctor is her second startup, having previously founded electric vehicle company ElectRoad.

About the author

Polly Jean Harrison

Journalist, content creator and general opinion holder from North Wales

Here she shares the top tech trends transforming the insurance industry forever.

Low-Code/No-Code development

One of the most noticeable tech trends within the normalisation of low-code/no-code development is enterprise IT – tech specifically designed to meet the demands of large organisations. While there was an apparent uptick of no-code/low-code projects in the SMB segment, many enterprises mostly continued to employ traditional development methods.

But this too is quickly changing. As vendors are offering more mature, enterprise-grade no-code tools geared towards security and compliance – meaning these enterprises can let vendors do their heavy lifting and still ensure high-quality security and compliance standards.

Because tools like this can free up internal resources, reduce backlogs, and increase productivity, they've become prevalent among IT teams. Perhaps the thing that makes no-code technology so appealing to Insurers is the expedited time to market for digital applications and products compared to traditional development projects. Ultimately this technology gives insurers the power to develop software products faster and with better quality.

Augmenting legacy IT

As new technologies like no-code tools and "headless tech" become more prominent, financial service organisations are able to maintain their legacy systems and improve the customer and employee experience.

Traditionally, insurance has been a conservative industry, but this is now changing with new competition in the form of tech giants, innovative startups, and digital-first insurers. There's a shift in the mindset of insurance leaders and experts, and the need for innovation is becoming clear to everyone involved. More and more, we are seeing the industry shift from conservative to innovation-focused.

As we near the year's halfway point, it's clear we are headed towards more innovation, better employee and customer experience, increased agility, and innovative applications of existing technologies. As well as slowly leaving behind age-old insurance problems, like risk assessment, claims processing, and policy sales.

Shorter application development cycles

Insurance companies are in a "digital race" as they rush to innovate to support better customer experiences. Agility has become a baseline to mark competitiveness in today's insurance space. Before, insurance companies would release new software every six months, or maybe every three months for those in a more aggressive growth stage, and these release cycles would take anywhere between 18 and 24 months. Now tech giants have created a new paradigm where software continuously changes, features evolve rapidly, and products enter the market just as fast as they are thought of. As a result, insurance companies need to focus on cutting application development cycles to shorten the speed to market.

To make this a reality, companies require a major shift in how they think and build software. This is where low-code platforms that can be changed often or frameworks which allow dynamic changes and can be quickly deployed, rather than being painstakingly coded and then extensively tested. CI/CD (continuous integration and continuous development) will become the new go-to for companies in a future where changing consumer demands necessitate quick and timely software deployments. While many enterprises, including those in the insurance sphere, must accommodate trends like cybersecurity, they should first equip themselves with the capability to change products in the event of market fluctuations.

Quicker claims processing

Another thing that can't be slow on the uptake is claims processing times (the amount of time that passes from the opening to the closing point of a claim). This is fast becoming a crucial distinction between insurers. Those that are winners of the future will use technology to help them speed up processing, almost instantly.

As a result, companies are exploring AI-enabled tools to automate estimation and inspection. One instance of this is the use of telematics to offer greater levels of contextual information to aid smoother, faster, and more comprehensive claims settlements.

Joint ventures with insurtechs

Another growing trend is collaboration with ecosystem players, as partnerships between InsurTechs and incumbents increase. And for good reason, too – it's often a win-win situation!

Established insurance companies are harnessing their customer relationships and data to develop new income streams, while innovators provide technical know-how and support. Perhaps the most monumental outcome of these partnerships is the selling of embedded insurance products, which refers to selling insurance products as part of another purchase experience. This has changed how insurance is sold and consumed on a fundamental level. Embedded insurance is rapidly growing, thanks to the widespread use of APIs that offer an easy way to link insurance sales to other customer experiences.

Looking ahead, insurance companies will continue to embrace API technology to make themselves available to a far broader marketplace.

Digital channel: The new primary channel

Prior to the digital age, the physical distribution channels dominated: that of agents or brokers, call centres, offices, and resellers – but now the digital channel is having a profound effect on the way insurance is being sold.

More and more agents and brokers are turning to digital tools; at the same time, customer demand is skyrocketing with the emergence of self-service digital channels. A McKinsey survey conducted in 2020 of European insurance executives, revealed that 89 per cent of respondents expect a significant acceleration in digitisation, and most also foresee a further shift in channel mix.

An increasing number of offline processes are migrating to the digital realm. Even products that require some offline execution, like physical signatures and medical underwriting, are transitioning to digital thanks to advances in technology like eSignatures or facial recognition and telemedicine.

The fact of the matter is that inefficient, manual processes have to go. Paper-pushing may have been the norm in the insurance industries for centuries, but this is no longer feasible. These archaic channels cannot be seen as necessary evils anymore, with digital solutions right here under our noses and being normalised more and more each day.

Insurance through the digital looking glass

While many of these concepts seem to come from the pages of a new science-fiction novel, the technology behind them already exists, and perhaps these innovative offerings are set to go mainstream in the next decade. The insurance industry has been transformed by the inclusion of tech trends and startups – and this transformation will only continue as time goes on. In the near future, the fully tech-enabled insurer will bear little resemblance to today's organisation. These trends, individually and in combination, will have a seismic impact.

To keep up with the times, insurers will need to adapt their products and processes to innovations. Decision-makers need to assess technological impacts on their companies, so they are poised to leverage their potential fully. Business leaders will need to let go of existing ideas and instead embrace a new mindset to remain relevant in what will, in many cases, be a fundamentally different industry. *(Courtesy: The Fintech Times)*

Centre hikes premium for flagship insurance schemes as claims rise

The Centre has increased the premium rates for its flagship insurance schemes, Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY), for the first time in seven years due to "long-standing adverse claims experience", and to make them economically viable. The premium for PMJJBY would increase from Rs 330 to Rs 436 a year effective June 1, and the PMSBY premium would rise from Rs 12 to Rs 20, the Ministry of Finance said in a statement.

PMJJBY provides life insurance cover worth Rs 2 lakh to all account holders aged 18-50 years. PMSBY provides accident cover of Rs 2 lakh to account holders aged 18-70 years. Active subscribers enrolled under PMJJBY and PMSBY as on March 31, 2022 was 64 million and 220 million, respectively.

The increase in premium comes after the review of the schemes showed that the claims ratio (percentage of amount of claims paid to premium earned) for PMJJBY and PMSBY was 145.24 per cent and 221.61 per cent respectively as of March 31, 2022. Since the launch of PMSBY, about Rs 1,134 crore has been collected as premium and claims of Rs 2,513 crore have been paid under PMSBY as on March 31, 2022. About Rs 9,737 crore has been collected as premium under PMJJBY and claims of Rs 14,144 crore have been paid as on March 31, the finance ministry said.

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 was closely monitored during Covid-19 and a host of measures were taken to simplify the procedures and expedite claims..." the finance ministry said.

The hike in premium would make the schemes viable and encourage other private insurers to come on board for implementing PMJJBY and PMSBY. The Centre said the schemes provided for an annual review of premium amount based on the claims experience, but there was no increase in premium in spite of recurring losses to insurers.

DIGITAL TRANSFORMATION IN THE INSURANCE SECTOR: OPPORTUNITIES AND CHALLENGES

The pandemic has changed the way insurers operate. Several processes such as sales, service, and others have been moved across to digital channels. In part, this context of transformation is motivated by various factors such as the need to adapt to a new generation of consumers, the constant technological evolution and digital innovation, the increasingly intensive use of data, the emergence of new distribution channels and last but not least, the new generation of digital start-ups.

The digital transformation is quickly changing the rules of the game in the insurance sector. However, there are some challenges in its adoption. Let's take a more in-depth look in this article, as it's important to be aware of them.

Top 8 digital transformation challenges for the insurance sector

Here you have the top 8 digital transformation challenges for the insurance sector:

1. Generate value through data

It's important to understand how you want to use that data in a way that creates value. Only if you do that, it will be possible to determine the various uses of data: personalize the offer, improve the experience, retention of the client, etc. The Data Driven approach is very important for decision making in insurance companies.

2. Customer Experience

Get to know the customer better and figure out what it is what you really want and whether it fits your proposal. This bit of the process should occur throughout the customer lifecycle, from prospecting until the moment of withdrawal.

3. Ecosystem development

You need to be able to respond to new consumer demands, by branching out into other areas and new scenarios you are not used to. The policyholder wants end-to-end solutions, giving rise to ecosystems and alliances with other companies.

4. Co-request with Insurtech

Some Insurtechs focus on a specific area or problem and apply technological solutions. For traditional companies, a dilemma opens up between competing with them or collaborating by contributing with the best of their knowledge.

5. Omnichannel

Omnichannel provides a new and better experience for the client. It also generates new rich data that will facilitate its analysis and personalization of the business relationship.

6. Margin management

Like any business, insurance companies will pursue a positive ROI. However, the digital transformation of the insurance business can only reduce costs or increase them if the right decisions are made and the adoption of technology to create new business models based on it is defined as a goal.

7. Cybersecurity

Companies must remain extremely vigilant against threats in order to be able to safeguard customers' data and their online platforms properly and responsibly.

8. Accelerating digital and cultural transformation

One of the most important challenges for insurers will undoubtedly be to adapt and reinvent themselves in the new digital environment, placing the customer at the center and taking advantage of digital innovation. For this, it is very important that the digital mindset is held throughout the organization, giving a global approach to digitalization programs, and that the entire organization is responsible for the change.

Opportunities for digital transformation in the insurance sector

Now, we're going to talk about 8 opportunities for digital transformation in the insurance sector.

1. The possibility of launching very personalized and segmented offers

As they have a better knowledge of the customer and their digital experience, they are able to offer products and services that are adapted to the individual.

2. Increase in the automation of back-office operations

The potential to help companies transform their business, become more profitable, and better adjust to market changes. Automation is the lever that can help transform your operations, radically elevate your employee satisfaction, and overall improve your customer journey.

3. Greater integration with the different insurance distribution platforms

It allows you to add aggregators, brokers, etc. in order to make your platform richer.

4. Innovation in the creation of digital products

Agreements for the integration of insurance products into new digital business models such as collaborative platforms, ecommerce, and marketplaces.

5. Artificial Intelligence (AI)

Artificial Intelligence enables you to generate product recommendations based on the buying behavior of consumers. But the most important bit of AI is the impact it will have. The initial impact will be through improving the automation and efficiency of existing underwriting and claims processes for customers. Later on, the impact will be bigger as it will be able to identify, assess, and underwrite emerging risks and also identify new revenue streams.

6. Chatbots

Chatbots are revolutionizing the way insurance companies acquire, engage, and interact with their customers. These tools can enhance customer loyalty and brand engagement while lowering operational costs and increasing revenues.

7. Cloud computing

Cloud Computing is one of the most efficient ways for a company and their customers to connect and collaborate on the go. It is in fact a model that makes a set of services available over the network, which are supplied and consumed outside the company's firewall. It will also help insurers develop collaboration capabilities and information sharing; it will also reduce the total cost of ownership of IT infrastructure.

The key to success for the insurance sector is to develop a holistic cloud strategy that can be implemented in the basic and non-basic functions of the insurance industry's value chain.

8. Big data

Access to new data is revolutionizing the way the sector works. There are two data sources: online behavior and sensor data. By using big data analytics, insurance companies are able to offer personalized policies, assess risks, prevent fraudulent activities, and increase the efficiency of internal processes.

Conclusion

The pandemic has pushed us years ahead when it comes to adopting a digital way of working and living. In the case of the insurance sector, many were forced into making these changes to continue operations during the pandemic. It is time that insurers adopt this new way of functioning in order to bolster their operations, benefitting both the customers and the company itself.

At the end of the day, technology is the vector of development, a strategic tool that will let us undertake the very wanted transformation in the insurance sector. Those opportunities that we have mentioned above will satisfy the client and will place them at the center of the process. *(Courtesy: chakray)*

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

International Conference at Nepal in collaboration with Banking Finance and Insurance Institute of Nepal (BFIN)

On 30th April, BIMTECH, along with BFIN, Nepal, organized a day-long conference at Hotel Aloft, Kathmandu, on "Ushering Paradigm Shift in The Insurance Industry in The Next Decade - Resilience to Change." More than 100 senior officials of the insurance industry in Nepal and renowned academicians and professionals from India, Nepal, and Bangladesh joined the conference.

Eminent speakers from India, Bangladesh, and Nepal joined the panel for various discussions on Climate Change, Cyber Risk, health and life insurance, and Digital Technology. There was a session on how corporate must prepare to align to meet the changing risks through insurance and risk management. There was yet another exciting session on'Exploring the talents for the future.In his Keynote Address, Prof(Dr)Harivansh Chaturvedi -Director of BIMTECH, highlighted the need to build resilience through insurance and adequate risk management to steer through the turbulent future. In his welcome address, Dr. Binod Atreya, Managing Director -Banking and Finance Institute of Nepal, felt the time to forge resilience through regional cooperation.

Prof(Dr) Abhijit K. Chattoraj, Dean SW&SS and Professor and Chairperson -Insurance Business Management Program, in his theme address, emphasized that the coming decade would see a change in the nature, texture, and gamut of risks. -there will be an outpouring of more risks with varied intensity. Climate change, lifestyle diseases, and technological disruptions will work in different directions to germinate risks not experienced before. Disruption will not be limited to digital-only. Disruptions in the form of harsh market conditions, demanding customers, and innovative new market players are all conspiring to transform the insurance industry.

In his passionate valedictory address, Mr. Surya Prasad Silwal, Chairman, Beema Samiti (Insurance Regulatory Authority) of Nepal, felt that Nepal's insurance industry must scale up to build resilience to change.

Topics of Discussion

Theme One: Trends (Climate Changes and Cyber Risks) shaping the Insurance Sector and its linkages to the Economy

Paper Presenter:

Prof. Pratik Priyadarshi, Associate Professor of Insurance and Risk Management, Birla Institute of Management Technology, Delhi, India

Panelists:

- Mr. Syed Moinuddin Ahmed, Additional Managing Director & Company Secretary, Green Delta Insurance Co. Ltd.
- Dr. Prakash Shrestha, Executive Director, Nepal Rastra Bank
- Mr. Susil Dev Subedi, Director, Supervision, Agriculture

and Micro-Insurance, Re-Insurance/ Research Division, Beema Samiti

Theme Two:The future of life and non-life Insurance: Exploring the risks, opportunities, and the challenges/ Health and Life Insurance - the drivers of future growth.

Paper Presenter:

Prof (Dr.) Abhijit K. Chattoraj, Dean -SWSS, Professor & Chairperson, PGDM-IBM, Birla Institute of Management Technology, Delhi, India

Panelists:

- Mr. Shubasish Barua, CERT CII (U.K.), Head of Impact Business, Green Delta Insurance Co. Ltd.
- Mr. Chunky Chhetry, President, Nepal Insurer's Association
- Mr. Nirmal Kajee Shrestha, Chairman, Jeevan Bimak Sangh

Theme Three: Digital technology impacting the Digital Insurance Business

Paper Presenter:

Prof. Manoj K. Pandey, Associate Professor - Insurance & Marketing, Course Coordinator - PGDM (Insurance) Program, Birla Institute of Management Technology, Delhi, India

Panelists:

Mr. Ajay Kumar Kanth, Ex-Head - Market Conduct, Aditya Birla Financial Services

Theme Four: How corporates must prepare to align themselves to meet the changing risks through insurance and risk management.

Paper Presenter:

Mr. Samiran Lahiri, Executive Director and C.E.O., Preferred Partners Insurance Brokers, India

Panelists:

- Mr. Vijaya Bahadur Shah, C.E.O., Himalayan General Insurance
- Mr. Laxmi Prasad Das, Chief Executive Officer, L.I.C. Nepal

Theme Five: Exploring the Talents for the Future

Paper Presenter:

Dr. Binod Atreya, Managing Director, BFIN

Panelists:

- Dr. Damodar Basaula, Executive Director, Nepal Government Health Insurance Board
- Mr. Bhoj Raj Sharma, C.E.O., Insurance Institute Nepal Limited
- Dr. Rabindra Ghimire, Chairman, Nepal Re-Insurance Company

Webinar on Challenges & Opportunities of IFRS in Insurance Sector in India.

On 6th May 2022, BIMTECH, in collaboration with the P.H.D. Chamber of Commerce and Industry and Insurance Foundation of India conducted a webinar on "Challenges & Opportunities of IFRS in Insurance Sector in India. Mr. Shrenik Baid, Partner, Accounting Services, Deloitte, made an incisive presentation on "Let us understand IFRS as read with India AS in insurance sector in India. Mr. Simon Shau Ming Dai, Partner Actuarial, Deloitte Hong Kong, shared his insightful views on how the introduction of IFRS benefitted insurance companies worldwide. Ms. B. Padmaja, D.G.M. - F&E Department (Life), IRDAI, succinctly presented the Regulator perspective. CA C.S.Nanda, Co-Chair of BFSI Committee, Institute of Chartered Accountants of India, was very forthright in sharing the viewpoints of ICAI.

Ms. Bahroze Kamdin, Partner, Deloitte, beautifully delineated the taxation impact of changes in the taxation standards.

Following these insightful deliberations, Prof(Dr) Abhijit K. Chattoraj moderated a session with the theme 'Let us discuss and come to conclusions. The panel discussion veered around the challenges coming in the way of introducing IFRS in India. The panel unanimously agreed that India must prepare for IFRS -17 despite manifold challenges. The regulator and the industry have made the beginning in the right direction.

Earlier in the day, Mr.S.K. Sethi, Co-Chair, BFSI Committee, P.H.D. Chamber of Commerce and Industry articulated the need for the webinar. Prof. Manoj Pandey, Associate Professor, BIMTECH, played an important role in the successful webinar.

Queries on Personal Lines of Non-Life Insurance answered onF.M. Radio by Prof. Pratik Priyadarshi on 18thMay 2022, 12 p.m. for its listeners. -102.6 FM Rainbow

Glimpes of International Conference at Nepal - Media Partner, The Insurance Times

LEGAL

SC wants insurance firms to develop app for accident claims — what it is & how it'll help

The Supreme Court fixed a two-month deadline for the General Insurance Council (GIC) to develop a mobile app for speedy settlement of third-party claims for compensation in case of road accidents. Police would have to upload the details of the accident on the app within 48 hours of it taking place.

The police must then file a detailed report within 90 days. After this, insurance companies would have 30 days to compensate the claimant with a fixed amount, or else fight it out in court.

A bench led by Justice Sanjay Kishan Kaul rejected GIC's plea or "some enlarged time" to develop the app, saying that if the insurance companies are not able to do it, the court would call upon the government to do so, and impose the app on the insurance companies.

The top court order of 16 November is an outcome of 10-month-long deliberations on how to expedite cases of compensation pending before the Motor Accident Claims Tribunal (MACT).

In its order, the court noted that the bulk of MACT cases were pending in various MACT courts across the country, with more than 25 per cent being over three years old. Thirty-five per cent of all cases pending in Maharashtra's trial courts are insurance claims arising from motor accidents, the order also noted.

Following an earlier order issued on 26 October, all stakeholders such as the police, insurance companies and MACT courts will have to use the application once it is developed.

The Print explains how this app will speed up the disposal of compensation cases.

Two provisions of Motor Vehicles Act

A third-party insurance claim can be filed invoking two provisions of the Motor Vehicles Act, 1988: sections 166 and 163A.

Under section 163A, there is a straitjacket formula for compensation with no provision to contest such claims. While Rs 5 lakh can be demanded in case of a death, Rs 2.5 lakh is the fixed amount paid in case an accident causes permanent disability.

Although this is a speedy process for settling compensation claims in accident cases, victims and their families don't usually opt for it due to the ceiling fixed on the claim amount.

Experts working in the field of MACT cases told ThePrint that victims and their families demand higher compensation, for which section 166 applications are filed. Such claims are usually contested by the insurance companies, leading to a trial as in a civil case.

"Compensation sought under this provision is calculated on the basis of factors such as the age of the victim, his or her income, and number of dependents. With younger victims and higher incomes, the compensation can go up to crores," explained a lawyer.

The claimants in MACT cases, who generally don't come from affluent backgrounds, tend to take their time to file claims.

The new app

The new app will, however, make it compulsory for the police to upload the details of the accident within 48 hours of it taking place. This information will immediately be fed into the system of the insurance company with which the offending vehicle is insured, and also the MACT court in whose jurisdiction the accident takes place.

After this, the police will be required to produce the claimant before the MACT court within 90 days, along with a detailed accident report. This would include documents such as the charge sheet, the victim's profile, information regarding the claimant, and proof of the victim's income and their dependents.

A GIC official, on condition of anonymity, told ThePrint: "These documents can even be uploaded on the app before the police take the claimant physically to the court."

He explained that the objective of developing the app was to do away with the paperwork in the current procedure. "Once an accident is reported, the police have to send a notice under the Motor Vehicles Act to the owner of the vehicle and to the insurance company for their responses. This is a time-consuming process, but the app can do away with it all."

The app will be connected to three digital databanks: Vahan, the databank of vehicles, Saarthi, that of drivers' licences, and the Insurance Information bureau, a body of insurance companies under the Insurance Regulatory and Development Authority. This means that the police will no longer have to reach out to the owner or the insurance company individually. Once the vehicle number is fed into the app, it will automatically throw up results on them.

"The app will help the police save a lot of time that is otherwise spent finding whether or not the owner's driving licence and the vehicle's insurance are valid," the officer said.

He added that the police's detailed action report will now be treated as the claim petition, making it no longer compulsory for the claimant to file a separate application.

No more fake claims

Once the police file their detailed accident report, the insurance company will have 30 days to settle the matter by offering a fixed amount to the claimant, or else it can fight out the case.

"Since the insurance company would be fed information about the vehicle long before the matter reaches court, it cannot give excuses to drag it out," the lawyer said.

With the onus now on the police to upload details of the accident on the app, the lawyer added, the fake claims that tend to be filed in smaller cities will stop. Recently, he pointed out, the Supreme Court took note of such a scam involving lawyers in Uttar Pradesh that led to the suspension of a few advocates there.

"Currently, there is no mechanism to inform the MACT or insurance company from the spot. This gives leeway to the police to keep probing the incidents. In many cases, it has been found that lawyers connive with the police to lodge false claims," the lawyer said.

In such cases, he claimed, the police impound a vehicle that they have already seized in connection with another crime, and file documents before the MACT court. Eyewitnesses are also planted to support the police theory, resulting in the MACT directing insurance companies to pay up. ❑

Reliance Health Gain offering coverage up to Rs 1 crore launched – Now, pay only for features you choose

Reliance General Insurance Company has launched a flexible and customisable health insurance policy – Reliance Health Gain. The policy offers buyers an opportunity to design their health insurance policy by choosing features as per their need and paying only for what they choose. Reliance Health Gain has three different plans – Plus, Power and Prime – and an array of features to facilitate customisation of policy for each buyer.

The policy comes loaded with 38 features like Double Cover that provides twice the amount of sum-insured to be used during same claim; Unlimited reinstatement to restore the base sum insured amount as many times as it gets exhausted during a policy year; Guaranteed Cumulative Bonus, that protects loss of cumulative bonus post claim; or the benefit to reduce Pre-Existing disease waiting period from 3 years to 2 or even 1 year.

Whether aspirer, affluent or elite – this specially designed policy offers wide range of sum-insured options from Rs 3 lakh to Rs 1 crore creating an appeal for all-income groups. Anyone between the age of 18 to 65 years have the options to pick and choose any features at any sum-insured. Besides, there is no age limit in this policy for a sum-insured of up to Rs 3 lakhs.

Hence, senior citizens who are sometimes devoid of a medical policy, can easily opt for Health Gain for protection. Additionally, the policy offers a unique feature wherein a customer can cover a family of up to 12 including extended family members like father-in-law/ mother-in-law in the same family floater policy, enabling joint families/Hindu Undivided Families (HUF) to opt for a floater policy that fits all in the family.

IRDAI Circular

Pricing of products covering Fire and Allied perils

IRDAI/NL/CIR/MISC/95/05/2022

Dated: 12th May, 2022

1. Insurance Information Bureau of India has been periodically publishing the industry Burning Cost for Fire perils (FLEXA). All insurers have been informed that the purpose of this is to give an indication to insurers of the industry Burning Cost for various occupancies, for appropriate use in the matter of pricing the various risks.
2. The Authority has been receiving several complaints from policyholders, both directly and through various platforms such as industry associations, that insurers are referring to the Burning Cost as a 'mandated minimum rate'.
3. The objective of IIBI publishing details of Burning Costs occupancy-wise is only to give information to insurers with regard to industry-level experience for appropriate use while rating risks. By no means does this even remotely imply that this is a 'mandated minimum rate'. It is expected of insurers to consider all applicable risk factors for rating a risk and give appropriate discounts or charge loading as warranted --the rating approach shall be part of the technical note filed under the Use and File/File and Use procedure as the case may be.
4. It is reiterated that insurers shall ensure that policyholders are not mis-informed that the Burning Cost is a 'mandated minimum rate' for insurers to charge.

Please acknowledge this circular.

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

Rationalization of compliance requirements

IRDAI/F&A/CIR/MISC/99/5/2022

Date: 12th May, 2022

(i) Compliance requirements prescribed for the Branches of the foreign reinsurers under Public Disclosures by Insurers vide IRDAI circular ref. no. IRDAI/F&A/CIR/MISC/256/09/2021 dated 30.09.2021 and

(ii) Revised Guidelines on Stewardship Code for Insurers in India issued vide IRDAI circular ref. no. IRDAI/F&A/GDL/CPM/045/02/2020 dated 07.02.2020.

1. The Authority has received representations on the rationalization of compliance requirements of Foreign Reinsurance Branches (FRBs) as they are not directly dealing with the retail customers. Further, representations have also been received from the non-life industry to dispense with the Form NL 40 on disclosure of Underwriting performance on their respective websites. Accordingly, the following requirements on Public Disclosures have been reviewed and modifications have been made as under:
2. Publication in News Paper by FRB and Lloyd's India: FRBs and Lloyd's India provide reinsurance support to the direct insurers and the insurers do conduct their due diligence on the FRBs while entering reinsurance contracts with them. The necessary information on financials is also made available through Public Disclosures on the respective website of the FRBs. Reinsurance business is B2B segment and the policyholders do not deal with the Reinsurers.

   Accordingly, it has been decided that the FRBs and Lloyd's India need not publish the half yearly and annual Revenue Account, Profit & Loss Account, Balance

Sheet and Analytical Ratios etc. as mandated in the captioned circular in the newspapers. However, they may continue to publish a true and accurate abstract of the various returns for the purpose of publicity on a voluntary basis pursuant to provisions of section 25 of the Insurance Act, 1938.

3. Stewardship Returns and Public Disclosure by FRB and Lloyd's India:

   Traditionally, the FRBs and Lloyd's India do not invest in equity instruments and they mainly invest in G Sec and Debt markets. Based on the investment exposures of the Branches of Foreign Reinsurers and Llyod's India are granted following exemptions -

   The entities, whose investment policy does not permit the investment in equity are exempted from the application of Common Stewardship Code, disclosure

   i. requirements and returns. The Public Disclosure may, accordingly, be shown as 'Not Applicable'.

   ii. The entities, whose investment policy allows equity investment but have not made any investment in equity – the Code is applicable. However, a NIL return will be a sufficient compliance for the same.

   iii. Other entities have to comply with the prescribed requirements.

4. Public Disclosure of Form - 40 on underwriting performance by the General Insurers, FRBs and Lloyd's India

   The Authority has received concerns regarding the uploading of NL-40 - Segmental Underwriting Performance on the respective website of the insurers under Public disclosures. Taking note of the same, it has been decided to discontinue the uploading of NL-40 as prescribed under the Public Disclosures. However, the above Insurers are advised to file the said format to the Authority by e-mail at finance-nonlife@irdai.gov.in.

5. This circular is issued under section 14(2)(e) of the Insurance Regulatory and Development Authority Act, 1999.

Mamta Suri
Executive Director

Motor Insurance advertisements by General Insurers

IRDAI/NL/CIR/MISC/100/05/2022

Date: 13th May, 2022

1. General Insurance Companies enter into service agreements with motor workshops/garages for the purpose of providing motor insurance claim services for repair of accident vehicles. It is noticed that the service agreements in addition to claim services, extend certain assistance services not related to insurance claims such as free pick up and drop of vehicle, body wash, interior cleaning, inspection of vehicle etc.,

2. While the bundling of the above facilities with insurance is left to the motor service providers, the general insurers issuing advertisements on the said services, projecting them as benefits provided within the insurance cover is unacceptable. The main objective of service agreements with motor garages/workshops shall only be providing insurance services for claims of accident vehicles and it cannot arbitrarily expand to include scope of services which are not relevant for insurance claims.

3. A perusal of advertisements issued by a few general insurers showing discounts up to certain percent, saving in the premium etc., and the illustrations provided therein, reveals that the features or benefits are applicable under extreme or exceptional scenarios as defined under Regulation 3 (g) (xiv) of IRDAI (Insurance Advertisements and Disclosure) Regulations, 2021 dated 7th April, 2021. The discounts in certain advertisements are not shown objectively on filed rates but expressed in comparison to rates of erstwhile tariff. This is not to be done.

4. Considering that the quoting of motor premium rates is dependent upon multiple factors and a variety of risks, the contents of the said advertisements which may be applicable under extreme or exceptional scenarios would make a large number of prospective customers vulnerable to wrong understanding.

5. In view of the above, in terms of Regulation 12 (iii) of IRDAI (Insurance Advertisements and Disclosure) Regulations, 2021 dated 7th April, 2021, the insurers are advised;

   (a) to discontinue the advertisements in respect of the services not related to insurance claims as may be provided by motor garages/workshops.

   (b) to stop displaying discounts with reference or comparison to rates of erstwhile tariff.

   (c) to ensure that the discounts and saving in the premium which may be applicable only under extreme or exceptional scenarios shall not be displayed as examples.

Please acknowledge this circular and confirm having noted its contents.

Yegnapriya Bharath
Chief General Manager (Non-Life)

Performance Statistics - Non-Life Insurance

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

(Rs. in crores)

INSURER	For the month of April		Upto the Month of April		Market Share upto the Month of Apr. 2022 (%)	Growth over the corresponding period of previous year (%)
	2021-22	2020-21	2021-22	2020-21		
Acko General Insurance Limited	98.89	53.17	98.89	53.17	0.46	85.98
Bajaj Allianz General Ins. Co. Ltd.	1,270.99	1,014.51	1,270.99	1,014.51	5.96	25.28
Bharti AXA General Ins. Co. Ltd. #	NA	192.32	NA	192.32	NA	NA
Cholamandalam MS General Ins.	468.48	322.44	468.48	322.44	2.20	45.29
NAVI General Insurance Limited	8.98	3.14	8.98	3.14	0.04	186.11
Edelweiss General Ins. Co. Ltd.	37.58	27.47	37.58	27.47	0.18	36.80
Future Generali India Ins. Co. Ltd.	347.94	281.59	347.94	281.59	1.63	23.56
Go Digit General Ins. Ltd.	590.94	245.85	590.94	245.85	2.77	140.36
HDFC Ergo General Ins. Co. Ltd.	1,268.95	997.53	1,268.95	997.53	5.95	27.21
ICICI Lombard General Ins. Co.	2,353.12	1,766.27	2,353.12	1,766.27	11.03	33.23
IFFCO Tokio General Ins. Co. Ltd.	669.09	659.80	669.09	659.80	3.14	1.41
Kotak Mahindra General Ins. Co.	68.25	37.67	68.25	37.67	0.32	81.17
Liberty General Ins. Ltd.	211.62	165.96	211.62	165.96	0.99	27.51
Magma HDI General Ins. Co. Ltd.	188.33	99.31	188.33	99.31	0.88	89.64
National Ins. Co. Ltd.	1,173.40	1,022.42	1,173.40	1,022.42	5.50	14.77
Raheja QBE General Ins. Co. Ltd.	33.65	28.95	33.65	28.95	0.16	16.27
Reliance General Ins. Co. Ltd.	967.95	806.42	967.95	806.42	4.54	20.03
Royal Sundaram General Ins. Co.	271.05	231.62	271.05	231.62	1.27	17.02
SBI General Ins. Co. Ltd.	597.12	411.57	597.12	411.57	2.80	45.08
Shriram General Ins. Co. Ltd.	108.02	97.09	108.02	97.09	0.51	11.26
Tata AIG General Ins. Co. Ltd.	1,153.65	812.49	1,153.65	812.49	5.41	41.99
The New India Assurance Co. Ltd.	4,583.63	3,871.87	4,583.63	3,871.87	21.49	18.38
The Oriental Ins. Co. Ltd.	1,292.15	1,182.27	1,292.15	1,182.27	6.06	9.29
United India Ins. Co. Ltd.	1,626.76	1,391.63	1,626.76	1,391.63	7.63	16.90
Universal Sompo General Ins. Co.	315.31	223.54	315.31	223.54	1.48	41.05
General Insurers Total	**19,705.86**	**15,946.91**	**19,705.86**	**15,946.91**	**92.40**	**23.57**
Aditya Birla Health Ins. Co. Ltd.	179.65	129.96	179.65	129.96	0.84	38.24
ManipalCigna Health Ins. Co. Ltd.	110.00	80.49	110.00	80.49	0.52	36.67
Niva Bupa Health Ins. Co. Ltd.	234.77	165.50	234.77	165.50	1.10	41.86
Care Health Insurance Limited	368.66	266.66	368.66	266.66	1.73	38.25
Star Health & Allied Ins. Co. Ltd.	657.06	557.73	657.06	557.73	3.08	17.81
Reliance Health Ins. Ltd.*	---	---	---	---	NA	NA
Stand-alone Pvt Health Insurers	**1,550.14**	**1,200.34**	**1,550.14**	**1,200.34**	**7.27**	**29.14**
Agricultural Ins. Co. of India Ltd.	1.95	59.12	1.95	59.12	0.01	(96.70)
ECGC Limited	68.62	44.73	68.62	44.73	0.32	53.41
Specialized PSU Insurers	**70.57**	**103.85**	**70.57**	**103.85**	**0.33**	**-32.05**
GRAND TOTAL	**21,326.58**	**17,251.10**	**21,326.58**	**17,251.10**	**100.00**	**23.62**

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

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

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

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

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies / Schemes				
		Month of Apr-2022	Upto Apr-2022	Month of Apr-2021	Upto Apr-2021	YTD Variation in %	Month of Apr-2022	Upto Apr-2022	Month of Apr-2021	Upto Apr-2021	YTD Variation in %
1	**Aditya Birla Sun Life Insurance Co. Ltd.**										
	Individual Single Premium	13.19	13.19	8.24	8.24	60.15%	178	178	108	108	64.81%
	Individual Non Single Premium	97.08	97.08	64.26	64.26	51.07%	10175	10175	8198	8198	24.12%
	Group Single Premium	72.74	72.74	51.07	51.07	42.45%	9	9	2	2	350.00%
	Group Non Single Premium	0.10	0.10	0.22	0.22	-54.38%	0	0	0	0	---
	Total	**196.52**	**196.52**	**128.00**	**128.00**	**53.54%**	**10374**	**10374**	**8319**	**8319**	**24.70%**
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	0.14	0.14	1.24	1.24	-88.76%	130	130	958	958	-86.43%
	Group Single Premium	0.08	0.08	0.00	0.00	---	2	2	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**0.23**	**0.23**	**3.63**	**3.63**	**-93.57%**	**132**	**132**	**969**	**969**	**-86.38%**
3	**Ageas Federal Life Insurance Co. Ltd.**										
	Individual Single Premium	8.87	8.87	9.17	9.17	-3.32%	213	213	251	251	-15.14%
	Individual Non Single Premium	8.91	8.91	11.49	11.49	-22.50%	1014	1014	1362	1362	-25.55%
	Group Single Premium	9.89	9.89	9.37	9.37	5.51%	1	1	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	85.71%	0	0	0	0	---
	Total	**27.66**	**27.66**	**30.04**	**30.04**	**-7.90%**	**1228**	**1228**	**1613**	**1613**	**-23.87%**
4	**Aviva Life Insurance Co. Ltd.**										
	Individual Single Premium	0.01	0.01	0.67	0.67	-99.23%	1	1	-36	-36	-102.78%
	Individual Non Single Premium	3.97	3.97	11.86	11.86	-66.50%	788	788	891	891	-11.56%
	Group Single Premium	0.50	0.50	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	**10.55**	**10.55**	**13.86**	**13.86**	**-23.91%**	**798**	**798**	**855**	**855**	**-6.67%**
5	**Bajaj Allianz Life Insurance Co. Ltd.**										
	Individual Single Premium	32.60	32.60	9.64	9.64	238.34%	487	487	153	153	218.30%
	Individual Non Single Premium	249.74	249.74	138.55	138.55	80.26%	32727	32727	18938	18938	72.81%
	Group Single Premium	177.78	177.78	230.78	230.78	-22.96%	4	4	2	2	100.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**523.41**	**523.41**	**424.56**	**424.56**	**23.28%**	**33257**	**33257**	**19108**	**19108**	**74.05%**
6	**Bharti AXA Life Insurance Co. Ltd.**										
	Individual Single Premium	2.04	2.04	5.80	5.80	-64.84%	39	39	38	38	2.63%
	Individual Non Single Premium	38.78	38.78	24.05	24.05	61.24%	5197	5197	4778	4778	8.77%
	Group Single Premium	11.49	11.49	11.97	11.97	-3.99%	0	0	2	2	-100.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**52.47**	**52.47**	**41.91**	**41.91**	**25.18%**	**5236**	**5236**	**4818**	**4818**	**8.68%**
7	**Canara HSBC OBC Life Insurance Co. Ltd.**										
	Individual Single Premium	15.11	15.11	10.26	10.26	47.28%	91	91	75	75	21.33%
	Individual Non Single Premium	46.08	46.08	28.88	28.88	59.54%	5143	5143	4141	4141	24.20%
	Group Single Premium	43.28	43.28	174.64	174.64	-75.21%	0	0	2	2	-100.00%
	Group Non Single Premium	0.04	0.04	0.25	0.25	-86.09%	0	0	0	0	---
	Total	**105.82**	**105.82**	**214.26**	**214.26**	**-50.61%**	**5235**	**5235**	**4221**	**4221**	**24.02%**
8	**Edelweiss Tokio Life Insurance Co. Ltd.**										
	Individual Single Premium	1.95	1.95	1.76	1.76	10.54%	23	23	342	342	-93.27%
	Individual Non Single Premium	16.19	16.19	16.56	16.56	-2.24%	4188	4188	2360	2360	77.46%
	Group Single Premium	1.93	1.93	1.58	1.58	22.32%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**20.06**	**20.06**	**20.21**	**20.21**	**-0.74%**	**4212**	**4212**	**2705**	**2705**	**55.71%**
9	**Exide Life Insurance Co. Ltd.**										
	Individual Single Premium	6.01	6.01	9.41	9.41	-36.08%	65	65	65	65	0.00%
	Individual Non Single Premium	29.49	29.49	20.75	20.75	42.10%	5690	5690	5172	5172	10.02%
	Group Single Premium	0.01	0.01	0.10	0.10	-85.91%	0	0	0	0	---
	Group Non Single Premium	1.59	1.59	4.37	4.37	-63.55%	3	3	2	2	50.00%
	Total	**39.00**	**39.00**	**34.77**	**34.77**	**12.15%**	**5758**	**5758**	**5239**	**5239**	**9.91%**
10	**Future Generali India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.25	0.25	0.10	0.10	159.95%	8	8	3	3	166.67%
	Individual Non Single Premium	11.50	11.50	11.21	11.21	2.57%	1336	1336	760	760	75.79%
	Group Single Premium	0.19	0.19	5.15	5.15	-96.22%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**13.70**	**13.70**	**28.60**	**28.60**	**-52.10%**	**1344**	**1344**	**765**	**765**	**75.69%**
11	**HDFC Life Insurance Co. Ltd.**										
	Individual Single Premium	234.77	234.77	192.42	192.42	22.01%	2688	2688	2235	2235	20.27%
	Individual Non Single Premium	386.93	386.93	355.10	355.10	8.96%	41545	41545	44339	44339	-6.30%
	Group Single Premium	815.64	815.64	619.48	619.48	31.66%	9	9	6	6	50.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**1462.73**	**1462.73**	**1193.88**	**1193.88**	**22.52%**	**44254**	**44254**	**46584**	**46584**	**-5.00%**
12	**ICICI Prudential Life Insurance Co. Ltd.**										
	Individual Single Premium	202.30	202.30	183.06	183.06	10.51%	2547	2547	2052	2052	24.12%
	Individual Non Single Premium	318.56	318.56	237.88	237.88	33.92%	33594	33594	33892	33892	-0.88%
	Group Single Premium	211.37	211.37	164.70	164.70	28.33%	10	10	8	8	25.00%
	Group Non Single Premium	0.00	0.00	0.07	0.07	-99.62%	0	0	0	0	---
	Total	**885.04**	**885.04**	**643.27**	**643.27**	**37.59%**	**36237**	**36237**	**36265**	**36265**	**-0.08%**

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

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies / Schemes				
		Month of Apr-2022	Upto Apr-2022	Month of Apr-2021	Upto Apr-2021	YTD Variation in %	Month of Apr-2022	Upto Apr-2022	Month of Apr-2021	Upto Apr-2021	YTD Variation in %
13	**IndiaFirst Life Insurance Co. Ltd.**										
	Individual Single Premium	3.82	3.82	3.78	3.78	1.22%	86	86	72	72	19.44%
	Individual Non Single Premium	77.80	77.80	45.88	45.88	69.57%	14769	14769	8006	8006	84.47%
	Group Single Premium	66.92	66.92	82.48	82.48	-18.87%	17	17	30	30	-43.33%
	Group Non Single Premium	0.00	0.00	0.04	0.04	-100.00%	0	0	0	0	---
	Total	**148.54**	**148.54**	**132.18**	**132.18**	**12.38%**	**14872**	**14872**	**8108**	**8108**	**83.42%**
14	**Kotak Mahindra Life Insurance Co. Ltd.**										
	Individual Single Premium	55.79	55.79	54.83	54.83	1.74%	3481	3481	932	932	273.50%
	Individual Non Single Premium	75.75	75.75	62.93	62.93	20.37%	9466	9466	8613	8613	9.90%
	Group Single Premium	160.08	160.08	113.91	113.91	40.52%	3	3	11	11	-72.73%
	Group Non Single Premium	0.78	0.78	0.03	0.03	2419.91%	0	0	1	1	-100.00%
	Total	**336.60**	**336.60**	**255.31**	**255.31**	**31.84%**	**12972**	**12972**	**9612**	**9612**	**34.96%**
15	**Max Life Insurance Co. Ltd.**										
	Individual Single Premium	99.90	99.90	69.49	69.49	43.77%	515	515	290	290	77.59%
	Individual Non Single Premium	213.78	213.78	227.72	227.72	-6.12%	27981	27981	29545	29545	-5.29%
	Group Single Premium	40.01	40.01	50.30	50.30	-20.45%	0	0	13	13	-100.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**359.14**	**359.14**	**347.52**	**347.52**	**3.34%**	**28511**	**28511**	**29850**	**29850**	**-4.49%**
16	**PNB Metlife Life Insurance Co. Ltd.**										
	Individual Single Premium	6.83	6.83	5.87	5.87	16.25%	111	111	94	94	18.09%
	Individual Non Single Premium	92.93	92.93	51.74	51.74	79.62%	14020	14020	9838	9838	42.51%
	Group Single Premium	37.53	37.53	22.01	22.01	70.49%	0	0	0	0	---
	Group Non Single Premium	0.52	0.52	0.08	0.08	560.45%	3	3	21	21	-85.71%
	Total	**143.93**	**143.93**	**89.86**	**89.86**	**60.18%**	**14134**	**14134**	**9953**	**9953**	**42.01%**
17	**Pramerica Life Insurance Limited.**										
	Individual Single Premium	0.83	0.83	0.18	0.18	373.06%	11	11	4	4	175.00%
	Individual Non Single Premium	8.63	8.63	8.03	8.03	7.35%	1483	1483	1450	1450	2.28%
	Group Single Premium	13.26	13.26	10.11	10.11	31.22%	1	1	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**27.98**	**27.98**	**22.41**	**22.41**	**24.83%**	**1505**	**1505**	**1471**	**1471**	**2.31%**
18	**Reliance Nippon Life Insurance Co. Ltd.**										
	Individual Single Premium	2.80	2.80	4.26	4.26	-34.45%	88	88	146	146	-39.73%
	Individual Non Single Premium	94.17	94.17	61.71	61.71	52.59%	12296	12296	10918	10918	12.62%
	Group Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Non Single Premium	1.29	1.29	0.39	0.39	233.94%	3	3	2	2	50.00%
	Total	**98.74**	**98.74**	**66.87**	**66.87**	**47.66%**	**12392**	**12392**	**11067**	**11067**	**11.97%**
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	243.02	243.02	134.49	134.49	80.70%	4933	4933	4502	4502	9.57%
	Individual Non Single Premium	698.41	698.41	368.45	368.45	89.55%	112656	112656	63116	63116	78.49%
	Group Single Premium	262.15	262.15	400.42	400.42	-34.53%	5	5	3	3	66.67%
	Group Non Single Premium	6.13	6.13	9.72	9.72	-36.95%	0	0	0	0	---
	Total	**1237.83**	**1237.83**	**928.43**	**928.43**	**33.33%**	**117610**	**117610**	**67634**	**67634**	**73.89%**
21	**Shriram Life Insurance Co. Ltd.**										
	Individual Single Premium	4.03	4.03	4.73	4.73	-14.63%	600	600	162	162	270.37%
	Individual Non Single Premium	22.08	22.08	16.74	16.74	31.91%	13065	13065	10665	10665	22.50%
	Group Single Premium	23.75	23.75	8.43	8.43	181.67%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**59.26**	**59.26**	**38.44**	**38.44**	**54.13%**	**13669**	**13669**	**10843**	**10843**	**26.06%**
22	**Star Union Dai-Ichi Life Insurance Co. Ltd.**										
	Individual Single Premium	8.31	8.31	3.91	3.91	112.66%	212	212	110	110	92.73%
	Individual Non Single Premium	64.61	64.61	17.68	17.68	265.35%	7174	7174	2610	2610	174.87%
	Group Single Premium	19.33	19.33	6.17	6.17	213.06%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	-255.50%	0	0	0	0	---
	Total	**132.41**	**132.41**	**59.50**	**59.50**	**122.52%**	**7388**	**7388**	**2721**	**2721**	**171.52%**
23	**Tata AIA Life Insurance Co. Ltd.**										
	Individual Single Premium	57.20	57.20	17.11	17.11	234.30%	522	522	191	191	173.30%
	Individual Non Single Premium	260.56	260.56	141.82	141.82	83.73%	36294	36294	21818	21818	66.35%
	Group Single Premium	12.29	12.29	3.07	3.07	299.89%	1	1	1	1	0.00%
	Group Non Single Premium	0.54	0.54	0.33	0.33	63.64%	7	7	8	8	-12.50%
	Total	**341.32**	**341.32**	**164.55**	**164.55**	**107.43%**	**36839**	**36839**	**22028**	**22028**	**67.24%**
	PRIVATE										
	Individual Single Premium	999.64	999.64	729.18	729.18	37.09%	16899	16899	11789	11789	43.35%
	Individual Non Single Premium	2816.09	2816.09	1924.55	1924.55	46.32%	390731	390731	292368	292368	33.64%
	Group Single Premium	1980.22	1980.22	1965.75	1965.75	0.74%	62	62	80	80	-22.50%
	Group Non Single Premium	10.98	10.98	15.50	15.50	-29.17%	16	16	34	34	-52.94%
	Private Total	**6222.91**	**6222.91**	**4882.04**	**4882.04**	**27.47%**	**407957**	**407957**	**304748**	**304748**	**33.87%**
24	**Life Insurance Corporation of India**										
	Individual Single Premium	1318.73	1318.73	970.71	970.71	35.85%	50115	50115	34962	34962	43.34%
	Individual Non Single Premium	1572.94	1572.94	1237.39	1237.39	27.12%	861895	861895	656294	656294	31.33%
	Group Single Premium	8467.44	8467.44	2584.40	2584.40	227.64%	31	31	7	7	342.86%
	Group Non Single Premium	315.51	315.51	26.30	26.30	1099.65%	255	255	321	321	-20.56%
	Total	**11716.70**	**11716.70**	**4856.76**	**4856.76**	**141.25%**	**913141**	**913141**	**692185**	**692185**	**31.92%**
	GRAND TOTAL	**17939.62**	**17939.62**	**9738.79**	**9738.79**	**84.21%**	**1321098**	**1321098**	**996933**	**996933**	**32.52%**

Glossary

Underwriting Risk
Section of the risk-based capital formula calculating requirements for reserves and premiums.

Unearned Premium
Amount of premium for which payment has been made by the policyholder but coverage has not yet been provided.

Unearned Premium Reserve
All premiums (fees) received for coverage extending beyond the statement date; appears as a liability on the balance sheet.

Universal Life Insurance
Adjustable life insurance under which premiums and coverage are adjustable, company expenses are not specifically disclosed to the insured but a financial report is provided to policyholder's annually.

Poll

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

Yes

No

Can't say

Results of Poll in our May 2022 Issue

Do you think Insurance Industry is poised for a 2nd phase of reforms under new IRDAI chairman?

Yes	50
No	50
Can't say	00

You may send your views to :

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

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