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

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THE INSURANCE TIMES

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In this issue

FOUR DECADES IN PUBLICATION

42 YEARS SINCE 1981

DEDICATED SERVICE TO THE NATION

"We are excited to partner with Airtel Payments Bank as this pioneering tie-up will assert the company's pledge to provide innovative new-age risk solutions to our customers to prevent cyber-attacks exploding in the era of digital transformation."

Sanjeev Mantri
Executive Director
ICICI Lombard

"We do understand the concerns raised by the insurers that they should have a recourse to recovery on par with the banks. This aspect has been taken up with the government."

T L Alamelu
Member, Non-Life
IRDAI

"As part of the Group, Tata AIA Life is proud to partner in this global initiative with AIA and we hope to make a significant contribution to this cause given a part our vision has always been to enable dreams, and inspire healthier, happier lives."

Naveen Tahilyani
MD & CEO
Tata AIA Life


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The third wave of omicron peaked in India in 2022 but the impact was less this time as the symptoms were mild and did not require hospitalization. But overall, the covid has severely impacted the business around the world.

LIC is finally going to be partially controlled by the people who become the share holders of the LICI. It is slated to be one of the biggest IPO in Indian history. Hopefully the issue would be fully subscribed. This will also increase the responsibility of LICI towards the investors.

IRDAI even after 8-9 months is headless which is quite surprising. Govt could not find a successor to lead the regulator. At this crucial juncture when LIC IPO is also underway, industry is dealing with after impact of covid and industry needs sound regulations, Govt should appoint the chairman without any delay.

IRDAI should relax the guidelines for Insurance Brokers. Currently there are only 400 odd insurance brokers in India which is quite less compared to the developed countries. The stringent regulation in granting licenseis a roadblock for entry of new players. Also IRDAI needs to make the portal for Insurance Brokers more customer friendly. Currently IRDAI bap portal is quite complicated and often it creates issues in submission of reports.

IIISLA should also be given more powers to self regulate with minimal regulatory interference. Insurance Surveyors are one of the integral part of the claim settlement process and they should be given due recognition.

Technology is catching up fast in the Insurance Industry with more and more people buying the policies online. This will also reduce acquisition cost and better after sales service.

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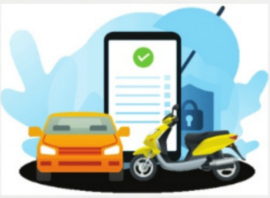

Features

General Insurance News

Obligatory cession to GIC Re cut to 4% from FY23

IRDAI has reduced the percentage of obligatory cession from the domestic general insurance industry for state-owned GIC Re to four per cent from five per cent.

Obligatory cession refers to the part of the business that general insurance companies have to mandatorily cede to the national reinsurer GIC Re.

The size of the Indian general insurance market was over Rs 2 lakh crore in 2020-21. It has been growing at over 15 per cent in recent years except for the last two years when it has faced many challenges due to Covid-19 pandemic and has grown within 10 per cent single digit. The approximate size of the Indian reinsurance market is around Rs 55,000 crore in FY2020-21.

The new quantum of obligatory cession, that will be effective from April 1, 2022 has been notified by the government. Domestic general insurers will have to cede 4 per cent of their premium to GIC Re on every general insurance policy they sell during next financial year.

"The percentage cession of the sum insured on each general insurance policy to be reinsured with the Indian reinsurer(s) shall be 4 per cent in respect of insurance attaching during the financial year starting April 1, 2022, till March 31, 2023, except the terrorism premium and premium ceded to Nuclear Pool, wherein it would be made 'nil'," the IRDAI said.

The entire obligatory cession has to be reinsured with GIC Re, IRDAI said.

The reduction of just one per cent obligatory cession would not make any difference to GIC Re as the overall general industry pie is growing every year. "Despite GIC Re having a mandatory obligatory cession, foreign reinsurers including Munich Re, Swiss Re, SCOR and Allianz have been growing their market shares in India efficiently," said an analyst.

To begin with, obligatory cession was 10 per cent which was reduced to five per cent afterwards and the foreign reinsurers which are having branches in India are demanding the total removal of the obligatory cession for GIC Re to create a level playing field in the Indian reinsurance market.

There are currently 10 global reinsurers which have set up branch operations in India for the last three years.

There would be no limit on sum insured applicable for the cessions made during the period from April 1, 2022 to March 31, 2023. GIC Re may require the ceding insurer to give immediate notice of underwriting information of any cession exceeding an amount as specified by the former. The ceding insurer has to inform the GIC Re at all times whenever the cession exceeds such specified limits, IRDAI said.

The percentage of commission on obligatory cession for different classes of business will be: minimum five per cent for motor third party and oil & energy insurance, minimum 10 per cent for group health insurance, minimum 7.50 per cent for crop insurance and average terms for aviation insurance, minimum 15 per cent for all other classes of insurance business.

ICICI Lombard posts marginal rise in net profit in Q3

The country's largest private sector general insurer, ICICI Lombard General Insurance, has reported a marginal 1.28 per cent increase in net profit to Rs 318 crore in the October-December quarter (Q3FY22), missing street estimates. Analysts at Bloomberg had estimated a net profit of Rs 402.50 crore. Sequentially, the net profit was down 29 per cent.

It's gross direct premium income rose 16 per cent to Rs 4,699 crore in the reporting quarter as against Rs 4,034 crore in the corresponding period of previous financial year and investment income saw a 20 per cent growth to Rs 532.23 crore.

However, its underwriting losses increased in Q3FY22 to Rs 269.19 crore as against Rs 100.73 crore in the previous quarter and Rs 135.41 crore in Q3FY21. Consequently, the combined ratio of the insurer, which is a measure of core profitability, for the quarter stood at 104.5 per cent as against 97.9 per cent in Q3FY21.

"In the current quarter, we are reporting combined numbers with the book that has come in from Bharti Axa general insurance. We have always been saying on a proforma basis, their combined ratio and ours put together was around 104 per cent. From now on, we will have to see how we will see the synergy benefits so that combined ratio comes under control", said Bhargav Dasgupta, MD&CEO, ICICI Lombard General Insurance.

"Generally, there has been a very aggressive market share grabbing approach followed by some of the players to show growth and that has impacted our overall pricing and cost structure", he added.

Solvency ratio of the insurer was 2.45x at the end of December quarter as against 2.49x at the end of September quarter.

PM crop insurance: Rs. 2,822-crore claims pending

From 2016-17 till date, many farmers, across States, who opted for the Pradhan Mantri Fasal Bima Yojana (PMFBY) have not received insurance claims. The outstanding amount of about Rs. 2,822.1 crore is thanks to the State governments not contributing their share to the scheme.

According to the Ministry of Agriculture and Farmers Welfare, the admissible claims under PMFBY are generally paid by the concerned insurance companies within two months of completion of Crop Cutting Experiments (CCEs)/harvesting period and one month of notification for invoking the risks/perils of prevented sowing, mid-season adversity and post-harvest losses. But this is subject to receipt of the total share of premium subsidy from the concerned government within time.

The Ministry data presented to the Lok Sabha in December shows that insurance companies have outstanding claims of Rs. 3, 381.1 crore for the period between 2016-17 and 2020-21. Of this, Rs. 2,822.1 crore is pending as the State governments have not paid the subsidy.

The PMFBY was introduced from kharif 2016 season. It is a voluntary scheme for States as well as farmers. States can participate in the scheme keeping in view their risk perception and financial considerations. Since the inception of the scheme, 27 States/ Union Territories have implemented the PMFBY in one or more seasons.

From the inception of the scheme till 2020-21, cumulatively 2,938.7 lakh farmers, with a sum insured of Rs. 10,49,342 crore, have been enrolled under the scheme.

The premium under the scheme is determined through biding. However, farmers have to pay a maximum 2 per cent for kharif, 1.5 per cent for rabi food and oilseed crops and 5 per cent for commercial/horticultural crops. The balance of actuarial/bidded premium is shared by the union and States on 50: 50 basis (except the North Eastern States). The premium rate of crops depends on the risk associated with them and the total liability of the State depends on the actuarial/bidded premium rate, sum insured of crops, area insured, and the number of crops notified by the States.

"Some States have not released their share of premium subsidies for certain seasons, and any specific reasons for such default have not been communicated," the Ministry told the Lok Sabha in November last year.

India to have own safety standards, rating for vehicles

India plans to roll out its vehicle safety standards, mirroring similar programmes globally, in a renewed push towards improving road and vehicle safety in the country that has one of the world's worst road safety records.

The Bharat New Car Assessment Programme (NCAP) will look at the safety of new vehicles and assign star ratings on their safety and sturdiness, in line with Global NCAP and European NCAP car safety programmes, road transport and highways minister Nitin Gadkari told reporters.

He did not give a timeframe for launching the new vehicle safety standards. Gadkari said consumer safety and public awareness about the safety norms are his ministry's prime focus.

He also said the government would make it mandatory for all new vehicles that can carry up to eight passengers to have at least six airbags. This will comprise side curtain airbags in addition to the current two front airbags. Other features such as a three-point seat belt and automatic emergency braking system (AEBS) will also be made mandatory for new passenger vehicles, he said.

To be sure, talks of an Indian NCAP for testing the safety of new vehicles have been doing the rounds for the past couple of years, but they are still to be formally introduced.

Gadkari said steps such as production linked incentive (PLI) schemes have led to an increase in domestic production of airbags, resulting in a drop in prices. He said fitting two airbags earlier used to cost automakers about Rs. 12,000, which has now declined to about Rs. 3,000 for airbags.

ICICI Lombard partners with Airtel Payments Bank to offer 'Cyber Insurance' to customers

Airtel Payments Bank has started offering Cyber Insurance in partnership with ICICI Lombard General Insurance Company.

The cyber insurance solution from ICICI Lombard provides financial protection to customers against potential financial fraud relating to banking, credit or debit card; identity theft; phishing or email spoofing and more.

Airtel Payments Bank customers can purchase this cyber insurance policy within minutes using the Airtel Thanks app. This insurance comes with ZERO waiting period and allows users to make multiple claims multiple times during the policy tenure, within the limits of the insured amount opted for. The policy will provide a 90-day discovery period followed by a seven-day reporting period. This means that if the insured discovers an unauthorised transaction processed from their card or account on the 90th day from the transaction date, they can still report it in the next seven days to the issuing bank or mobile wallet company.

Sanjeev Mantri, Executive Director, ICICI Lombard, said, "The Covid-19 pandemic has blurred the line between home and workplace. With numerous companies normalising work from home, abundant of data is being transcended into the open domain, hence sensitive information is more prone to security vulnerabilities today than ever before. We are excited to partner with Airtel Payments Bank as this pioneering tie-up will assert the company's pledge to provide innovative new-age risk solutions to our customers to prevent cyber-attacks exploding in the era of digital transformation."

Future Generali Launches Insurance Gifting Solution

Future Generali has launched two policies namely, those are Future Hospicash and Future Accident Suraksha with premiums starting from Rs 501. These policies will require no medical examination of the insured.

"FG Gift of Health has several unique features to ensure that the benefits of insurance can reach all segments of the society. Depending on the product chosen, the policy will cover incidental expenses during hospitalization by providing daily cash benefit and/or lump sum benefit in case of accidental injuries leading to disabilities/death. Once they realize the financial help and security that insurance offers, they are likely to consider renewal which will help us in deepening insurance penetration in the country," said Ruchika Malhan Varma, Chief Marketing Officer, Future Generali India Insurance

Future Hospicash is a medical insurance policy that covers incidental expenses in case of hospitalization including a fixed financial benefit for each day of hospitalization, irrespective of the actual incurred medical cost.

Future Accident Suraksha is a life insurance policy that provides the insured with a lump sum amount of money in case of accidental injury leading to death or disability.

Both these insurance plans can be gifted to your domestic help, cooks, drivers, gardeners, and others who need an insurance policy but can't buy one due to limited resources. Additionally, if one buys both insurance policies for the same insured person then you will get a 10 percent discount on the total premium. While these policies allow you to give them as a gift to individuals and their family which is their spouse and two dependent children, the age limit for dependent children is up to 25 years old.

One can give these insurance policies as a gift to your relatives and extended family members too and can be used for charitable causes. Just make sure that the NGO, old age home, orphanages, and other similar institutions are registered under Section 8 of the Companies Act, 2013 or under a central government/ state government database or under any applicable law prevailing at that time.

Edelweiss General Insurance Partners Ashv Finance for MSME Loan Protection Plans

Edelweiss General Insurance (EGI) has joined hands with Ashv Finance, a tech-led NBFC present in over 100 locations in India, to offer financial protection to latter's business loan borrowers, according to the insurer.

While Ashv is offering timely credit to fund the growth aspirations of small businesses and MSMEs, EGI will ensure that there are no brakes in achieving their dreams by offering health insurance cover to safeguard the financial interest of this very important segment.

As part of the deal, EGI will offer health insurance cover to all the customers of Ashv Finance in all major cities across the country. The policy will provide security against the business loan taken in case the borrower has an unfortunate incident of accident or critical illness, the report said. ❑

IRDAI

News

IRDAI proposes to make policyholders less accountable while porting health policy

Soon, insurers may be solely responsible for collecting the policyholder's claims information from the existing insurer after porting of a health policy. As a result, insurers will not be able to deny claims on the grounds of non-disclosure. Also, insurers will have to search the policyholder's essential medical and claims history from the existing insurer within five working days of receipt of the portability form.

The changes proposed by IRDAI are aimed at making policyholders less accountable while porting their health insurance policies.

Nikhil Kamdar, appointed actuary of Digit Insurance, said as per the proposed guidelines, insurers would be responsible for obtaining the policyholder's past claims history from the existing insurer. Previously, it was the responsibility of the insured to disclose these details to the new insurer, and future claims could be rejected if such details were not explicitly shared at the time of porting.

"Furthermore, insurers have been advised to publish on their website all information on the policyholder's responsibilities while porting their policies, apart from the sequence of steps to be followed. The proposed changes may make policyholders less accountable while porting. The insurers have a responsibility as they have to increase due diligence," Kamdar said.

The guidelines have also prescribed a period of five days from the receipt of the portability form for the port-in insurer to obtain all necessary information from the existing insurer.

Naval Goel, Founder and CEO, PolicyX.com said that by making portability a time-bound process, IRDAI aims to ensure that policyholders' requests are not pending for an undefined period.

"Since portability is quite a common trend in health insurance and it was mainly done manually, which you would consume for at least 15 days or more, this order was quite necessary. During this course, policyholders We were never sure whether they would get a new policy or not and if they did not get health insurance from the new insurer, it would put them in a difficult position. However, this will not happen with these new draft amendments," Goyal said. said.

In addition, IRDA has also proposed that the insurers should arrange for adequate number of public and private sector network providers across all geographies to provide cashless facility. Goyal said, "The main focus of health insurance is to provide cashless facilities to policyholders in dire situations. However, due to non-availability of network hospitals, policyholders suffer losses. Hence, this mandate further signifies the importance of health insurance and Ensure high reliability of customers' insurance policies."

IRDA has proposed these amendments in the regulation in consultation with the Insurance Advisory Committee. The draft is under review and IRDA has asked stakeholders to share their feedback.

IRDAI wants insurers at par with banks on legal recourse for surety bonds

IRDAI has taken up the issue of insurers being treated at par with banks when it comes to recovery recourse available to them for the surety bond business and the government has reacted positively to the concerns of the industry, said TL Almelu, member, Non-Life, Irdai.

Speaking at a seminar, Alamelu said, "Recently we had come with surety bond guidelines for which there is huge demand. However, we do understand the concerns raised by the insurers that they should have a recourse to recovery on par with the banks. This aspect has been taken up with the government and I can tell you that they have reacted extremely positively on the issue of trying to keep insurers at par with banks in the IBC code."

The general insurance companies are seeking changes in Indian Contract Act and Insolvency and Bankruptcy Code (IBC) to bring surety bonds at par with bank guarantees when it comes to recourse available to them in case of a default.

The finance minister in her Budget speech this year had said that surety bonds can be used as a substitute for bank guarantees for government procurement in order to reduce the indirect cost for suppliers and work contractors. The insurance industry had hailed this as a very positive move as this will give a big boost to project financing with overall improvement in project viability.

However, insurers are seeking legal recourse against defaulting contractors to whom the surety bonds are issued. Interestingly, the working group, which the insurance regulator had formed to study the viability of the surety bonds business, had recommended a robust legislation for surety bonds and other non-fund-based guarantees as a necessary condition for them to be introduced.

"Surety bonds may also be included in other Acts such as Insolvency and Bankruptcy code, 2016 and given equivalent status as bank guarantees to ensure speedy and effective resolution and enforcement of indemnity by surety providers", it had said.

A surety bond is a three-party contract by which one party (the surety) guarantees the performance or obligations of a second party (the principal) to a third party (the obligee).

Irdai raises concern over govt move

The insurance regulator has raised corporate governance concerns over the government's move to appoint one person as chairman of two state-run insurers.

The government had sought Insurance Regulatory and Development Authority of India's (Irdai) approval to appoint Anjan Dey as acting chairman of New India Assurance, a charge he already holds at New Delhi-based Oriental Insurance.

"The regulator has also cited section 203 of the Companies Act, expressing its disapproval," said a person in the know. Irdai did not respond to ET's email.

Irdai shared its concerns last week after the government sought its formal nod for the appointment. Section 203 of the Companies Act says a whole-time managerial personnel shall not hold office in more than one company except in its subsidiary.

This can be allowed if it is approved by a resolution with consent of all the company's board of directors. "There has been no such resolution passed by either Oriental or New India Assurance," the executive quote above said.

IRDAI red-flags LIC investment in IFSC

Life Insurance Corp. of India's (LIC's) bid to buy 15% in India International Exchange (IFSC) Ltd (India INX), a stock exchange located in Gujarat's GIFT City, has been blocked by the insurance regulator over a clause in the Insurance Act that bars insurers from acquiring overseas companies, two people directly aware of the matter said.

The International Financial Services Centre (IFSC) in Gift City is deemed as a foreign territory, although it is located on Indian soil. "The Indian government wants exchanges, depositories at IFSC to have an Indian flavour and have a diversified shareholding that is prevalent in exchanges of the mainboard. As part of this, there was a proposal where LIC could acquire 15% in India INX or NSE IFSC (NSE's GIFT situated exchange), but the regulator has raised an objection," one of the two people cited above said, seeking anonymity.

Two exchanges are located at GIFT City-India INX and NSE International Exchange. They are units of BSE Ltd and National Stock Exchange of India Ltd. India INX's only other big shareholder is ICICI Bank, which owns about 10% stake.

Recently, State Bank of India also announced a plan to acquire a 9.95% stake in India International Clearing Corp. (IFSC) Ltd.

According to the Insurance Regulatory and Development Authority of India (Irdai)'s interpretation, the GIFT or IFSC is a foreign jurisdiction, and thus companies in IFSC are outside India, said the second person, also requesting anonymity.

"No insurer shall directly or indirectly invest outside India the funds of the policyholders," according to Section 27E of the Insurance Act 2015.

In the case of LIC, the funds belonging to policyholders and shareholders are not bifurcated, which has complicated the problem.

"The exchanges have made some representations to the regulator and LIC, stating that the exchanges are set up under India's Companies Act, 2013, so technically they are Indian companies and not overseas entities. However, the regulator has not accepted this argument," said the first person. ❑

LIC of India

News

Govt files LIC DRHP, may mop up Rs. 1-lakh cr

LIC filed its draft red herring prospectus (DRHP) with SEBI.The issue is completely an offer for sale of 31,62,49,885 equity shares by the promoter, which holds a 100 per cent stake in the insurance behemoth. The President of India, acting through the Ministry of Finance, Government of India, is the promoter.

The government of India is selling a 5 per cent stake in the IPO.

50 per cent of the net issue is reserved for qualified institutional buyers (QIBs), whereas non-institutional buyers will have 15 per cent of shares allocated for them.

The retail portion has been fixed at 35 per cent of the offer. The issue is likely to have reservations for eligible employees and policyholders of the company, according to the DRHP.

One third of the anchor portion will be reserved for the domestic mutual funds, it added.

Actuarial firm Milliman Advisors LLP India had worked out the embedded value of LIC, while Deloitte and SBI Caps are appointed as pre-IPO transaction advisors. LIC has assets worth Rs 44 trillion as of the Financial Year 2020-21.

LIC has 8 zonal offices, which operate 113 divisional offices and 2,048 branches with 11.48 lakh agents across the country.

LIC has over 29 crore policyholders, having a separate quote for them if the policy is linked to their PAN Card.

"The DRHP of LIC IPO has been filed with the SEBI," Department of Investment and Public Asset Management (DIPAM) Secretary Tuhin Kanta Pandey tweeted.

Kotak Mahindra Capital Company, Axis Capital, BofA Securities India, JM Financial, Goldman Sachs (India) Securities, ICICI Securities, Citigroup Global Markets India, JP Morgan India, Nomura Financial Advisory and Securities (India) and SBI Capital Markets are the book running lead managers for the company.

KFin Technologies has been appointed as the registrar for the issue. Shares of the company will be listed on both the NSE and BSE.

LIC has a 66 per cent market share in New Business Premiums with 28.3 crore policies and 13.5 lakhs agents as of 31st March 2021.

The embedded value of LIC as of 30th September 2021 is Rs 5,39,686 crore (about INR 5.4 trillion).

LIC fares well in cost to premium ratio

Life Insurance Corporation (LIC), which has a nearly two-thirds market share, fares well in agent productivity and in cost-to-premium ratio.

According to the draft prospectus filed by the insurer , LIC has the highest commission-to-premium ratio of 5.5% against the median of 4.4% for the top five private players. The lowest commission ratio is for SBI Life (3.5%). The higher commission is because LIC primarily relies on its agency force to distribute policies, whereas many private companies have a large part of their distribution through banks.

In bancassurance, or bank-led distribution, a big chunk of the distribution costs is bunched with operating expenses. LIC fares relatively better here with an operating expense-to-premium ratio of 8.7% as compared to a median of 11.9%.

Insurer gets time till Jan '23 to dispose of 'other investments'

Life Insurance Corporation (LIC) has received the insurance regulator's nod for time till January-end 2023 to dispose of investments in pension, group and life annuity funds, which do not fall in the "approved investment" category.

Had the Insurance Regulatory and Development Authority (Irdai) denied more time to transfer the investments to shareholders' fund at amortised cost, the loss that would have accrued in the profit and loss account (shareholders account) would have been Rs 5,365.83 crore as of September 2021, LIC said in its draft red herring prospectus (DRHP).

LIC is mandated to transfer those investments to shareholders' fund at amortised cost, 90 days after such investments are reclassified as "other investments", which it is yet to be undertaken.

Irdai has allowed LIC to hold those investments under "other investment" category till January 2023, subject to the latter complying with the regulator's investment regulations by the same date as there will be no further extension. Further, LIC has to comply with the extant regulations with regard to all its new investments in pension, group, and annuity funds.

In the DRHP, LIC has said that as of September 2021, it had "other investments" of Rs 11,289.36 crore (of which Rs 24.74 crore was in equity and Rs 11,264.62 crore in debt instruments) in the pension, group, and life annuity funds that have not been transferred even after 90 days of them becoming part of "other investments".

LIC's unclaimed money tops many ministries' budgets

The amount of money lying unclaimed with the Life Insurance Corporation of India dwarfs the budgets of many ministries.

There was Rs 21,539.5 crore which lay unclaimed with India's largest insurance company, according to details in the initial public offer (IPO) document it filed over the weekend. The regulatory documentation is ahead of LIC selling shares to the public through the stock exchange for the first time this financial year. This will be India's largest ever public listing.

Unclaimed amounts include settled claims which haven't been paid out, sums which become due when policies mature as well as excess amounts paid which are to be refunded. The largest amount due is because of policies matured but where the money hasn't reached the investor. They account for Rs 19,285.6 crore or nearly 90 per cent of the total amount.

The scale of the outstanding amount is higher than the budgets of many central government ministries. It is larger than the budget for the ministry of civil aviation (Rs 10,667 crore), ministry of electronics and information technology (Rs 14,300 crore), the ministry of external affairs (Rs 17,250 crore) and the ministry of environment, forests and climate change (Rs 3,030 crore). The total unclaimed amount rose 16.5 per cent in the six months since March 2021.

IPO-bound LIC ropes in 6 ind directors

Ahead of initial public offering (IPO), Life Insurance Corporation (LIC) has appointed six independent directors on its board to meet regulatory norms of corporate governance. LIC appointed former financial services secretary Anjuly Chib Duggal, ex-Sebi member G Mahalingam, former SBI Life managing director Sanjeev Nautiyal, sources said.

Besides, chartered accountant MP Vijay Kumar, Raj Kamal, and V S Parthasarathy are roped in as independent directors on LIC's board. With the appointment, the total number of independent directors goes up to 9 and all vacancies are filled.

Fulfilling corporate governance norms is an important element for filing Draft Red Herring Prospectus (DRHP) with the Securities Exchange Board of India (Sebi).

The central government is expected to file draft papers for the mega initial public offering of LIC with market regulator Sebi by this week, Department of Investment and Public Asset Management (DIPAM) Secretary Tuhin Kanta Pandey had said.

The embedded value of LIC has been arrived at and it is over Rs 5 lakh crore. The size of the issue would be mentioned in the DRHP. The issue, after approval of Sebi, is likely to hit the market in March, Pandey said. Up to 10 per cent of the LIC IPO issue size would be reserved for policyholders.

LIC didn't pay dividend to govt in FY21: Union Minister Karad

Life Insurance Corporation (LIC) did not pay any dividend to the government in the last financial year and used the free reserves to increase its paid-up capital, which has now risen to Rs 6,325 crore, the government told Rajya Sabha.

In 2019-20 fiscal, the insurance behemoth, which is set for an Initial Public Offer (IPO), paid Rs 2,610.75 crore as dividend to the government from profits pertaining to FY 2018-19.

Citing data received from LIC, Minister of State for Finance Bhagwat Karad said no dividend was paid in FY 2020-21 as the Insurance Regulatory and Development Authority of India (Irdai) had instructed insurers to refrain from dividend payouts from profits pertaining to the financial year ending March 31, 2020.

LIC chief bats for deploying bionic agents

The chairman of IPO-bound LIC, M R Kumar, has said that digital platforms embedding insurance in a bid to monetise their user base poses a challenge for insurers. Kumar has proposed a strategy of deploying 'bionic' agents by extending tech support in the form of digital tools and analytics to the agency force.

The LIC chairman said that the millennial segment was seeking a superior experience and this called for insurers to reimagine their journey & process, and partnering insuretech companies to achieve this was an opportunity. "Insurers need to explore partnerships with large digital platforms, creating win-win models," said Kumar. This would be possible by insurance companies deploying a sales force of bionic agents by equipping agents with next-generation tools.

LIC third largest, but gives highest RoE of 82%: CRISIL

LIC is not only the world's largest when it comes to home-market share with over 64.1 per cent of the total gross written premium as of 2020 but also the one that offers the highest return on equity at 82 per cent, apart from being the third-largest in terms of life insurance premium, says a Crisil report.

While for LIC the market share has been steadily declining--down from 100 per cent in the pre-2000 era to 71.8 per cent in 2016 and further down to 64.1 per cent in 2020, for SBI Life, which is the second-largest in the country, the same was only 5 per cent in 2016 and 8 per cent in 2020, Crisil said in a report prepared in November 2021 which is not yet made publicly available.

At 64.1 per cent or with a gross written premium (GWP) of USD 56.405 billion, LIC's market share is unparalleled globally, with no other life insurer anywhere else enjoying such a high market share, says the report.

It attributed this to the Corporation's enormous agent network of 1.35 million individual agents as of March 2021 accounting for 55 per cent of the total agent network in the country and was 7.2 times the numbers of agents of the second-largest life insurer SBI Life has, strong track record, immense trust in the LIC brand and its over 65 years of lineage.

Market share elsewhere, the Chinese market is dominated by Ping An Insurance and China Life Insurance, with 21 per cent (GWP at USD 74.13 billion) and 20 per cent (USD 69.65 billion). The largest Japanese player Nippon Life's market share is only 16.2 per cent (USD 39.84 billion).

However, nowhere else in the world is the market share gap between the largest and the second largest as stark as here, with the second-largest player SBI Life having only 8 per cent market share compared to LIC's 64.1 per cent fiscal 2021, says the report.

LIC launches special revival campaign for lapsed policies

Life Insurance Corporation of India (LIC) has announced a special revival campaign for individual lapsed policies from February 7 to March 25.

This is the second such campaign for revival of lapsed policies that it has launched this fiscal year.

"In view of the prevailing circumstances, concessions are being offered in late fee for other than term assurance and high risk plans, depending on the total premiums paid," LIC said in a statement, adding that there are no concessions on medical requirements.

"Eligible health and micro insurance plans also qualify for the concession in late fee," it further said.

Policies of specific eligible plans can be revived within five years from date of the first unpaid premium.

"While the current Covid-19 pandemic scenario has emphasised the need for mortality protection, this campaign is a good opportunity for LIC's policyholders to revive their policies, restore life cover and ensure financial security for their family," the life insurer said.

A maximum concession of 20 per cent to 30 per cent or Rs 2,000 to Rs 3,000 in late fees depending on the premium for conventional and health policies is also available. In the case of micro insurance policies, 100 per cent waiver in late fees is available.

LIC AUM rose Rs. 1 trillion from March-Sept '21

LIC of India's assets under management (AUM) increased to Rs 38 trillion as of September 2021, compared with Rs 37 trillion as of March 2021, said sources in the know. Its AUM is almost 3x the AUM of all the private life insurers in the country and over 15x more than the AUM of the second largest life insurer, SBI Life, as of September 2021.

SBI Life's AUM was approximately Rs 2.4 trillion as of September 2021, said sources. Also, as of September 2021, 61.67 per cent of LIC's AUM was held in participating policies, 37 per cent in non-participating policyholder investments, 1.15 per cent in unit-linked policies, and 0.16 per cent in shareholder's investment.

LIC Housing or IDBI has to stop home loan biz by Nov next year

With Life Insurance Corporation (LIC) becoming a parent company of both IDBI Bank and LIC Housing Finance, either of the subsidiaries will have to wind down its home loan business in the next 20 months, according to the Reserve Bank of India's (RBI's) condition while approving the insurance behemoth's takeover of the erstwhile public sector lender.

In its approval letter dated November 2, 2018, for the acquisition of additional shares by LIC in IDBI Bank, the banking regulator said either of LIC's associates would have to cease its housing finance business within five years of the date of the approval letter.

Housing finance will be conducted only by one entity, the insurer said, in the draft red herring prospectus (DRHP) for its initial public offering (IPO). The five-year period will end in November 2023. ❑

Health Insurance News

Insurers push for GST cut on health policies

With Covid pandemic still playing havoc in the country, the insurance sector is pushing for a reduction in the GST on health policies to bring more people under the insurance umbrella.

Overtaking the motor segment, the health sector has already become the fastest growing segment in the insurance sector after the pandemic hit the country in March 2020 and medical costs surged.

Currently, protecting health is paramount and in this context, a health insurance should be viewed as an essential commodity, insurance experts said. "I would request the Finance Minister to consider the reduction of GST for health insurance from the current 18 per cent to the lowest slab of 5 per cent. This move will also make health policies more affordable and push more and more people to buy a health cover," said Shanai Ghosh, Executive Director & CEO, Edelweiss General Insurance.

"The government should consider a drastic reduction in the GST applicable on health insurance premiums which is currently charged at 18 per cent. This will encourage people to purchase health insurance and additional top-up plans to protect themselves from medical crises and emergencies," said Roopam Asthana, CEO & Whole-Time Director, Liberty General Insurance.

Covid has shaken people and made them realise the importance of having a health insurance, insurance experts said. However, to close down on the gap between realisation and intention to actually buying health insurance, it would really help if the government could consider increasing the tax deduction limit under section 80D of the Income Tax Act for health policies. Given the high medical costs, a higher tax rebate will ensure more disposable income with the growing middle class, thereby encouraging them to buy the much-needed health policy, Ghosh said.

"In the upcoming union budget, we request the government to intensify steps towards increasing insurance penetration in the country, since even a large part of the population in the country still remains underinsured or uninsured," Asthana said. As per IRDAI's Annual Report-2020-21, insurance penetration in India stands at 4.2 per cent of the GDP as against the global average of 7.4 per cent, and as of March, 2021 the non-life insurance penetration in India stood at barely 1 per cent.

Health insurance claims stay stable

With the third wave of the pandemic proving to be less severe than the first two, there has not been a significant rise in health insurance claims for the general insurance sector which had seen a deluge of claims after the second wave.

"There have not been too many cases of hospitalisation in the current cycle of Covid-19. Hospitalisation was only in cases where the patient had some other complication; most patients managed under home isolation this time," said Bhaskar Nerukar, Head - Health Claims, Bajaj Allianz General Insurance.

At present, Covid-related claims for the insurer are at just 8 per cent of the claims it received in the second wave of the pandemic.

"As the infection is milder, the Covid-related claim size also came down by 17-18 per cent while the duration of hospital stay is also lesser. Even in

terms of home isolation, just 10 per cent of the overall Covid-19 claims are for home isolation this time, compared to 25 per cent at the peak of the second wave," Nerurkar said.

However, this time around too, claims for other hospitalisations have come down as people may be postponing elective and non-urgent procedures. These claims have come down by almost nine per cent, he added.

According to Satish Gidugu, CEO and

Whole Time Director, MediAssist Healthcare Services, Covid-related claims had begun to stabilise in the October to December 2021 quarter and amounted to just three to four per cent of the total claims compared to a peak of 70 to 80 per cent in the second wave.

"In the third wave, we do see volumes with about 11 per cent to 12 per cent of our claims coming from Covid but there is much lesser severity, and there isn't a crisis situation as seen in the second wave," he said.

Both the duration of stay and average claim amount were lower in the third wave for the hospitalisation cases facilitated by MediAssist.

In January 2022, the average claim size for a Covid-related hospitalisation was Rs. 93,000 and the duration of stay was six days, according to MediAssist for its cases.

Demand for health insurance products picks up pace

With Covid-19 cases across the country rising rapidly once again, demand for health insurance products has spiked. Insurers are seeing an uptick in inquiries for such products and underwriting more premiums in the segment.

Already, health insurance was growing at a rapid pace since the onset of the pandemic as awareness around risk had heightened among consumers. But the country recorded more than 600,000 Covid-19 cases in the past week, which is almost a six-fold rise than the previous week.

Owing to this, the spike in demand for health insurance products is inevitable, experts said.

But the peculiar difference this time is that consumers are looking for more holistic health products rather than the normal mediclaim policies. In the first wave, Covid-specific products were in huge demand and during the second wave, consumers opted for more comprehensive products.

Amit Chhabra, business head - health - Policybazaar.com, said, "We have seen a robust increase in demand for health insurance products in the past few days as Covid cases have spiked across the country. "Leads for health products have gone up by 30 per cent, and daily premiums are up 45 per cent. The demand for health products is steeper than what we have seen so far."

"There is an organic demand for policies, which give early Covid coverage. Consumers are also looking for policies that cover consumables or opting for riders. Even renewal persistence for health insurance has gone up by almost 3 per cent," he said.

The health segment has grown by 29.2 per cent till November FY22, which is more than double the growth of 12.7 per cent witnessed in the corresponding period of FY21. This has resulted in the health segment increasing its market share from 25.9 per cent to 33.5 per cent. Standalone health insurers have seen a better growth in health premiums than their counterparts in the general insurance space. This indicates that retail premiums are growing faster than the group business.

"There has definitely been an increase in demand for health insurance products, inquiries have gone up, and these are more from the younger generation. With the experience of the two earlier waves, people are looking at more comprehensive policies, and not restricting themselves to just Covid-specific policies. They are also looking at more holistic health insurance policies and opting for required add-on covers which can help them reduce out-of-pocket expenses," said Gurdeep Singh Batra, head of retail underwriting, Bajaj Allianz General Insurance.

"The demand for health insurance will not go down after the current wave, but the immediate spike may become more even. Also, health insurance will continuously see growth in the next two years with more comprehensive products and services being included," he added.

Covid health cover claims surge to Rs. 36K cr, most from Maharashtra

Insurance companies received 28.46 lakh claims for Rs 36,003 crore in the last 22 months (till February 4) from people affected by the coronavirus, with claims worth Rs 4,300 crore coming in the last four months.

Of this, insurers have settled 25.53 lakh claims for Rs 23,595 crore to date for the reason that Covid pandemic started in March 2020, in accordance to figures compiled by the General Insurance Council. Companies have repudiated 1.98 lakh claims for Rs 1,459 crore to date. Maharashtra reported the utmost variety of claims at 9.3 lakh for Rs 9,637 crore, adopted by Gujarat with 3.44 lakh claims for Rs 4,345 crore, and Tamil Nadu with 2.85 lakh claims for Rs 4,144 crore. Insurers settled 8.46 lakh claims for Rs 6,511 crore in Maharashtra.

The common dimension of the Covid declare on the all- India degree works out to Rs 1,26,467 whereas the dimensions of the settled declare per particular person is Rs 92,411. Indicating poor health cover penetration, insurers acquired solely 93,386 claims for Rs 701 crore from Kerala, which reviews the most Covid circumstances now. The common dimension of the declare settled per particular person in Kerala can be one of many lowest at Rs 57,294. Uttar Pradesh accounted for the utmost quantity settled per particular person at Rs 1,24,720.

Telangana reported the very best common per particular person Covid declare of Rs 183,670. ❑

Private Life Insurance News

New biz premium of life firms sees tepid growth

Life insurers reported muted growth in new business premiums (NBP) in January after a tepid showing in December, owing to single-digit growth in private insurers' NBP and degr-owth in initial public offering-bound Life Insurance Corpor-ation (LIC) of India's NBP.

The third wave of the pandemic, attributed to the Omicron variant, was at its peak in January and could have impacted life insurers' performance. Also, many insurers, particularly in the private space, increased their term plan premiums during this period, which could have had an impact on business.

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

NBP of the overall industry in January reported a marginal 2.65 per cent growth to Rs 21,957.04 crore over the same period a year ago. While private insurers' NBP in January grew 9.4 per cent to Rs 9,020 crore, state-owned insurance behemoth LIC's NBP contracted 1.57 per cent to Rs 12,936.29 crore, revealed the data released by the Life Insurance Council - an industry body for life insurers.

"The January numbers were muted with the industry growth rate dipping to 7 per cent versus a yearly growth rate of close to 20 per cent in terms of individual new business (regular) premium. This has been triggered by the Covid 3rd wave, which impacted a large population in January. We also observed a high recovery rate amongst those infected. Thus, we expect the industry to bounce back in the months of February and March", said Rushabh Gandhi, Deputy CEO, IndiaFirst Life Insurance.

Among listed private players, SBI Life's NBP was up 4 per cent, HDFC Life saw 9 per cent growth, and ICICI Prudential Life's NBP grew 1.4 per cent. Max Life, on the other hand, saw its NBP contract 17 per cent in the same period. However, Bajaj Allianz Life's NBP was up 34.53 per cent. Commenting on the business growth, Tarun Chugh, MD & CEO, Bajaj Allianz Life, said, "It's been our sustained att-empt to write business responsibly i.e. sell the right kind of products to the right customer after analysing their needs. Towards this we have invested across the board from products to training to tools and so on. This process also enabled us to write quality business".

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

While in the October-December quarter, NBP of life insurers jumped 10.45 per cent to Rs 73,249.97 crore over the same period last year, mainly backed by robust growth of private insurers' NBP, in the second quarter, they netted NBP of Rs 75,392 crore, up 16 per cent from the same period last year.

Insurance stocks continue to underperform

As the government and bankers gear up for the mega initial public offering of LIC, a niggling worry for them could be the lower appetite for insurance companies among investors of late. Shares of the seven listed insurance companies have underperformed the market in the past three to six months due to expensive valuations and the multiple business challenges they faced during the pandemic.

Shares of HDFC Life Insurance, the largest insurance firm in terms of market capitalisation, have declined 15% in three months and 10% over the past six months. SBI Life Insurance, the second-biggest, fell 7% in three months and 1% in the previous six months.

The benchmark Nifty fell 3% in three months but gained 7.4% in six months. "Insurance companies are facing pressure on profitability due to high claim ratios both genuine as well as fraudulent, in health and life segments arising due to Covid and related complications," said Piyush Nagda, head-investment products, Prabhudas Lilladher. "On top of it, new premium growth has slowed in last 2-3 quarters as insurance companies are not willing to underwrite new risk due to uncertainties."

According to data released by the Insurance Regulatory and Development Authority of India early this week, India's life insurers' new business premium declined nearly 9% to Rs 21,957 crore in January 2022 over the preceding month. Overall growth in APE (annual premium equivalent) for private life insurers was at 7% in January year-on-year. Individual APE was at 6.9% in January 2022 despite a low base of 7% in January 2021.

Analysts said the decline could be on account of a ban on agents by one of the leading listed insurer against selling policies in various areas of the countries. This could not be independently verified.

Shares of ICICI Prudential Life Insurance and ICICI Lombard General Insurance have dropped 21% and 10% in the past three months, respectively. "While the business growth remains healthy, concern over the valuations is one of the key reasons for their underperformance," said Ajit Mishra, VP - research, Religare Broking.

Term Covers should not be bundled with other products

Pure term insurance should be placed in a different category as tax-saving instruments and should not be bundled with other insurance products, which are largely investment products, feels Yashish Dahiya, CEO of Policy Bazaar, one of the largest online integrated insurance platforms.

Speaking at a webinar organised by CII, the Policy Bazaar CEO advocated for a different category for tax concessions by saying it would give a big boost to pure insurance where penetration in India is very low. "Inclusion in tax concession instruments will give a big fillip to the term product. There should be tax advantages for pension products as well," he added.

Dahiya also batted for reverse mortgage products for elderly people and inheritance tax for transfer of assets to next generations. Earlier, the chairman and MD of National Insurance, Suchita Gupta, and SBI General Insurance senior VP and head of health insurance S Deshpande said that health insurance as a sector has overcome motor cover segment following Covid-19.

Tata AIA Life announces support to AIA in One Billion Movement

Tata AIA Life Insurance Co. Ltd. (Tata AIA Life), announced its support to the AIA One Billion Campaign initiated by the AIA Group Limited ("AIA" or the "Company"). AIA One Billion is a bold campaign to engage a billion people globally to live Healthier, Longer, Better Lives by 2030. The aim of this movement is to improve the health and wellness of individuals and help create a more sustainable future, it said in a press release.

Naveen Tahilyani, MD & CEO, Tata AIA Life, said, "As part of the Group, Tata AIA Life is proud to partner in this global initiative with AIA and we hope to make a significant contribution to this cause given a part our vision has always been to enable dreams, and inspire healthier, happier lives. As we progress in our transition from being a payor to partnering consumers in their life, health, and wellness journey with comprehensive offerings customized to evolving needs, it is critical that we craft consumer conversations that create awareness about holistic health and wellness."

The movement will adopt a 360-degree communication module comprising several touchpoints across internal, external, and social channels to kick-start the AIA One Billion Movement. The initiative proposes to motivate consumers to embrace health & wellness-oriented activities, through simple actions in their daily life.

Bank of Baroda acquires Union Bank of India's 21% stake IndiaFirst Life Insurance

Pursuant to a 'Right of First Offer' (ROFO) made by Union Bank of India (UBI) to the existing shareholders of IndiaFirst Life Insurance Company Limited (a joint venture between Bank of Baroda (BOB), Union Bank of India (UBI) and Carmel Point Investments India Pvt Ltd), to divest 21% of its stake in IndiaFirst Life Insurance Company Limited and on completion of related processes under the Shareholders Agreement (SHA) and further, consequent upon receiving approvals from the respective Boards of both Banks, it has been decided by Bank of Baroda to acquire the 21% stake of Union Bank of India in IndiaFirst Life Insurance Company Limited, subject to receiving all statutory and regulatory approvals.

On conclusion of this stake sale process, the revised shareholding in IndiaFirst Life Insurance Company Limited will be Bank of Baroda-65%, Carmel Point Investments India Pvt Ltd-26% and Union Bank of India- 9%. IndiaFirst Life Insurance Company Limited will continue to have long term agency distribution agreement with both Banks (BOB and UBI), even after this stake sale. ❑

International News

General insurance industry in Australia to reach $73.6bn in 2026

The general insurance industry in Australia is projected to grow at a compound annual growth rate (CAGR) of 6.4% from AUD73.29bn ($54.6bn) in 2021 to AUD99.87bn ($73.6bn) in 2026, in terms of direct written premiums (DWP), according to GlobalData, a leading data, and analytics company.

GlobalData exects strong economic recovery, increasing vehicle sales, and growing demand for natural-catastrophic (nat-cat) policies to support the growth of the Australian general insurance industry during the review period.

Md Shabbir Ansari, Senior Insurance Analyst at GlobalData, comments: "Australian economy is expected to grow by 3.8% in 2021 as compared to a decline of 2.5% in 2020. In line with the economic growth, general insurance industry in Australia grew by 6.7% in 2021 as compared to the 4.0% growth in 2020."

Personal accident and health (PA&H) insurance is the largest segment in the Australian general insurance industry, accounting for 36.7% of DWP in 2021. PA&H policies in Australia are mostly sold as riders or additional insurance not covered by the public health insurance system. The segment grew by 0.7% in 2021 against a decline of 0.2% in 2020, supported by increased premium rates by the government amidst rising medical costs. PA&H insurance is expected to grow at a CAGR of 4.5% during 2021-2026.

Motor Insurance is the second largest segment, accounting for 24.2% of general insurance DWP in 2021. After slowing down in 2020, the segment grew by 6.0% in 2021, backed by growth in motor vehicles sales, which grew by 14.5%. Motor insurance is expected to grow at a CAGR of 6.4% during 2021-2026.

Property insurance is the third-largest segment with 22.3% share in 2021. The segment grew by 9.5% in 2021, driven by the demand for natural catastrophes policies. Increased number of natural calamities in the last two years, such as hailstorms, bushfire and floods, have prompted insurers to increase the price for these policies. Property insurance is expected to grow at a CAGR of 7.2% during 2021-2026.

The remaining 16.8% share will be accounted by Liability, Financial lines, Marine, Aviation, and Transit (MAT), and Miscellaneous insurance.

Ansari concludes: "Australian general insurance industry is expected to maintain its positive growth momentum over the next five years driven by strong economic recovery. The profitability of insurers, however, will remain clouded due to escalating losses from increased frequency of natural calamities and rising medical costs."

Hungary's insurance industry to reach $5.67 billion in 2025, driven by economic recovery

Hungary's insurance industry is projected to grow at a compound annual growth rate (CAGR) of 6.3% from HUF1,204.86 billion ($3.91 billion) in 2020 to HUF1,635.5 billion ($5.67 billion) in 2025, in terms of gross written premiums (GWP), according to GlobalData, a leading data, and analytics company.

According to GlobalData, Hungary's insurance industry is poised for a strong recovery in 2022 driven by government support measures for economic recovery and buoyant consumer confidence.

Rakesh Raj, Senior Insurance Analyst at GlobalData comments: "After contracting by 4.7% in 2020, the Hungarian economy is expected to grow by 7.4% in 2021. The recovery in the economy, as well as government-initiated stimulus programs, will support the insurance industry's growth in the country."

The government initiated various stimulus programs such as income tax reliefs, re-introduction of the 13th monthly pension scheme, and an increase in administrative wages are expected to improve household consumption and support the Hungarian insurance industry which is expected to grow by 5.3% in 2021.

Insurers need to adapt policies as majority of UK consumers intend to continue working from home post-pandemic

The vast majority of UK consumers believe they will continue to work from home for at least two days a week post-COVID-19, which will have long-term effects on a range of insurance lines, according to GlobalData, a leading data and analytics company.

GlobalData's 2021 UK Insurance Consumer Survey found that only 19.1% of respondents believed they would be in the office for four or five days a week after the pandemic, compared to 53.2% of respondents who believed they would be in the office for two or three days a week. The survey was conducted in Q3 2021, and had 4,000 respondents, so over a year into the pandemic, which suggests consumers have a good idea of what their situations will be.

Ben Carey-Evans, Insurance Analyst at GlobalData, comments: "This isn't necessarily bad news for insurers, but they will need to adapt several policies to fit the new climate. The challenge for insurers is that the working world has suddenly evolved by decades in the space of one event. This requires them to adapt quickly or risk losing customers across a range of lines. Flexibility is likely to be the key, but the cheaper premiums that come with it are also unlikely to suit insurers who are often facing increased risk – particularly in commercial lines."

The most obvious issue for insurers is commercial property. So far, this line has seen premiums increase significantly since the start of the pandemic. However, this increase can be attributed to claims inflation.

Carey-Evans explains: "Rising premium prices will only make it harder for insurers to maintain customers, especially while fewer people are in offices. It is perhaps a line that insurers will need to be flexible in going forward, offering some companies flexible employee liability rates based on how many people are in the office on a particular day, for example."

The same can be said for personal motor insurance policies. Commuting will be one of the main reasons for people having cars, and especially their mileage. Employees now working one or two days a week may want to retain their cars but are likely to feel they should be paying less than when they were driving to and from work every day.

Carey-Evans adds: "Insurers face more of a threat from competitors and start-ups here, as pay-per-mile car insurance is becoming more mainstream and fits perfectly with post-COVID-19 employees.

Driven by insurance awareness and economic recovery, life insurance industry of Indonesia to witness 8.9% CAGR in 2025

The life insurance industry in Indonesia is projected to grow at a compound annual growth rate (CAGR) of 8.9% from IDR173.0 trillion ($11.8bn) in 2020 to IDR265.3 trillion ($17.4bn) in 2025, in terms of gross written premiums (GWP), according to GlobalData, a leading data and analytics company.

According to GlobalData, the Indonesian life insurance industry is poised for a strong recovery in 2022 driven by increased insurance awareness due to the COVID-19 pandemic and improving economic conditions.

Deblina Mitra, Senior Insurance Analyst at GlobalData, comments: "Life insurance industry in Indonesia rebounded strongly in 2021 with the pandemic highlighting the financial benefits associated with life insurance products, thereby supporting its demand."

Life insurance growth was also supported by a stable macroeconomic environment led by the government's accommodating fiscal and monetary policy. These policies created a stable investment environment for insurers and allowed them to offer products with attractive returns. The trend is expected to continue in 2022, and the life insurance industry is projected to grow by 8.5% in 2022.

Endowment is the leading business line in Indonesia's life insurance industry accounting for over 82% of the GWP in 2020. Stable market returns on unit-linked products despite a pandemic-driven slowdown in 2020 and 2021 supported demand for endowment products. Additionally, in 2020, the regulator allowed many insurers to sell unit-linked products online, thereby increasing its accessibility and aiding growth. These factors will continue to support endowment insurance which is expected to grow by 8.2% in 2022.

Protection insurance products such as term life and personal accident and health (PA&H) collectively accounted for 15% of the life insurance GWP in 2020. Both these lines are expected to record a growth of around 9% each in 2022. ❑

INSURANCE PRODUCT DEVELOPMENT IN THE DIGITAL WORLD

ABSTRACT

Product development is the skeleton of insurance industry and developing new products is not a mere supply-demand situation, but it is rather identifying which product will best serve the needs of today's increasingly demanding insurance customers.

Insurers are determined to make every moving part of their business serve the customer, and what this means in concrete terms is that every division of the business has a contribution to make towards the creation of customer-centric products while trying to address a certain business problem or planning new revenue streams for the organization.

Typically, new products are built with the customer in mind and more 'benefit-rich' it is, the easier it is to push on to the customer. In order to create more value for customers, Insurers are focused on building products which aligns with artificial intelligence, cyber security, IoT, digital analytics etc. Nowadays, Insurers are rapidly investing in Disruption and Digital Innovation, but they are failing to recognize that the root, which supports the same, is Product development.

There are many external forces to the insurance company like economic trends, the agendas of independent agents, the activities of competitors, and the expectations and price sensitivity of the insurance market, which directly affect the premium volume, and profitability of the product.

In order to adapt to the external forces, the base structure of a product is crucial. However, if the base structure is not modified, innovations will not happen. The companies have to be more inclusive and flexible in the base structure, which can accommodate innovation.

Product diversification is a key factor, which leads to creation of creative and innovative products. Only true experimentation will create product diversification and sometimes it can lead to failure. Nevertheless, investing in these failures can bring a new product into the market. Therefore, the steppingstone of innovation is product development.

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The insurers who coagulate innovation in product development tends to lead the market. Moreover, business in a VUCA world where change is the only constant, is transforming the business world because of economic, political, technological, and environmental forces. Therefore, constant and rigorous innovation is the only way to secure and defend a competitive edge, which helps in realizing new revenue opportunities needed for sustained profitable growth.

The new era of Insurance with digitalization should start with innovation, which embodies multiple layers of creativity, requiring an understanding of the heart and voice of the customers, which is an essential component of insightful decision-making across business disciplines.

The best practices that help shape innovation activities serve as a critical tool with respect to product development. Speed, Adaptability, and Risk protection are the key areas expected by the customers in a digital world. The strategic and tactical plans articulated by management to pursue competitive advantage, sustainable organic growth and profitability is backed by clearly stated guidelines for innovation and ensuring that not only profit is attained but customer satisfaction is also achieved because of the innovation. Thus, insurers can attain attention of customers of different industries towards their model of product.

Introduction

Digital technology is transforming the end-to-end value chain. Digital transformation is taking place throughout the entire industry value chain - from sales and distribution, to product development, underwriting and claims management. Insurance industry is undergoing a perfect storm; changing customer demands, advancement in technology, increases in data, the impact of natural disasters, shifting demographics and evolving regulations are just some of the factors that shake the roots of the industry. Customized insurance products are released using technologies such as Internet of Things (IoT), artificial intelligence (AI) and big data. Car insurance products linked with individual driving habits and mileage through IoT devices have been unveiled.

Customers want more from their insurers, be it, corporate customers or consumers. They all now expect the speed and elegance to digital retail conducting business with "when they want, where they want" using channels of their choice. Customers are increasingly focused and able to compare offerings and prices with competitors in an instant.

Technology is creating a wealth of new possibilities; the advent of Big Data creates opportunities to insurance to make use of unprecedented insights into the end customer's life, property, health, wealth and behavioral patterns using artificial intelligence.

This allows insurers to swift through this data quickly and efficiently enabling more personalized approaches to risk management, reduce liabilities and lower premiums in return. The ability to access data faster than ever before also allows insurers to the settle claims more quickly.

In the past, a common strategy of insurance players was to wait for the competitor to move first in order to see whether a new direction was successful or not. But that strategy does not work in this disruptive environment with new competitors outside insurance space. All these changes have given rise to new players with new ways of working and competitive business model. So, as Insurance can turn into a very different market in the future; how can insurers navigate change and achieve success is the question.

In such environment, it is important to learn fast as established players will find ways to be more versatile, it is essential to think like a disrupter and act like a Startup while maintaining a clear focus on the customers.

In times of rapid change, it is hard to separate facts from fiction. Whereas it is easy to learn by the latest trend and to blindly copy, what the competition is doing. However, following the market is not the answer; the most successful companies across industries understand that they need to build a strong distinctive identity that allows them to carve out their own market position rather than reacting to a market that has been created by others.

Creating such a strong identity occurs only by adding value to your customers in the future, focusing on building the few differentiating capabilities that will allow you to deliver that value better than anyone else. Once the capabilities that the organization needs to excel is identified, then developing a capability agenda to achieve that goal is the next step. It is important to consider how quickly organization can build the new capabilities and by when insurers need them to be advanced and integrated.

Nowadays, more focus is on "Building capabilities organically or acquiring them from a company or Partner with the technology players". Being very clear about these specific capabilities, allows insurers to align the entire organization on what truly matters to the customers and build a powerful engine of growth.

Disruption has already begun and not everyone will succeed in it but rather, it is the players who have the courage to commit to an identity based on what truly differentiates them will have the opportunity to shape the insurance industry of the future and those are the players who have realized need of Innovation in Product Development.

In a highly competitive industry, which is traditionally not known for innovation; changes in demographics, technology, channels, and business models are creating significant new opportunities for insurance companies to defend market share and increase revenue as well as margins.

The need to innovate, and to do so quickly, is now deemed critically important by 88 percent of insurance companies. However, innovation can come in different forms; insurers can reach across business lines and functions to build teams specifically focused on product innovation, using shared incentives. This may help raze the siloed models currently in play throughout the industry. With digital technology and data redefining the market's entire value chain, customer touch points are shifting to mobile channels; while standardized products of the past are transforming to customized or new niche products that reflect customer needs. Furthermore, the industry is expanding its scope of services by leveraging its connection to relevant industries such as healthcare.

Customer Services and Product Development

The insurance industry in general, and those targeting the small commercial segment, seem to be coming to terms with this new reality of product innovation. Many insurers are reconsidering outdated product-driven business models to meet customer experience-driven market expectations. At a time when exceptional client experience is pervasive throughout most other industries, customer-centricity, speed, and flexibility are becoming essential in insurance product development.

Many companies such as Bajaj Allianz, ICICI Lombard raise the level of customer expectations for products and services that are convenient, fast, and personalized, the insurer of the future will likely need to follow suit. And, for all intents and purposes, that future is now.

There are various factors which creates hindrance to product development such as time to market and agility remain slow and unwieldy for insurance product development, due to cumbersome regulatory oversight, legacy infrastructure, business unit and functional silos, and long-entrenched processes and culture.

The challenge could only increase as the rate of digitization accelerates, consumer expectations keep rising, and traditional borders between lines of business continue to blur. This is happening rapidly throughout the world. The Real transformation remains slow, even though the focus on modernizing product and service development appears to be high.

With new risks emerging, and traditional coverage requiring updates to stay relevant in the evolving landscape, the need for more rapid product development transformation seems to be intensifying. Many companies are obsessed with coming up with the next Uber for their industry. For that reason, they are overly focused on disruptive innovations, meaning new products or services that completely upend existing markets or create entirely new ones.

Insurers are likely be tasked with eliminating or minimizing friction throughout their business models, processes, and infrastructure. This could require revisions to the industry's traditional ways of doing business, such as the potentially onerous and difficult-to-understand application process small business owners may face when trying to obtain a policy.

Instead, insurers should evolve toward creating a more seamless, customer-driven experience that incorporates tailored options and services, which is already table stakes for most other industries. The method of focusing over traditional ways must be changed. Insurers will likely need to eliminate or minimize friction throughout the value chain, from product design through deployment and customer engagement, to respond to customer needs and market opportunities more nimbly and effectively. Making these changes would require internal multifunctional teams to work more seamlessly.

Firms might also need to align themselves with external business partners, such as data vendors and service providers, as ecosystems of product and service offerings become more integrated.

While product development and modernization initiatives may be implemented in tandem or in succession, ideally, they should be prioritized in line with a firm's overall strategic focus. However, it is not always necessary to come up with a grandiose silver bullet idea in order to innovate.

In fact, these kinds of projects have high risk and have a low chance of success. This means that these projects are often dreamed about and debated internally but may never actually get off the ground.

The industry found out that customers are no longer buying products and services; they are buying experiences that products and services provide. But in the small commercial insurance segment, there are still wide gaps between what could be done and what is being done to make the shift to a product development framework that enables customer experience-driven modernization.

The way of thinking towards must be changed. The flow should start from customer to company which has been identified by Deloitte. To attract the skill sets necessary for product development modernization, insurers should find ways to vastly elevate their appeal to make a career in insurance more relevant and attractive to innovative and tech-savvy individuals.

This could start with initiatives to modernize the company culture. Leaders can demonstrate a commitment to innovation, diversity, and social impact through related incentives and career development opportunities.

If handled successfully and holistically across the organization, these efforts can help convince those with cutting-edge skill sets that a career in insurance can immerse them in an intriguing, exciting, diverse, and innovative world of risk solutions. The rapid growth seeking companies are well known of the fact that disruption is spearhead to their success.

Fig 1: Target State (Source: Deloitte Analytics)

The figure explains about clearing the minefields obstructing each phase of the product development life cycle-from concept to development to launch monitoring-they can clear the path toward a future customer experience-driven state. Depending on a carrier's tactical plan and budget, minimizing such friction may be as broad as launching an entire technology system overhaul or as targeted as aligning with one or several third-party vendors to exploit innovative technology capabilities.

The way of finding each thread to customers is the right way to initiate the digital innovation in product development. Insurer must identify their potential ways of achieving that thread.

The insurance industry has traditionally been a producer of products, with the bestselling ones providing competitive advantage. This is gradually changing, as the consumers are demanding a more flexible approach to their challenges, and this resulted in the launch of more service-based products. Nevertheless, creative and new products pave the way to target specific needs. Such products will always be required, as insurance companies will need a futuristic outlook while working in the present market.

Innovation Leveraged by Technology

Insurance companies in India are highly data intensive but not much effort is being put in converting them into actionable business intelligence which is today's requirement in the era of big data analytics and the artificial intelligence which is of utmost importance globally.

Insurance Industry is the perfect fit when it comes to application of artificial intelligence looking at the sheer intensity and the amount of data collected. Application of AI is changing the outlook of insurance business with the use of multi-variates like Machine Learning, Natural Language Processing and Robotic Process Automation to begin with.

There are five technologies having a major impact on the insurance industry:

- Blockchain
- IOT
- Artificial Intelligence
- Big Data
- Spatial Intelligence

a) Blockchain

With the distributed ledger technology (DLT), details are recorded in multiple places at the same time, ensures that there are fewer chances of identity theft or fraud, this helps better customer experience, and ease the policy buying process.

With the automation of policy buying processes such as validating records, etc. reduces acquisition costs but also reduces the turnaround time.

b) IoT (Internet of Things)

IoT devices, sensors, and telematics are on the rise in the insurance sector. Especially wearables, sensors embedded in vehicles along with advanced analytics helps insurers in risk-based assessment which can help price policies based on authentic data in real time and model the policies as per the customer's profiling. A remarkable example would be Drive Smart by Bajaj Allianz for the auto insurance sector, which is a telematics device.

c) Artificial Intelligence

Employing Artificial Intelligence has brought betterment in claims handling and management saving the insurers millions preventing the fraudulent claims using AI Algorithms.

A pioneer in using AI for their process is ZhongAn, which is China's first online-only insurance technology company, which leverages technology to "simplify insurance, price risk more finely and distribute cheaply to a mass market via the internet."

d) Big Data

Use of technology has been helping insurers to improve their risk assessment, product pricing, customer acquisition, settle claims, and attain profitability in a better and faster manner. Big Data has helped to identify subrogation opportunities sooner with help of text analytics by which the insurer's loss expenses can be minimized, and loss recovery can be maximized.

e) Spatial Intelligence

Spatial Intelligence in Insurance industry's context is location-based risk assessment, underwriting, quotes, claims and client network segmented based on demographics. In simple terms, the insurer can better predict the claims, liability by using spatial analytics, which can help the insurer to have; holistic view of the data for better understanding and quick response that will result in speedy customer service. This also results in better analysis of their historical data for underwriting, more accurate reserving as and minimize the leakages in fraudulent/ exaggerated claims.

Insurtech and Innovation

'Insurtech' is a term used for technology-led companies that have revolutionized the way the insurance sector. Insurance companies leverage new technologies to provide insurance solutions for an increasingly digital customer base.

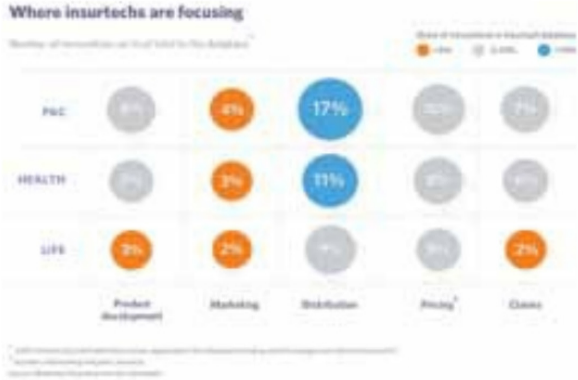

Fig 2: Focus of Insurtech (Source: McKinsey Panorama Database Report)

As per the McKinsey Panorama Database Report, majority of the insurtechs are focusing on innovation on their distribution channels and there seems to be a focus on improving pricing by innovations.

Customer Engagement Innovation

Gamification is on the rise where the insurance providers have started adopting this practice where they simplified the entire process and made insurance seem fun and informational for their customers.

It helps to form an emotional bond with the customers and at the same time easing the policy acquisition process and ensuring understanding of the same to the customers.

Taking the example in case of an Auto or Life insurer for policy acquisition or policy servicing, gamification can be used to guide the customer in their buying process for comparison where they the customers can rate their risk on a scale based on their need analysis and through this process, the customer can be given options on the products suitable for them which can help improve customer experience and brand awareness.

Fig 3.1: Gamification use (Source: Pacific Life Re)

Fig 3.1: Gamification use (Source: Pacific Life Re)

Taking the example of Pacific Life Re, they have used gamification for the policy buying process with a click to gather format. Essentially such data collection formats will take the customer around 30 seconds for each screen and within the 3 minutes, the customer will be able to purchase the product.

Customer Engagement is crucial for the insurer as both brand awareness as well as the sales is directly impacted. Innovation and investment in this is a definite need for an insurer to increase their market share.

Challenges Inhibiting Insurers

Insurers who are seeking to accelerate the pace of product innovation is facing many challenges including the difficulty of forecasting customer demand; the barriers posed by regulatory compliance; and the need to set prices at the right levels. The challenges faced by insurers are:

- Unable to identify Customer Needs: Many insurers are lacking the understanding of comprehensive needs; or, if they do understand the customer, they fail to integrate these insights into the product development process.
- Overloaded Portfolio: Nowadays many insurers are focusing on low priority initiatives to clog their innovation and development pipeline, straining company resources and blocking the progress of worthy ideas. Some products are developed despite a lack of impact and business value.
- Market Risks: Very few insurers test product innovation during development, exposing themselves to the risk of failing to understand market realities. Sandbox testing has created a major impact.
- Technological Risks: At many insurers, outdated legacy systems inhibit innovation. They are focused over traditional methods which are out of market. Even after products are developed, there is a failure to consider needed go-to-market capabilities and the likely response of other partners in the ecosystem, as well as competitors.
- Inefficient Governance: Insurers get bogged down in nonvalue-added activities and in waiting for decisions that should be made quickly and easily. Poor governance makes it hard to assign responsibility at various stages of the innovation process.
- Resource Constraints and Revenue Generation Constraints: Some insurers have the wrong people assigned to innovation and product development, while others fail to cross-train people, making it difficult to scale critical capabilities. Key resources can become overloaded, creating bottlenecks in the process.
- Culture and transparency: Not every company has the right incentives in place to encourage and reward innovation. Employees are quick to determine which behaviors and activities are rewarded and which are ignored, or worse.

Results and Discussion

The focus over innovation must be from the customer side. The achievable target state would embrace a combination of many, if not all, of the friction-busting tactics. It will not be a destination, but an ongoing journey. In the future paradigm, insurers could deliver:

The techniques of Seamless distribution can be done by aligning with adjacent industries to help stream alternative data, which would enable ease in distribution by prefilling information, as well as more personalized, seamless underwriting and pricing. It also requires partnering with InsurTechs to form digital online distribution capabilities for small businesses and intermediaries inclined toward self-service. Main purpose of Building proprietary digital online distribution capabilities, while continuing to provide coverage and service advice is also important.

The reach to customers is important which can be offered by joining or creating third-party alliances for access to real-time data exchange through the Internet of Things (IoT) devices and sensors to add value by providing more frequent and meaningful client touch points, joining or creating ecosystems that enable sensor technology and other services to shift underwriting focus from risk coverage to prevention, enhancing customer experience and value for both consumers and insurers.

Each product should provide the essential result. So in order to get that result, it should be streamline. It can be achieved by proper Product life cycle. It requires implementing technology infrastructure upgrades, either on proprietary systems or by aligning with third parties, for agility and speed-to-market. Product life cycle correlates with making intentional changes to modernize culture and attract pioneering and innovate talent and diverse skill sets and collaborating between functions, lines of business, and third-party business partners for crossover products and seamless interaction. The method of leveraging modular product structures to increase ease and transparency for customers and facilitate more efficient product launch, maintenance, and enhancement capabilities improves the final product.

A personalized/user-based experience and coverage can be achieved by employing advanced technology, through proprietary systems or by aligning with third-party providers, to offer service everywhere, any time, though any channel and building upon modular product structures to provide tailored products and services based on client-specific needs and expectations for an ideal customer experience. The focus on relying on cross-business line, cross-functional, diverse skill set SWAT teams to quickly and flexibly create or revamp products and services that customers will value creates a brand image too.

Due to the Covid-19 pandemic, governments have cut interest rates to the lowest levels in history. This raises concerns about the profitability of insurers, calling for insurers to search for new growth engines and achieve operational efficiency. Asian markets, with its high economic growth rates, population sizes and low financial accessibility, means high growth potential for insurance. Digital transformation is likely to progress more rapidly in Asia, due to the region's demographics and mobile penetration levels, which will offer potential new customers. How insurers respond to this paradigm shift - to a technology-based digital economy - through their own digital transformation, will determine the competitiveness of future insurers.

As the technological innovation happens across industries to create an optimal client experience, success-driven insurers can no longer remain locked into 20th-century product development capabilities. Insurers must knock through long-standing challenges and transform in line with the constantly evolving marketplace for producing their company standards in this highly competitive environment. The emergence of ICT-oriented platform companies and Insuretech will trigger digital transformation and competition within the market. Insurers and market players must redefine customers and markets to address with this competition. In this digital age, customers interact with insurers on their own and become active managers of their own risks and lifecycle assets - rather than taking in advice and services passively.

While utilizing customer data linked to relevant industries like healthcare and delivery services, insurers should provide new products such as on-demand products at reasonable prices and optimize the customer experience. Additionally, digital transformation in a company's value chain and within the organization should be considered. This includes collaboration with platform companies or Insuretech firms to secure continuous customer channels and data utilization capabilities.

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MAJOR INTERNATIONAL SPORTING EVENTS AND THEIR INSURANCE AND CLAIMS

Introduction

Sports brings the world together as a community and there is a perceptible adrenaline rush when the mega sports events are going on. Avid sports fans seem to be immersed in a kind of sports-mania at that time.

Amidst all the sports and media-hype one does wonder about how much does it all cost to put up a major sportsevent?

Hosting international sports events such as the Olympics, Fédération Internationale de Football Association- (FIFA) World Cup or the Super Bowl is quite costly for the organizing host countries.

When a country desires to host a major sports event, it is initially required to invest millions of dollars in evaluating, preparing, and submitting a bid to the committees in charge. To obtain approval, they have to spend on planning, hiring consultants, organizing events and the related travel. This happens before the hosting country is even chosen. After a country is chosen to host, it has to find a venue large enough to host all the ceremonies and it also has to enhance and upgrade all its sports facilities too. Other general infrastructures that countries must invest in include; the need to build new hotels, organize transportation services and the construction of roads, train lines, and airports. All this entails expenses in millions of dollars.

Hence, impressive financial outlays in these events make it imperative that security is beefed up and insurance protection obtained for unforeseen contingencies which can jeopardize the event and cause huge losses to the organizers. Correspondingly, this sports arena opens up many interesting dimensions to analyse from the insurance perspective.


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Need for insurance of sporting events

Major sporting events garner a great deal of attention and consequently attract big financial outlays from corporates and broadcasters the world over.

Television broadcasters also have impressive advertisement revenues at stake which can be disturbed due to any interruption in the telecast of a live game.

The contingencies attached to these events are also quite varied. Many natural or man-made contingencies can derail such events. A rain washout or a terrorist threat or stadium/ pitch invasions by angry fans or spectators are realistic perils for the organizers. Pandemics which were earlier a remote contingency are no longer so.

Thus the financial exposures at stake here call for an insurance solution to mitigate losses for the sponsors in case of unexpected contingencies causing a unexpected cancellation of the event.

Event Insurance and Sports Insurance

Sports Insurance is a specialised branch of Event Insurance. Event Insurance in itself provides a package cover for the sponsors of public or private events, such as concerts, festivals, conferences, trade shows and sporting events against unexpected cancellations and a variety of other perils which can jeopardise the event.

Sporting events more specifically include a gamut of sports such as football, basketball, golf and cycling to horse riding, gymnastics and more. Depending upon the financial exposures of the associated entities - public liability, equipment cover and cancellation cover can be obtained in tailor-made sports insurance solutions geared to specific needs.

Events costs depend on the scale and type of the event. For example, the 2018 FIFA World Cup held in Russia cost an estimated USD14.2 billion. Some estimates indicate that the 2022 FIFA World Cup is going to cost Qatar approximately USD 220 billion.

Event costs will include direct and indirect costs. Direct costs are those costs that are easy to identify and measure as belonging to the event. The cost of trophies and medals or the prize money is a typical example. Another important component is cost for the venue. Venue costs also include hidden costs such as security, supervision, heating and lighting. Some of the other heads of expenses include travel, accommodation and salaries for officials and employees, medical expenses, promotional charges, transport and insurance to name just a few important direct charges.

Indirect costs are costs that cannot be directly attributed to the event. The staging of the event increases these types of costs but the increase cannot be measured accurately. Instead, the amount of indirect cost attributable to the event is roughly estimated.

Generally speaking, irrecoverable costs and potential earnings which cannot be recouped in case of an unexpected cancellation are insured against losses.

Event cancellation insurers have had a tough year as a result of the pandemic with festivals, conferences and sporting events postponed or cancelled the world over. In these cases, infectious disease cover was obviously a part of the package though it may have been viewed as a remote contingency. Broker Howden estimates COVID-19 event cancellation losses have cost insurers approximately USD 5-6 billion.

Some recent major sporting events

To assess the financial magnitude and correspondingly the insurance implications of major sporting events, the expenses and insurance obtained in respect of the 2020 Tokyo Olympics as well as the 2020 Wimbledon Tournament have been analysed on the basis of the information available in the public domain.

The 2020 Tokyo Olympics & its related costs

The 2020 Tokyo Games, originally scheduled for the summer of 2020 were postponed by a year due to public health concerns occasioned by the COVID-19 pandemic. They were held from 23 Jul 2021 - 8 Aug 2021 and it was one of the grandest sporting events in recent memory. It was a multi-sport event which though devoid of spectators in the stands,

kept sporting enthusiasts enthralled world-wide through live telecasts.

Held with the uncertainty of a world in the grip of a pandemic, the Olympics were preceded by debates about whether they should at all be held and would another postponement be required?

Searches in the public domain revealed that the Tokyo Olympics ran up a bill of USD 15.4 billion. However, some estimates indicate that it may even be as much as USD 25 billion.

Olympic costs have been analysed in a study by the University of Oxford, which found that all Games since 1960 have had cost overruns averaging 172%. Tokyo's cost overrun is estimated at 111% or 244% depending on which cost figure is selected.

These huge figures correspondingly lead to the subject of the quantum of insurance premium and the nature of coverage for the corresponding event cancellation insurance cover which is inevitably required with such high monetary stakes, in the offing, as it were.

2020 Tokyo Olympics as seen from the perspective of insurance

Lloyd's of London insurers are among those active in the event cancellation market along with international insurers, and global reinsurers such as Munich Re and Swiss Re. The Olympics are typically insured by Lloyd's of London firms such as Beazley and Tokio Marine Kiln.

Munich Re has a USD 500 million exposure to the Tokyo Olympics said one source who communicated with Reuters. Munich Re declined to comment in this regard.

Swiss Re has a USD 250 million exposure, its Chief Financial Officer John Dacey reportedly told analysts last year.

German insurer Allianz has signed an eight-year insurance agreement with the IOC (International Olympic Committee) covering Winter and Summer Games, including the Summer Games in Paris in 2024 and Los Angeles Games in 2028.

Analysts at Jefferies have estimated the Tokyo Olympics was insured for around USD 2 billion, plus a further USD 600 million for hospitality.

The International Olympic Committee (IOC) normally takes

out around USD 800 million of protection for each Summer Games, which covers most of the roughly USD 1 billion investment it makes in each host city.

In addition, the local organising committee in Tokyo will have taken out a further policy, estimated at around USD 650 million, while broadcasters are also insured for large sums.

"TV networks, sponsors, professional sports teams, entertainers and other organisations could all have event cancellation policies protecting their interests in the Olympics," said Leigh Ann Rossi, Chief Operating Officer at Broker, NFP Sports and Entertainment Group.

Thus the aggregated insurance premium paid out by different interests would be an impressive figure indeed, which no doubt represents a big business opportunity for insurers.

To come to the dimension of claims, one estimate by Fitch indicates that the Tokyo Olympics which were held without spectators will possibly cost reinsurers up to USD 400 million in pay-outs for ticket and hospitality refunds.

Be that as it may, insurers were fortunate to avoid a USD 2-3 billion loss were the Tokyo Olympics cancelled this year. In the global event cancellation market this would have amounted to the largest ever single-event insurance loss in history.

The 2020 Wimbledon Tournament

Wimbledon, run by the All England Lawn Tennis and Croquet Club (AELTC), has always had a sense of tradition. The Wimbledon Championship is one of the four major Grand Slam tournaments in tennis and also one of the oldest and the most prestigious tennis event in the world.

Wimbledon generates revenue from sponsorships, broadcasting rights, tickets, concessions and merchandise. Though Wimbledon does not break down its revenue, but estimates by experts indicate Wimbledon gets roughly USD160 million from broadcasting rights, USD 47 million from ticket sales, USD 47 million from sponsorships and USD 35 million from concessions and merchandise sales.

The 2020 Wimbledon Tournament as seen from the perspective of insurance

The 2020 Wimbledon Championships set to run from 29 June to 12 July, 2020 were cancelled due to public health concerns linked to the corona virus epidemic. This was the first cancellation of the tournament since World War II. The 134th Championships were to instead be staged from 28 June to 11 July, 2021.

The All England Lawn Tennis Association, which organizes the Wimbledon tennis tournament, will recoup almost half of its losses from cancelling the event thanks to the USD 2 million pandemic insurance it has reportedly taken out every year for the last 17 years. Media reports indicate that the organizers are set to receive a USD 141 million payout thanks to their corona virus pandemic insurance policy.

The Wimbledon organizers have had the foresight to have paid out a total of USD 34 million for over the last 17 years in insurance premium for their pandemic insurance following the SARS outbreak in 2003. Ben Carey-Evans, insurance analyst at GlobalData, the London-based platform that provides data analytics and expert analysis about the world's largest industries termed it "a very sensible investment," as they will reap the benefits of this investment and minimise their financial damage.

Media reports say that the AELTC has not confirmed the figures, but said that the club has "always sought to buy the optimum insurance coverage available."

The way ahead

It would be pertinent at this juncture to assess the insurance fall-out of the cancelled Wimbledon Championships and the postponed Tokyo Olympics.

Pandemic insurance will now be in demand by other such organizers as well. Ben Carey-Evans, insurance analyst at GlobalData said, Wimbledon is "one step ahead of most businesses by having insurance in place for current events." "Reputable sporting events, such as the Premier League and The Open [golf tournament], have been cancelled or postponed, causing the organizers to lose a lot of their investment," he said.

"This unprecedented disruption to events caused by COVID-19, and the significant pay-out to Wimbledon will surely see all event organizers around the world to invest in this product in the future, he added.

"This could see pandemic insurance move from being a niche product to an essential one for sports and music organizers," he noted. "Insurers will face challenges in pricing premiums due to a sharp rise in popularity and the significant level of risk attached to the product.

The scenario will not be very different in respect of the Olympics.

Insurers dodged a multi-billion-dollar loss on the Tokyo Olympics. But as COVID-19 remains a global pandemic which has not yet fully receded, securing a financial safety net for the Paris and Los Angeles Games later this decade in 2024 and 2028 respectively will be much more difficult. Communicable disease coverage is now a grim reality and the expenses may be prohibitive for the Olympic Games organizers.

The Olympics are usually insured years in advance. The 2028 Summer Games, set for Los Angeles, are currently in the market. The Los Angeles City Council have finally published the elusive 'Games Agreement,' defining how the City will be hosting the Olympics.

Los Angeles intends to secure an insurance policy that covers "natural disasters, communicable diseases, terrorism, civil unrest, cyber-attacks, event cancellation, and coverage for reduced ticket sales and other revenue losses should the events become less appealing."

Communicable diseases and cyber security are likely to be two of the major concerns for the insurance industry. Providing covers for these risks will be quite challenging.

Be that as it may, major-sports events now demand huge concentration of financial outlay on part of all the interested parties and also generate earnings for them. It is big business for the organizers and insurers alike. But to do justice, the risks taken on are also huge and the claims potential mind-boggling, to be fair.

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BIGGEST RISK MANAGEMENT FAILURES

When someone talk about the biggest Risk Management failures in corporate world, the very first name comes to any ordinary person's mind is Kodak which collapsed after 124 years in operation, just because of their failure to foresee how quickly the world would embrace digital images and was never able to catch up with the competition even after eventually changing track.

The problem is that, during its 10-year window of opportunity, Kodak did little to prepare for the later disruption. In fact, Kodak made exactly the mistake that George Eastman, its founder, avoided twice before, when he gave up a profitable dry-plate business to move to film and when he invested in color film even though it was demonstrably inferior to black and white film (which Kodak dominated for years).

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There are few corporate blunders as staggering as Kodak's missed opportunities in digital photography, a technology that it invented. This strategic failure was the direct cause of Kodak's decades-long decline into bankruptcy as digital photography destroyed its filmbased business model. Corporate history is littered with many more such examples, companies that adopted the wrong strategy and paid the ultimate price for their risk management failures.

BlackBerry is another good example; it ignored the threat of Apple's iPhone when it debuted in 2007 because it thought that iPhone is a substandard device and moreover BlackBerry was overconfident of its two million users. The rival product proved a hit with the public, however, and BlackBerry fell out of favor. Blackberry could not replicate its earlier success and, in 2013, it was acquired by a group of investors and broken up.

HIH was Australia's second largest and renowned insurance company which went into provisional liquidation on 15th March 2001. This was the largest corporate collapse in Australia's history, with total losses up to $5.3 billion. The members of HIH management were charged as culprits, which led to their imprisonment.

As these and hundreds of other examples illustrate, strategic missteps can often have dire consequences. To some extent, this is the nature of business competition and can never be eliminated, but understanding the contributing factors in critically failed strategies and recognizing the warning signs can help companies spot flawed moves and attempt to course correct before failures become fatal.

Introduction

Until 2017, Carillion was one of the largest contractors for U.K. government infrastructure projects, employing 43,000 people worldwide. But despite such impressive figures, the report found that Carillion's business model was an "unsustainable dash for cash" and that it deliberately used aggressive accounting policies to present a rosier picture to the markets. Its cash flow, for example, relied on stringing suppliers along for months. A succession of directors maintained the image of a healthy and successful company by increasing dividend payments year-over-year, irrespective of company performance. In fact, more was paid out in dividends than the company generated in cash. For years, the board helped maintain a "deluded" sense of optimism even though the company was "crying out for help.

At the time of its collapse, Carillion left a pension liability of around £2.6 billion (about $3.31 billion) and owed around £2 billion to its 30,000 suppliers, sub-contractors, and creditors. The company went into liquidation in January 2018 with liabilities of nearly £7 billion ($8.9 billion) and just £29 million ($37 million) in cash. The subsequent furor prompted the U.K.'s corporate governance regulator, the Financial Reporting Council, to request greater powers to investigate and prosecute all directors. Currently, it is limited to pursuing only those with an auditing, accounting, or actuarial background (meaning finance directors, for the most part).

Causes of Corporate failures

A sophisticated understanding of failure's causes and contexts will help to avoid the blame game and institute an effective strategy for learning from failure. Although an infinite number of things can go wrong in organizations, mistakes fall into four broad categories.

1. Strategic Failures

When companies fail, blame is usually laid squarely on executives for making two common mistakes: First, they focused on the company's historical performance and ignored what was happening in the wider market; and second, they were reluctant to dump a strategy that was not working until it was too late.

There are several other reasons that poor strategic direction is allowed to continue. In many cases, companies fail to learn from the experiences of others. "Organizations tend to have this bizarre belief that the same problems won't hit them—especially if the company is in a different industry sector—or that they are capable of dealing with them differently and successfully," said Mark Brown, vice president and senior risk practitioner at enterprise risk management software provider Sword Active Risk.

Executives also often fail to fully appreciate what risk management can actually do. "Most organizations say that they have an enterprise-wide risk management system in operation, but relatively few have full executive buy-in or an acceptance from boards that they are ultimately responsible for it," Brown said. "As a result, there is a disconnect about what executives should be doing and a false view that the risk management function prevents all risks."

Personality can also have a sizeable impact on the direction of a company. According to Val Jonas, CEO at software firm Risk Decisions, "executive ego" can play a major part in preventing risk management (and others) from challenging boardroom decision-making and the rationale underpinning corporate strategy. Jet Airways' fall is a story of the fall of its founder. Few business failures are so inseparable from the failings of their promoters. Industry insiders often quote a line attributed to Goyal, "I am the person in Jet. When people look at Jet Airways, they look at me." The garrulous founder of the airline, admired by some for his quicksilver wit, was once its biggest asset but today, he has proved to be its biggest liability.

"Some boards tend to believe in their own intuition rather than actual evidence," she said. "Boardrooms are where key decisions are made and executives are in that room because they have made quick decisions in the past and they probably have had a good hit rate, or at least they did early on in their executive careers. As a result, executives feel that they have good instincts and they become less willing to listen to challenge, listen to bad news, or accept contrasting views from assurance functions that they think are meant to check the numbers and any legal issues, not set the agenda."

Ego trips can often turn into nightmare corporate journeys. "Biases are often projected onto strategies and they become inextricably linked with directors' egos," said James Berkeley, managing director at strategic advisory firm Ellice Consulting. "Executives take the notion of strategy too personally and take offense when it is questioned. Boards can then dig in and become defensive about something that ordinarily they would not be so supportive over."

2. Lack of Executive Accountability

Berkeley said that there are two ways to prevent boards from backing poor strategies, or from continuing to pursue them in the face of overwhelming evidence that they have gone wrong. The first—and most preferable—involves hiring people with the appropriate talent, experience and judgement into board roles from the start who can deliver the intended strategy, and who are prepared to adapt it—or scrap it—if circumstances change. The other is to make executives more accountable for the strategies they greenlight and steer by making pay and rewards much more contingent on actual performance—not just in terms of financial results, but also in securing the business's long-term future by, for example, committing to improving and investing in recruitment, retention and training programs.

"Making sure that you have a strong leadership team from the start is crucial, but it is also important to know up front whether they have the nerve and good business sense to pull the plug on a failing strategy," Berkeley said. "There need to be benchmarks in place to measure success and a recognition that, if these aren't met, then the strategy needs to be changed or dumped. Linking executive pay and reward schemes to these benchmarks is also vital to ensure accountability and to measure the performance of both the strategy and the executive team."

Independent Directors should also (in addition to the management) be held accountable for board decisions and audit-related compliance practices. The concept of CEO and Board chair separation is well accepted in Europe, and American companies are steadily moving in right direction. This would bring a better balance in the boardroom. Accountability and action against fraud/negligence are major concerns. Professionals (auditors) should be made accountable and consequences (punishment) should follow if there are any deficiencies and slip-ups.

Experts believe that better executive screening is necessary and recent corporate governance scandals may put executive appointments under greater scrutiny in future. This May, for example, a joint committee of members of the U.K. Parliament published its final report into what went wrong at collapsed construction giant Carillion.

3. Lack of Collective Responsibility

While the buck may stop with boards for pursuing a flawed strategy or for failing to implement a good one, others are also culpable. According to U.K.-based risk consultant Keith Blacker, there is increasing evidence that those who are supposed to provide independent assurance on risk and corporate governance are not doing their jobs properly. "Auditors, advisors, non-executives, risk managers, internal auditors, in-house legal, compliance and others are all meant to present a challenge to the board and act as a 'critical friend,'" he said. "No area of discussion should be left unchallenged, including corporate strategy. But somehow, their contribution often falls short or they are not

listened to. Boards may have ignored them, but there is also a case to say that these people did not shout loud enough."

In the case of Carillion, the company's non-executives were supposed to challenge boardroom strategy but were "unable to provide any remotely convincing evidence of their effective impact," the MP report found. Professional services firms were also slammed for being unable to effectively identify to the board or persuade executives about the seriousness of the risks associated with their business practices. "The appearance of prominent advisors proves nothing other than the willingness of the board to throw money at a problem and the willingness of advisory firms to accept generous fees," the report said.

4. Lack of Corporate Governance

From the analysis, it is found that distress is mostly caused as a result of poor corporate governance. To stem distress and its debilitating effect, there is a need for the adoption of new audit framework which stresses on time limit of audit tenure with a client, forensic audit, retrospective audit procedure, and auditor's skepticism. This will ensure and yield effective corporate governance that can curve and detect potential failure.

Satyam Computers is a good example of a big failure of corporate governance.

Remedies

Following remedies are few important steps to be taken in order to monitor and control the risks

- Consistently rotating auditors is an excellent way to ensure independence from management influence and having an appropriate proportion of independent directors—both on the board and internal audit committees—will promote greater accountability and bring fresh, diverse perspectives," said Kurt Rothmann,
- It is also important to have a whistleblowing policy in place empowering whistle blowers that creates a comfortable environment for employees to anonymously report any suspicious behavior.
- Risk managers also need to share some responsibility for corporate collapses. "People in the profession can be more intent on putting processes in place for people to follow than looking at whether the underlying business is actually at risk," Brown said.
- Corporate organizations have been advised to establish research and development departments to continuously monitor their performance and to introduce effective

ways by which they could satisfy their consumers and service their operating environments to effectively continue as going concerns.
- Another most important stakeholder the Regulator plays a big brother role in smooth continuity of a corporate business. Improvement required in Law regulatory systems for a proper balance and checks.
- However, one must understand no matter how strong a regulatory system is, it cannot always prevent fraud. There are limits to legislations as a lot depends on the integrity and ethical values of various corporate players. The key lies in management decisions and its commitment to establish and follow rigorous systems.

Lessons

In short, exceptional organizations are those that go beyond detecting and analyzing failures and try to generate intelligent ones for the express purpose of learning and innovating. It's not that managers in these organizations enjoy failure. But they recognize it as a necessary by-product of experimentation. They also realize that they don't have to do dramatic experiments with large budgets. Often a small pilot, a dry run of a new technique, or a simulation will suffice.

The courage to confront our own and others' imperfections is crucial to solving the apparent contradiction of wanting neither to discourage the reporting of problems nor to create an environment in which anything goes. This means that managers must ask employees to be brave and speak up—and must not respond by expressing anger or strong disapproval of what may at first appear to be incompetence. More often than we realize, complex systems are at work behind organizational failures, and their lessons and improvement opportunities are lost when conversation is stifled.

Savvy managers understand the risks of unbridled toughness. They know that their ability to find out about and help resolve problems depends on their ability to learn about them. But most managers I've encountered in my research, teaching, and consulting work are far more sensitive to a different risk—that an understanding response to failures will simply create a lax work environment in which mistakes multiply.

This common worry should be replaced by a new paradigm—one that recognizes the inevitability of failure in today's complex work organizations. Those that catch, correct, and learn from failure before others do will succeed. Those that wallow in the blame game will not.

Conclusion

The wisdom of learning from failure is incontrovertible. Yet organizations that do it well are extraordinarily rare. This gap is not due to a lack of commitment to learning. Managers in most enterprises genuinely wanted to help their organizations learn from failures to improve future performance. In some cases, they and their teams had devoted many hours to after-action reviews, postmortems, and the like. But time after time we see that these painstaking efforts led to no real change.

Building a Learning Culture: Only leaders can create and reinforce a culture that counteracts the blame game and makes people feel both comfortable with and responsible for surfacing and learning from failures. They should insist that their organizations develop a clear understanding of what happened—not of "who did it"—when things go wrong. This requires consistently reporting failures, small and large; systematically analyzing them; and proactively searching for opportunities to experiment.

The reason: Those managers were thinking about failure the wrong way.

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Mr Parihar takes over charge as new CRM, Oriental Insurance, Jaipur RO

Suraj Kumar Parihar
Chief Regional Manger
Oriental Insurance Company Ltd.
Jaipur Regional Office

Shri Suraj Kumar Parihar has taken over the charge of Jaipur Regional Office of Oriental Insurance Company Ltd. as a Chief Regional Manager.

Shri Suraj Kumar Parihar joined the General Insurance Industry in the year 1990 as an assistant in the Oriental Insurance Company Ltd. He became the Regional Manager in the year 2019 and took over the charge of Chief Regional manager office Vadodara of Oriental Insurance Company ltd.

Mr Parihar is customer centric and believes in providing fast and efficient customer service. He also motivates other service providers such as insurance surveyors, advocates and investigators to understand the problems of the insured and provide timely service.

Mr Parihar is very dynamic and efficient task master and we hope under his able leadership Oriental Insurance Company Jaipur Regional Office will reach to new heights.

GONE ARE THE DAYS WHERE CUSTOMERS' WAIT WAS UNENDING TO HEAR BACK FROM MOTOR INSURERS

The role of insurers is changing from a risk transfer company to a risk prevention and management one. Insurance was always a push product. It was not even a secondary, but a tertiary product. With digitisation, insurance is becoming a primary product and many of the start-ups have realised that insurance creates a great pull for their business model. For insurance companies, insurtechs is an extended way of creating a conceptual promotion of their product. Customer engagement has been one of the pain points for insurers, historically.

This is where technology is playing a critical role. Insurance in India is seen as a white elephant by customers largely due to experiences such as lack of transparency in plans, difficulties in claim filings and minimal education within the customer base on how to make these choices. When it comes to India's insurance industry, one is aware that the market is underpenetrated and underserved. While lower in comparison to global average it is worth noting that India's insurance penetration in FY21 stood at a higher 4.2 percent as compared to 3.76 percent a year ago. A report by Mordor Intelligence projects that the insurance market in India will grow at a compound annual growth rate (CAGR) of 7 percent till 2025. The overall market size is currently at around $250 billion, of which insurtech players form only 10 percent. Out of the expected growth parameters insurtech has to grab the lion's share of the new business.

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Customer service and the customer experience are becoming an important competitive differentiator in the insurance industry. At least 30 percent of first-time insurance buyers over the next few years will be the younger population in the age bracket of 16 to 21 years. They are digital natives and their buying experience and expectations around their experience will be completely digital. Insurtech aggregators and brokers will grow five-fold over the next few years. Back-end service providers and pure tech insurance service provider companies are likely to see year-on-year growth.

Motor insurance is set to rise this fiscal as post pandemic economic recovery gathers momentum. Motor insurance premiums have to grow at around 6% to 8% driven by any increase in third party insurance rates and higher auto sales. Furthermore, given that 57% of the vehicles on road are not insured (Insurance Information Bureau of India (Motor ARFY19)), bringing a portion of these vehicles under coverage would add heft to the industry growth.

However, given that no increase in the motor TPI premium has been announced, the sector is expected to witness pressure on near-term profitability. Furthermore, lower auto sales, high lapse-ratio (especially in the two-wheeler segment), unfavourable changes in macro-economic factors, and uncertainties in the regulatory landscape could be characterised as key challenges to the industry growth. Digital issuance and online channels are expected to contribute to faster growth in this segment, together with a large number of uninsured vehicles in India.

Motor Insurance Portfolio:

When it comes to motor insurance in India, every driver has to carry at least a minimum of a third-party insurance policy, as per the Motor Vehicle Act. To drive a vehicle without insurance is a punishable offence. The law was drafted and brought in effect to safeguard the interest of a third party that suffers injuries or property damage due to an accident with the involvement of an insured vehicle. However, the own-damage insurance cover is optional, while the personal accident cover is necessary only for the owner-driver of the car. Motor insurance premium has grown from Rs.15,343 crore in FY10 to Rs.67,764.7 crore in FY21 at a compound annual growth rate (CAGR) of 14.5% as motor vehicles on road have doubled in the last six years and third party insurance (TPI) has been made mandatory in India.

TPI protects vehicle owners from any financial liabilities caused by injury or damage to third party life or property due to use of vehicles. Though business has grown in the last 11 years gross premiums declined 1.67% in the fiscal ended March 2021 due to a slowdown in the auto sector which was hit by restricted mobility due to a national lockdown in the first half of the year. To be sure though motor insurance premiums have increased over the last year, they are yet to reach the pre-pandemic levels as auto sales are yet to reach similar levels. But signs are that things are picking up this fiscal for example in August 2021 the gross premium collected increased to Rs 23,500 crore up 5.9% from Rs 22,200 crore in August 2020.

Growth in fiscal 2021 also suffered as there was no revision for the prevailing TPI rates. The annual growth rate for FY10-FY20 was 16.2%, while the growth rate for FY10-FY19 was 17.3%, highlighting the slowing growth momentum in the last couple of years in this segment. 57% of vehicles, mostly two wheelers are uninsured as of March 2020 down from 60% as of March 2018, indicating a higher number of vehicles which are getting into the insurance bucket.

Ease of business:

Companies are going beyond their conventional approach to reach out to consumers in a way never experimented before. The biggest advantage of an online process is that it encourages a consumer to take extra effort to clearly understand all aspects of the insurance policy they are opting for. It also puts an onus on the consumer for the decisions they make with respect to their choice of the policy cover. Most online marketplaces in India assist consumers in making advanced digital payments and offer various options to pay for their policies. For example, users can pay via any means of digital payments-debit cards, credit cards, digital wallets or direct bank transfers-bringing transparency in the payments process.

Emerging trends such as cashbacks and systematic monthly payment plans make buying an insurance policy on online marketplaces interesting. Among some of the popular online marketplaces for the sale and purchase of motor insurance policies in India are BankBazaar, Coverfox, InsuranceDekho, PolicyBazaar and PolicyX. Global technology companies have identified financial services, such as the payment space, and specifically digital wallets and insurance, as a way to convert their large databases of consumers into diverse business opportunities.

These technology companies eyeing a pie of the large insurance market in India indicates how rapidly the market

is evolving to suit consumers' changing preferences and provides them the ease of access and processes. Irrespective of the distribution channels deployed to sell an insurance cover, the onus to create consumer-friendly motor insurance policies and offer them to consumers in the easiest possible way still lies on India's motor insurance companies. Realizing the latent consumer need and potential of technology, companies are designing risk based solutions for motor insurance different from the conventional motor insurance so far.

Claim Turn-Around-Time (TAT):

The general insurance industry in India is changing after its digitization. Insurance providers are becoming more transparent and claim-friendly. The claim process is continuously upgraded to make it trouble-free. Motor insurance protection is essentially the safety net that safeguards you and your vehicle from all unpleasant eventualities. So, as the policyholder, you are expected to be well aware of what is covered under the plan and what is not.

Reading through the policy documentation is the best way in which you can get first-hand information about the plan coverage. Insurance is not an 'over the counter' physical product or an instant service. It is a promise. And the insured people expect the company to fulfill the promise at a time when they need it the most, which is during troubled times such as an accident. The most common instances of claim of the vehicles are as follow:

1. Loss or damage to the insured vehicle.
2. Theft of the insured vehicle or parts of the vehicle.
3. Personal accident to owner-cum-driver
4. Third party property damage
5. Third party injury, disability or deaths in an accident

First three kinds of losses are settled by the insurers themselves while 4th & 5th are finalized by courts (MACT/WC). In own damage claims, it is important to consider the claim turn-around-time of claim settlement. When the insured raises a vehicle insurance claim, he expects the insurance company to settle it at the earliest. It is better to choose from insurance companies that settle the claims at the earliest. Companies that take the minimum time to settle claims offer the peace of mind. Getting the vehicle repaired at a cashless garage is the most optimum way in which insured can proceed after a devastating accident.

The services offered at cashless garages are of the best quality. The use of latest equipments and the presence of

informed personnel ensure that there are minimal delays in the repair work. Most network garages offer a 6-month quality assurance certificate for all repairs done there. Some insurers offer free pick-up, towing assistance, and car wash facility when you opt for cashless claim settlement. When submitting a claim, customers also want a seamless, rapid and individualized process.

Pay claim even if vehicle sold to 3rd party:

The state consumer court has upheld a district consumer forum direction to an insurer to clear a Bengaluru woman's Rs 1.4 lakh insurance claim towards her stolen motorcycle. The insurer had turned down her claim, saying the vehicle's insurance policy was still in the name of the first owner and hadn't been transferred to her. Liberty Videocon General Insurance Ltd had appealed against a Bengaluru district consumer forum's June 30, 2020 verdict ordering that the insured value of the vehicle - Rs 1,37,824 - be paid with interest to Sheela Shantharaj, 57, of Kuvempunagar, apart from Rs 10,000 towards damages and Rs 5,000 towards litigation cost. Sheela purchased a Bajaj KTM Duke 200 motorcycle on April 27, 2017 from its original owner Mahesh P by paying Rs 1.5 lakh. On June 2, 2017, the motorcycle was stolen from her residence and she lodged a complaint with Chandra Layout police.

With the vehicle carrying an active insurance policy in the name of the original owner till September 26, 2017, Sheela approached the insurer, Liberty Videocon General Insurance Ltd, for a claim for the stolen bike. But despite an active policy in place, the insurance firm turned down her claim, stating that the vehicle was yet to be transferred in her name and she had failed to apply for an insurance transfer till the time of theft. Next, the woman approached a local consumer court, which ruled in her favour.

It ordered the firm to pay Rs 15,000 compensation for the delay, apart from granting her the insurance claim of Rs 1,37,824. Claiming that the local court erred in its judgment, Liberty Videocon General Insurance appealed to Karnataka State Consumer Disputes Redressal Commission on October 22, 2020. The judges, however, noted that on the date of theft, the vehicle was under insurance cover and the complainant intimated the firm for settlement of the claim and also lodged a police complaint. Further, she had requested the RTO for transfer of vehicle ownership and the stand taken by the insurer.

Simplification of Road Traffic Accident Claims:

Bihar ranks 15th in India in terms of road accidents and ninth in terms of fatalities arising out of them, as per the latest data released by the ministry of road transport and highways (MoRT&H) in 2019. Bihar had only 9.3 recorded cases of road accidents against the national average of 34.2 per lakh population in 2019. With a score of 11.7, it ranked 22nd in terms of accidents per 10,000 vehicles. Bihar will be the first state to simplify claims of road traffic accident (RTA) by removing the victim or their dependents from the litigation process and paying them an interim ex-gratia amount of Rs.5 lakh within 15 days in event of death.

The state will also take the onus to contest the case in court, on behalf of the victim, if the insurance firm of the accused vehicle owner, decides to challenge the order. The state will implement the new amendment to the Bihar Motor Vehicle Rules that empowers the state transport appellate tribunal to settle all such accident claims within 60 days. The new amendment was notified in the Bihar gazette on August 11 after a cabinet order.

So far, road traffic accident claims are tried in the civil court and linger for years. This is the first of its kind initiative in India to simplify accident claims. The new rules allow immediate payment of Rs.5 lakh as interim compensation for death and Rs.50,000 for grievous injury to dependents or victims of road traffic accidents, involving vehicles that are insured, uninsured or involved in hit-and-run case.

The compensation for grievous injury is proposed to be increased from Rs.50,000 to Rs.2.5 lakh. As part of the new rules, victims or their relatives will not have to run from pillar to post for settlement of claim. The state will pay the interim compensation and also take the responsibility of fighting a legal suit on behalf of the victim if an insurance firm were to challenge its order.

The state has set up a revolving corpus of Rs.50 crore under the Bihar motor vehicle accident assistance fund through which such payments will be made. In case of insured vehicles, the state will pay the compensation to the victim or their dependents through the corpus fund and recover the amount from the insurance firm after the tribunal settles the case within the stipulated 60 days. For uninsured vehicles, the state will recover the compensation amount by auctioning the vehicle if its vehicle owner is unable to pay the compensation to the victim's family. Should the amount realised through auction be less than the compensation fixed, the state will bear the difference amount through the Bihar motor vehicle accident assistance fund.

Nearly 20% of the 13.60 lakh registered vehicles in the state till 2019-20 do not renew their insurance. For hit-and-run case, the compensation amount will be borne through the corpus fund and replenished partially by the Centre through insurance companies, which pay Rs.50,000. The state will bear the remaining Rs.4,50,000 in deaths involving hit-and-run cases. Under the changed rules, all sub-divisional officers (SDO) will be the accident claim inquiry officer and district magistrates (DM) the accident claims assessment officer. The SDO conducts the inquiry on the basis of site inspection done by the police and the motor vehicle inspector.

The changed rules do not mandate any site inspection or examination of witness at the trial stage. If challenged, the case will be adjudicated on the basis of a summary trial based on the petition of the victim or their relatives, deposition by the insurance firm and reports by the police, the SDO and DM. In case the tribunal or a higher court awards a higher compensation, the difference of the amount already paid as interim compensation would be credited into the bank account of the victim's family. However, in case of an adverse order for the government, the interim amount already paid as compensation to the family of the victim will not be taken back but adjusted through the Bihar motor vehicle accident assistance fund.

No Insurance Claim if Vehicle Driven Without Valid Registration:

Supreme Court has come out with the observation that car insurance claim for vehicles without valid registration can be denied. The observation was made on Saturday when Supreme Court rejected an insurance claim of a car with temporary registration which was reportedly stolen. United India Insurance Company Limited, one of the public sector general insurance companies in India, filed an appeal against the claim. United India Insurance had challenged an order of the National Consumer Disputes Redressal Commission which dismissed the company's petition challenging an earlier redressal in Rajasthan.

The vehicle, a Mahindra Bolero with an insured sum of Rs. 6.17 lakh, had expired 10 years ago. The top court dismissed the insurance claim saying there is a fundamental breach of the terms and conditions of the policy. What is important is this Court's opinion of the law, that when an insurable incident that potentially results in liability occurs, there should be no fundamental breach of the conditions contained in the contract of insurance.

The Supreme Court made the observation, noting that the Bolero SUV had been driven without a valid registration on the date of theft. The offence is a violation of Sections 39 and 192 of the Motor Vehicles Act, 1988. This results in a fundamental breach of the terms and conditions of the policy, as held by this Court in Narinder Singh (supra), entitling the insurer to repudiate the policy.

This court is of the opinion that the NCDRC's order cannot be sustained. The owner of the vehicle had bought the insurance policy in Punjab, despite being a resident of Sri Ganganagar, Rajasthan. 10 years ago, his vehicle was stolen from a parking lot in Jodhpur. He lodged an FIR at Jodhpur alleging commission of offences under Section 379 (theft) of the Indian Penal Code. Few months later, the police lodged a final report stating that the vehicle was untraceable.

Insurers to develop app to allow faster motor accident claims payments:

The Supreme Court has rejected a request from insurance companies for more time to develop a mobile application for nationwide use by victims of road accidents, police; motor accident claims tribunals and insurance companies for the speedy settlement of compensation claims. During a hearing on the matter, the court heard that the insurance companies were willing to develop a mobile app if certain specific directions were given by the court.

In response, the top court said, "The directions given earlier are comprehensive enough. The insurance company cannot wriggle out of the directions. Either they are able to develop it or we would call upon the government to develop an app which would have to be imposed on the insurance companies."

The top court gave the insurers a period of two months to complete the task. The court had on 16 March 2021 and 3 August 2021 passed detailed orders in this regard. It had allowed the General Insurance Council (GIC) to launch a mobile application where first information reports (FIRs), detailed accident reports and photographs can instantly be uploaded by police and tribunals across the country and allow uniform access to insurance companies for speedy processing of claims. People have gradually started looking at contactless or zero touch services where they do not have to come in physical contact with a third party.

Customers place a high value on an easy process and individualized options and want to buy from insurance companies that serve up comprehensive policy information that is tailored to their specific situation. Across all purchase options, the human factor (or personal contact) is a crucial component of converting a prospect into a customer.

A growing population of 1.38 billion and the soaring aspirations of India's populace are presenting the opportunity for motor insurance companies to tap large volumes of prospective consumers.

To understand the effect, firstly one needs to know the importance of motor insurance. It is the second-largest business segment of the insurance industry that contributes around 40 percent of the total premium collected by the general insurance companies, in which approximately 41 percent of the premium share comes from the own-damage insurance cover that the court has made mandatory.

The Indian auto insurance consumer is not really risk-averse but risk-loving, considering at least 58% vehicles registered in India are still uninsured despite third-party insurance being mandatory. Besides, at present, almost 65-70 percent of the two-wheelers running on the roads avoid the possession of own-damage policy by the second year, while approximately 20 percent to 30 percent of the four-wheelers tends to shun the owning of own-damage policy by the fourth year.

It shows the scope of coverage lies under this own-damage insurance cover. Driving without a valid insurance can be a huge problem and you can end up in paying penalty of Rs 2000 for first offence, Rs. 4000 for subsequent offence as per amended Motor Vehicle Act 2019. Liability only policy (Third party insurance) is mandatory for all vehicles, at least liability only policy should be renewed as there to use vehicle in public place as per Motor vehicle Act 1988.

These changes in the automotive insurance industry can be largely attributed to innovations happening within the mobility space. Technological evolution has brought about disruptions in mobility, resulting in connected, autonomous, shared and electric (CASE) solutions. This, in turn, has resulted in new types of risks in the mobility landscape that needs to be covered by insurance, thereby making traditional insurance solutions redundant and further requiring a change in the way insurance is assessed.

It has to be kept in mind that the Motor Vehicles Act is a piece of welfare legislation and its purpose is to provide prompt compensation to the persons suffering injuries in a motor vehicular accident or to family members of such persons unfortunately dying in such road mishaps. Insurance is considered as a technical product in India and probably that is the reason for its lower penetration. The industry should opt for designing the products with very simple wordings so that there shall be real consensus in them. Transparency at the time of claim is another very important aspect and there should be customer delight at the time of claim settlement.

The "DIY" (Do it yourself) approach is disrupting the way insurance is consumed in India. Consumers are now exploring three main avenues for their motor insurance covers and insurance companies are putting their best foot forward in expanding their presence in all the three spaces. The online purchase and claims settlement process is very simple if the consumer has the Indian government-mandated Aadhaar Card, which is considered a valid proof of a person's identity, place of residence, mobile number and linked bank accounts. Usage-based policy models are really the way ahead to give value to the consumers without compromising on profitability.

The Covid -19 pandemic and lockdown had brought down motor claims in the initial months but they have started coming back to normal. Meanwhile, industry data indicate some traction in motor insurance premium in recent months. The market for insurance for electric vehicles (EVs) is still in a nascent stage. As the market evolves, it is likely to lead to more data surrounding EV battery performance and fires, lower component costs, and a developed used-part and aftermarket channel, all of which will attract innovative insurance business models. In the insurance industry, the insurer-customer relationship is a valuable competitive differentiator throughout the entire customer journey from the initial consultation through to support and claims.

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OPERATIONAL RISK MANAGEMENT IN IT OUTSOURCING ACTIVITIES

Outsourcing or the third-party risk is voted as the top 5 risks by a poll on Top 10 Operational Risks for 2021 conducted by Risk.net.

"It has never been more crucial for operational risk managers to take account of their company's critical and core third-party service providers," says an operational risk executive at a North American bank. "The risk they can expose to a company and its potential impact to daily business operations has never been greater."

Introduction:

For good reasons, the acceptability of businesses to outsource IT functions has risen dramatically in recent years. Outsourcing has been mainstreaming in the back office for a long-time covering fund administration, transfer agency, collateral management, clearing and settlements. However, the approach has gradually extended to entire value chain spanning across vast range of industries and functions such as pharmacy management system, bookkeeping, accounting, claim processing, shipping etcetera. Since it first gained momentum and popularity as a management tool, outsourcing has been more than just a strategy to cut costs to building strategic partnerships that adds more value to the firm where the focus of the firm is realigned to core systems and portfolios to remain competitive and as far as possible offload all tasks that can be entrusted to non-competing third parties.

Author

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With all the benefits that outsourcing has to offer, there are significant risks that arise while associating with a third-party vendor. One such leading risks are the operational risks associated with delivery or performance not at par with the expectations, data theft and breaches, Intellectual Property (IP) thefts, unethical code of conduct and violation of firm's and outsourced country's law, example patient data leak covered under HIPPA law and external factors such as breakdown of infrastructure or disaster. Such risks can be managed and mitigated by effective operational risk management.

Operational Risk Management:

Put simply, operational risk relates to the risk resulting from the execution of an organization's business-functions. It constitutes the risk of a firm's business operations failing due to human error. Operational risk comprises of any event which disturbs the usual flow of business processes of an organization and which creates financial loss for the organization. Unlike other risks like market or credit risk, operational risks are generally not voluntarily incurred by firms. They are also not diversifiable and can't be laid off. If there are systems, people, and processes in place –and which are indeed not perfect in the real world, it is impossible to fully mitigate the operational risks. However, operational risk can be effectively managed to keep the losses within certain risk tolerance levels.

Operational Risk management (ORM) is a continual cyclic-process that includes risk-identification, risk-assessment, risk-decision-making, and implementation of operational-risk-controls, that result in the mitigation, acceptance, or avoidance of risk. The U.S. Department of Defense summarizes the principles of ORM as follows:

a) Accept the risk when the benefits outweigh cost

b) Accept no unnecessary risk

c) Anticipate and manage risk through planning

d) Make risk decisions at right level.

Operational Risks Associated with IT Outsourcing:

Operational risk will exist during the lifecycle of outsourcing project, i.e., pre-sales, contract period and postdelivery. These risks can be categorized into 3 sections.

a) Security Risk: Failure of vendor to secure client confidential dat.

- Intellectual Property (IP) Risk: The risk that the vendor does not possess proper security strategies and is unfamiliar with the recent security threats and practices to safeguard the firm's products.
- Data Breach Risk: The risk that the vendor is not well versed with an array of protected information and its handling measures while working on the product.

b) Stakeholder Engagement Risk: Failure of vendor to meet client expectation of service.

- Requirement Risk: The risk that the product or service delivered by the vendor does not align with the strategic functional and architectural requirements as the project progresses.
- Performance Risk: The risk that the service provided by the vendor does not meet local laws and regulations and issues with the operating method to complete tasks thereby requiring extensive micromanagement by clients.
- Client Relation Risk: The risk that the vendor fails to maintain desired level of co-ordination, communication, and team management during the project.

c) Release and Delivery Risk: Failure of vendor to meet their agreement goal.

- Product Release Risk: Risk that the service and product provided by the vendor fails to meet the standardized design and quality expectations.
- Financial Risk: Risk that the sub-standard delivery and increase in not well-trained resources has led to exceeding the set budget.
- Coordination Risk: Risk having to manage complex system of people, groups, processes, and technologies.

d) External Environment: Failure of vendor to deliver tasks due to external hindrances.

- Environmental Risk: The risk caused by environmental disaster like floods, storms, pandemic, or epidemic that forces the vendor to restrict or stop the usual activities pertaining to project.
- Political Risk: The risk that leads to impediments corporations may face owing to political decisions or any political change which changes the expected value and outcome of a particular economic action, through change in the probability of attaining the business objectives. Political risk can also be defined as the risk of financial, strategic, or personnel loss for a firm due to such non-market factors as the macro-economic and social policies pertaining to labor, or events related to the political instability (riots, terrorism, civil war, coups, and insurrection) that may cause hurdles in daily functioning of vendor.

Effective Operational Risk Management in IT Outsourcing:

a) Service Level Agreement (SLA):

- SLA Risk Management at Proposal Phase – SLA risks is managed at various stages of lifecycle, such as, during proposal submission, during negotiation and contract signing, during transition of services and during ongoing steady state service execution. Following are the ways to mitigate the risks that may originate at any of the above stages:

- Only agreeing for justifiable client/vendor needs
- Reducing the "at risk impact" – the relative weight of At-Risk amount distribution must align with the priorities of the engagement.
- Defining SLA targets right- different targets during peak and off-peak hours must be defined and must be realistic within the context of the engagement and not pure aspiration.
- Baseline exercise- validation of proposed SLA targets based on past performance data analysis. During the baseline period, the performance against agreed set of SLAs is measured, tracked, and reported.
- Earn back clause- the clause specifies how an SLA credit may be reversed and serves as a positive incentive for the supplier to correct the underlying root cause for the default.
- Continuous improvement clause- the clause must factor the actual performance during the previous year and must be subject to upper limit.
- Excused events clause – accounts for factors where the supplier shall not be responsible for an SLA failure if the failure was caused by conditions such as outages during scheduled maintenance window etcetera.

❖ SLA risk management at implementation phase- few steps to consider mitigating risks during a project or program phase can be communicating and informing all stakeholders about the SLA risk queue on time, escalation on time for any risks observed during production environment drop phase, planning and prioritizing with the help of seniors, integrated toolsets, and real time or near real time dashboards that provides the delivery team a visual statistic about the SLA performance and likely SLA breach.

b) Risk Assessment:

❖ Each risk outlined above is process, system, people, or external environment related and thus requires assessment in different categories to identify risk at a stage that enables effective intervention.

- Processes: all process associated with outsourcing support processes, requirement processes, administrative processes etcetera.
- Systems: All hardware and software system
- People: All people involved in engagement lifecycle such as Architects, Product Owners Product Managers, Scrum Masters, Software engineers, Quality Analysts and Business Analyst.
- External Factors: Local labor laws, International labor laws, Market, and regulatory changes.

c) Outsourcing Readiness Assessment:

❖ Potential causes of project failure may not always be the fault of the vendor, the firm may also have gaps in operation readiness for IT outsourcing, for example the firm may not have proper process capabilities in place to support an external team and so assessing the organization readiness for outsourcing is an essential step to managing risks that originate with outsourcing activities.

❖ The firm may need to outline the reason for outsourcing that are justified, ensure how the outsourcing will fit the firm's overall business strategy, set goals and expectation, set escalation and intervention forum, micromanage the capacity needs and determine areas that the firm expects the vendor to bring value to.

d) Strong Practice to Monitor Delivery:

❖ Risk management in outsourcing often focuses heavily on the planning and contract stages. But proper assessment needs to continue throughout outsourcing project lifecycle. It can be achieved by setting forth relevant performance metrics and KPIs.

Organizational Risk Management Framework:

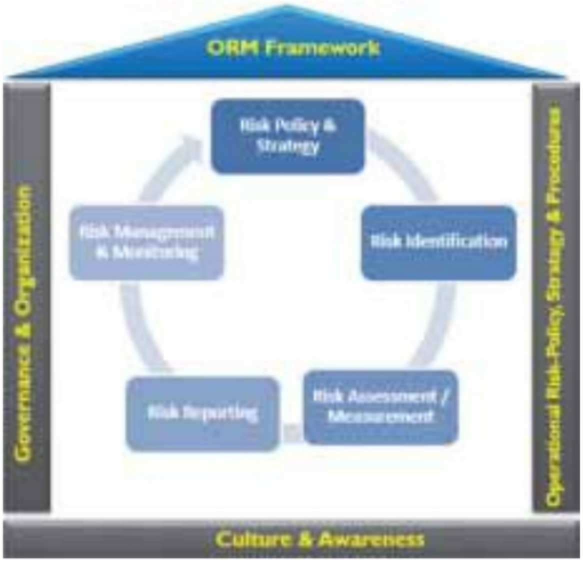

Figure 1: ORM Framework

a) Risk Identification:

- ❖ The detection of any event that potentially triggers a material-business-impact, or which represents a risk-profile modification, must be done as-early-as-possible and could be initiated by - key Risk Indicator breaches, new regulatory requirement, offshore audit finding, new product or project.

b) Risk Measurement:

- ❖ Once risks are identified then it can be measured using impact and likelihood scale.

c) Risk Reporting:

- ❖ This helps to enhance senior management awareness of any lingering risks.

d) Risk Monitoring & Mitigation:

- ❖ Monitoring - While some activities or processes can be monitored on real-time or daily basis some may have to be monitored at less frequent intervals. This frequency should reflect the frequency of occurrences of operational-risk failures and severity of losses – For example scope governance of a requirement being developed will have to be monitored ones in a month and monitoring of critical bugs is required daily.

- ❖ Mitigation - This is the last but most important step in operational risk management. There may not be one standardized way to mitigate operational risks. The guiding principle would be to know where the operational risk is coming from and accordingly mitigation measures can be used. The mitigation procedures should be well documented and should be reviewed from time to time. Some of the outsourcing operational risk mitigation measures can be – For example if the master code is erased during deployment then such losses can be mitigated by ensuring that adequate back-ups are maintained, and tight approval protocols are established. Proper training and string internal audit procedures as well as proper monitoring will help mitigate operational risks that arise due to people related issues.

Stages in Developing an ORM framework:

a) Governance & Organization: ORM function design, committee oversight, detailed roles and responsibilities, resource requirements.

b) Strategy & Objectives: ORM goals, design ORM framework, capabilities and skills, development

c) Policies: ORM policy design, integration with other policies and standards

d) ORM tools and Processes: Data loss governance, alignment with strategic planning and accounting

e) Supporting Systems: Business requirements, Vendor selection, Change management

f) Measures and Reporting: KRI, Internal ORM reporting flows, External ORM disclosure requirements

Conclusion:

To Conclude, the way a firm manages its outsourcing activities says a lot about their business. Having a good hold on outsourcing is necessary to mitigate associated threats and vulnerabilities ranging from the operational impact of third-party failures to the reputational impact of poor work practices of third parties. But it also sets the standard by which third parties will perceive the organization and managed effectively, could open the door to strategic opportunities emanating from positive cost-reduction and innovation. Organizations that lose control of their management of outsourcing face heightened regulatory scrutiny, reputational damage and, ultimately, consumer backlash.

Reference:

Various Sources. ❑

LIFE INSURANCE PRODUCTS GET A FILLIP DURING PANDEMIC

As we reflect on the past 18 months of the pandemic, we are hit by a stark truth. Life is uncertain. An unfortunate accident, a medical crisis or a devastating illness can strike us at any time. And if we do not make adequate preparations in time, a loved one's untimely demise or critical illness can expose a family's financial vulnerability and completely derail their savings and plans for the future.

Awareness increases

While it has been a tumultuous period, one of the positives that emerged out of the pandemic was an increased awareness about insurance, especially term and health insurance. People began to understand far more about the importance of investing in insurance to financially secure the family against the uncertainties of life.

Further, families displayed more interest in investing in financial instruments such as insurance as a result of a greater amount of disposable income during this period due to decreased spending on lifestyle expenses. We have seen enhanced interest and increased enquiries across the country, not just in metros and tier-1 cities, but even in tier-2 and -3 cities and smaller towns.

The demand for pure protection plans has been growing over the past few years as people gained greater knowledge and understanding about this product category. The untimely deaths during the pandemic resulted in a further surge in demand for these plans.

Underwriting process

However, with the devastation caused by Covid, especially during the second wave, reinsurers were badly hit by the surge in claims and were forced to hike term plan rates. Term plan prices in India were the best compared to the rest of the world, so reinsurance was very aggressive in India. With this hike, there has been a 20-40 per cent rise in rates across the board.

However, the exact amount varies depending on the life insurance company, the reinsurer and the volume of business that the life insurance company has with the reinsurer. Besides the hike in rates, the underwriting process has also become more stringent for term plans. Despite this hike, we would still urge people to go out and purchase a term plan as the first step in insuring themselves and their loved ones against any unfortunate situation in the future.

Among other product categories, we have seen greater interest in guaranteed products such as savings plans as well as retirement and annuity plans, especially due to the prevailing economic uncertainty along with the falling interest rate regime in the country. Interestingly, because the stock markets have been buoyant over the last 18 months, we have also seen a lot of new in-flows and renewals of ULIPs (Unit-linked Insurance Plans).

While the spike in ULIPs has largely been from metros and tier-1 cities where customer awareness and education about stock market trends are higher, customers in tier-2 and -3 cities are taking safety in a guaranteed return, non-par savings plans.

A pall of gloom

With the pandemic casting a shadow over job security, business success, physical and mental health, and children's education, we reached out to parents with kids under the age of 10 years in 10 cities across the country as a part of our #FutureFearless survey. The survey was conducted by our research partner, YouGov India, to understand the parents' financial planning and investment decisions taken in the current scenario.

As one might expect, most parents have a strong set of dreams and aspirations for their children. Not only do they want their children to do financially and socially better than themselves, but they are also encouraging their children to learn new things and enrolling them in various courses, especially on the digital medium. Children, too, are exposed to new and exciting fields with career interests expanding to emerging domains such as YouTuber, scientist, astronaut, and virtual reality designer.

Key findings

One of the key findings was that while most people were forced to cut down on their savings and investments, it also made them relook at their financial preparedness. Saving for their children's future and milestones emerged as the top priority for parents, along with saving for medical emergencies.

The rising cost of education right from pre-primary levels, coupled with parents' growing aspirations, have driven them to save for academics over other life goals for their children like saving for marriage or setting up a business.

Considering this, it provides an opportunity for life insurers to further drive education about the relevance of life insurance and the importance of child plans in reassuring parents that their child's dreams will be met despite any unfortunate circumstances.

The survey also revealed that parents consider life insurance a low-risk investment tool and a reliable financial instrument to cover the family against any future uncertainties. Around half of the monthly household income is currently being spent on savings and investments, and life insurance is among the top instruments for secured long-term investment.

Continuing to drive awareness and education around the benefits of life insurance could help to boost further interest in the category. During this period, the regulator, IRDAI, has taken a number of laudable steps, which have benefited customers, as well as the insurance players. Since the pandemic, the regulator has introduced several standard products in the insurance market such as Saral Jeevan Bima, Saral Pension, Corona Rakshak and Corona Kavach, which simplify the decision-making process for customers as the product features and options are standardised and limited.

Hence, these plans are an option at the entry level for customers.

India is a severely under-penetrated market for insurance and while the pandemic has brought about increased awareness about the importance and benefits of insurance, there is still a long way to go.

Offering innovative products that cater to the life-cycle needs of the customer, ensuring adequate life cover to suitably protect one's family in case of any unfortunate circumstances, and fostering a digital-first approach to enhance customer experience and satisfaction are some of the steps that we can take to further drive insurance penetration in India. (Source: Business Line)

SBI General Insurance launches insurance literacy drive in Namsai, Arunachal

SBI General Insurance company has launched an awareness drive in Namsai, Arunachal Pradesh to ensure better insurance literacy among the locals. SBI General has been a lead insurer to take up the campaign to drive insurance awareness in selected and suggested regions by IRDAI, the company said.

The launch event was virtually addressed by PC Kandpal, MD & CEO, SBI General Insurance, RK Sharma, Deputy Commissioner, Namsai District and Shefali Khalsa, head – brand & corporate communications, SBI General Insurance.

Kandpal said, "SBI General is glad to take up the drive to spread insurance awareness in Namsai, the 18th district of Arunachal Pradesh. We started this insurance awareness drive from Ri-bhoi, Meghalaya, and with the success of the activities, we are happy to host the launch event and kick-start the similar activities in Namsai. Our goal is to ensure that every household in the region is educated about the benefits of 'insurance' and understands the need to build a secure future. SBI General Insurance will remain committed towards nation-building and support insurance penetration through such initiatives."

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

32nd & 33rd Convocation of BIMTECH- Splendor of Academic Accolades on Feb 11-12, 2022

BIMTECH Greater Noida campus was abuzz with life and vigor after a long hiatus of classes from home. All four PGDM streams, including PGDM students- Insurance Business Management students of PGDM Batch 2018-20 and 2019-21 revisited its alma mater to formally receive their hard-earned diplomas. Having already moved to the corporate, both these batches of students had braved the Covid menace and were back on campus for the much-awaited ceremonial receiving of their academic degrees- the grand CONVOCATION DAY!

The Convocations marked the happy culmination of years of academic rigor, hard work, and dedication for students of the batch of 2018-2020 and 2019-2021 of PGDM students who graduated from PGDM (Core), PGDM-International Business, PGDM-Insurance, and PGDM-Retail Programmes, along with Fellow Program in Management.

After the customary academic procession, true to the protocol, Chairperson Board of Governors, BIMTECH, SmtJayashreeMohta, declared the Convocation 2022 open. In her welcome address, she said that "the Convocation day is a landmark event in the life of passing out scholars of any institution. Arguably, it is a day of hope, fulfillment, and a day where a students' corporate journey commences. Because of the academic abilities of our students and complete dedication of the members of the faculty, we have notched up a respectable position in the management education firmament, which we are constantly trying to improve upon."

Dr. Harivansh Chaturvedi, Director BIMTECH,and Dr.K.C.Arora, Registrar, presided over the award of formal diplomas to the graduands. Dr.Chaturvedi proudly shared the overall progress of the institute in his address. He particularly highlighted the infrastructure development towards a green campus, CSR, and community building initiatives and response to Covid 19. He reposed faith in the graduating batches and said, "you shall all be a part of history as you braved the worst ever crisis ever faced by humankind across the globe. I truly believe that we all have evolved in the last two years and have shown a high level of compassion and agility much needed for a strong and happy society". Several distinguished members formed the dais during the Convocation ceremony. Prof Ganeshi Lal, Honourable Governor of Odisha, was the Chief Guest and Shri Deepak Bagla, MD & CEO, Invest India,graced the Convocation as the Guest-of-honour along with SmtJayshreeMohta, Chairman of the Board of Governors, Shri VikasKandoi, and Shri AlokGupta(both members of Governing Board-BIMTECH) Prof Anupam Varma-Dean Academics, Prof. KC Arora-Registrar and Prof. Abhijit Chattoraj, Dean Students' Welfare.

The Chief Guest of the 33rd Convocation was the young, dynamic and erudite corporate leader Shri Bhargav Dasgupta, MD & CEO at ICICI Lombard General Insurance Co Ltd since 2009.

Some pearls of wisdom and Quotable Quotes from 32nd & 33rd Convocation Addresses!

Prof Ganeshi Lal Ji, Chief Guest for the 2018-20 batch, said that "Convocation is a day of Vocational Consciousness! Whatever step you may take, in whatever direction you may move, whatever degree or any other thing you may obtain, it should emit a smell of consciousness." He reiterated the importance of nature. "Ashtavakra says that you don't live on the planet earth, but virtually you are the earth planet. Rigveda says that you are the blooming flowers, twinkling stars in the sky, and the divine light within, the sustainer of the eternal values. You have to be one with nature."

Shri Deepak Bagla, MD & CEO Invest India, Guest of Honour for Batch 18-20, conveyed his congratulations and ignited the minds of the graduands by saying, "This is a big moment not just for the faculty, not just for your family and parents but all of us, because we are all depending on you, and we are all looking forward to being in your good hands, as we go forward congratulating once again, and this is truly a moment for all of you just to sit back, look back on what you have achieved and now just get ready for all what is now ready for you to take on." "Each one of these individuals, each one of our human resource citizens, is empowered today. Each one of you is out not to change your own life, not to change the life of the city around you, but to change the life of everyone in this country and across the world."

CHIEF GUEST for BATCH 19-21 Shri BHARGAV DASGUPTA, MD & CEO at ICICI Lombard General Insurance Co Ltd., shared through his life experiences the importance of humility, ownership, and passion. He said that "As you join the professional world, retain your kindness, retain your sense of empathy and responsibility for your fellow countrymen. As you succeed, stay humane, stay humble and be happy!" He urged the students to take responsibility for reactions and said that "when you make a mistake, be the first one to acknowledge and own up the mistake. Sense of ownership, true passion, and resilience are the keys to success."

Student Achievement

An article titled "Women in Insurance," which includes an interview of acclaimed journalist Ms. Sathya Saran on her biography "BEING RITU -The Unforgettable Story of Ritu Nanda" has been accepted for publication in BIMTECH Business Perspectives (a double-blind peer-reviewed journal). Prof. Saloni Sinha, Faculty of Communication, Theatre and Future Skills, and Ms. NimishaRastogia, a student of PGDM (Insurance) 2021-23 and Executive Member of Media Conduit, have co-authored it.

Faculty Achievement

Prof. Saloni Sinha, Faculty of Communication, Theatre and Future Skills, was invited as an academic expert in the Axis DEI Curriculum Brainstorming Workshop to develop the DEI curriculum by AXIS BANK.

Policybazaar Launches AI-enabled WhatsApp bot for Smooth Claim Settlement in Group Health Insurance

Policybazaar, one of India's largest online marketplace for insurance, has launched its AI-enabled WhatsApp chatbot to automate and expedite the claim settlement process for all its corporate clients. The feature is designed to provide seamless assistance with claims intimation and settlement via WhatsApp to all the employees and their families covered under the plan.

By opting in for this service, the user can chat with the claims support bot on WhatsApp, choose the relevant option and provide details of hospitalisation and expenses. Customers will be informed about the documents to be uploaded which can be sent via WhatsApp itself. User can then track their claim status after the ID is generated. Since the launch, over 15000 users have already utilized the service for enrolling their dependents and availing claims assistance. The feature provides ease of documentation through online image upload, claims filing on the go, and 24*7 online claims tracking among other benefits.

Talking about the newly-launched feature, Tarun Mathur, Chief Business Officer - General Insurance at Policybazaar, said, "Conventionally, consumers have had to follow up over phone calls or emails regarding claims with insurers. This is not only cumbersome but also leads to unpredictable wait time, which is even more complicated in a remote work set-up. To iron out the frictions during the crucial moment of truth, we have launched an automated communications platform. This is integrated with APIs from insurers and TPAs which eliminates the need for human intervention for accepting claims information and claim documents. Employers are going the extra mile during the pandemic to ensure employee wellness and we are here to help them strengthen their efforts in this endeavour."

Since the launch, the app-based claims process has already brought about a 40% reduction in queries regarding claims status, e-cards and other claim filing issues. Also, there's been a 10% increase in the number of claims submitted digitally. Revolutionising the claims process with its virtual edge, the bot has eliminated the hassles associated with heaps of physical paperwork.

LEGAL

Arbitration award can be set aside only if it is against prevailing laws, says SC

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

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

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

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

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

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

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

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

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

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

"In view of the above and for the reasons stated above, the present appeal succeeds. The impugned judgment and order passed by the High Court is hereby quashed and set aside. The award passed by the arbitrator and the order passed by the Additional District Judge under Section 34 of the Arbitration Act overruling the objections are hereby restored," the bench said in January 11 order.

Insurer can't change policy terms unilaterally

Roxy Color Lab had taken two standard fire and special insurance policies from National Insurance to cover its digital colour laboratory, including plant and machinery, office equipment, raw materials, and goods held in trust and trade. The tenures of the two policies overlapped: one was from July 8, 2008 to July 7, 2009, and the other from January 6, 2009 to January 5, 2010. The total risk covered under the two policies was Rs 96 lakh.

The two policies were issued by two separate offices of the same insurer. Later, they were shifted to the same divisional office, but without taking a fresh proposal. Moreover, while shifting the policy, the insurer unilaterally changed the terms of loss assessment from the earlier "reinstatement basis" to "market value basis", without the insured's knowledge or approval.

A major fire broke out on April 9, 2009. The insurer appointed Cunningham Lindsey to assess the loss. The insured furnished all the documents that were sought. Pending the final loss assessment, the insurer released Rs. 30 lakh as ad-interim relief. The surveyor submitted a final report on February 3, 2010, assessing the total loss at Rs. 48,43,268 on market value basis. The surveyor also recommended payment of the balance Rs. 18,43,268 after adjusting the amount disbursed as interim relief.

As the claim was not settled on reinstatement basis, the insured filed a complaint before the Chandigarh State Commission, seeking Rs. 19,61,749, on the basis of the difference between the two loss assessment methods. In addition, the insured also sought interest, compensation and costs.

The insurer contested the complaint. It raised a technical objection that the complaint was not maintainable as the insurance service was availed for commercial purpose. It also contended that the insured can't raise a dispute after having given full and final discharge for the settlement.

The State Commission held that the I claim should be settled on reinstatement basis. It added that the Insured was entitled to receive the remaining Rs. 19,53,745, along with 8 per cent Interest from October 15, 2009.1n addition, it granted interest for delay in payment of the claim disbursed. It also granted Rs. 20,000 as compensation for physical harassment and mental agony, and Rs. 10,000 towards litigation cost. It gave the Insurer 30 days to comply, after which the interest rate would rise to 12 per cent.

Both the Insurer and the insured appealed against this order. The National Commission observed that insurance is not taken for any commercial gain, but for loss indemnification so the complaint was maintainable

It also observed that there was no evidence to show that change in loss assessment from reinstatement basis to market value basis was done at the behest of, or after informing, the insured. It pointed out that when any change is made without a fresh proposal, the Insurance Regulatory and Development Authority of India's regulations require the messes insurer to confirm the change with the insured and record it in the policy. As this was not done, the Commission accepted the insured's contention that the change was made without its knowledge or consent. The National Commission concluded that the change was made unilaterally, which was permissible. It concurred with the State Commission's view that the Insured was entitled to a further amount of Rs. 1,953,745.

Accordingly, by its order of February 3, 2022 delivered by C. Viswanath presiding over the Bench along with Justice Ram Surat Ram Maurya, the National Commission dismissed the appeals and upheld the State Commission's order. ❑

Bharti AXA Life launches Guaranteed Wealth Pro

Bharti AXA Life Insurance has launched their Bharti AXA Life Guaranteed Wealth Pro plan - a comprehensive product that will provide life insurance coverage along with a competitive and efficient savings avenue.

The company says, people increasingly seek financial products that offer guaranteed returns on investments, along with liquidity. This Wealth Pro is designed to help save for future milestones or needs across various life-stages such as planning for retirement or early retirement, children's higher education, a luxurious holiday or safeguarding ones' financial independence by securing a supplementary income that allows one to pursue their passion without a worry.

The plan offers liquidity in the form of tax-free income from the second year onwards with its early income variants. This could help secure the policyholder's family by guaranteeing the elimination of uncertainty of future income streams.

The plan offers two pay-out structures - 'Endowment' and 'Income', wherein policyholders can receive pay-outs based on their requirements and financial goals.

- The 'Endowment' option to receive pay-outs under the product as lump sum enable planning for future milestones and life goals
- 'Income' option offers a choice between short-term, long-term income and lifelong income with two early income variants as well.

In addition to the built-in cover, the plan enables customers to opt for additional rider(s) which can be taken along with the policy. The riders available with the product are Term Rider, Hospi Cash Rider, Accidental Death Benefit Rider and Premium Waiver Rider. One can also choose a premium payment term or policy term based on their needs and preferences.

IRDAI Circular

Review of Articles of Association (AOA) of Indian Institute of Insurance Surveyors and Loss Assessors (IIISLA)

IRDAI/SUR/ORD/MISC/25/02/2022

Date:15-02-2022

The Authority had constituted Surveyors and Loss Assessors Committee vide Order No. IRDA/SURV/ORDER/MISC/100/04/2020 dated 24/04/2020. This committee is constituted as per Regulations 10 of IRDAI (Insurance Surveyors & Loss Assessors) Regulations, 2015.

As per Regulations 11(1)(f) of IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015, one of the functions of the Committee is to discharge any other function entrusted by the Authority from time to time. Accordingly, the committee is entrusted to review AOA of IIISLA. The detailed terms of reference are as follows:

(a) Review AOA of IIIISLA and suggest changes taking into account complying with the provisions of Companies Act, 2013 and other Rules/Regulations in this regard.

(b) Reviewing RPCEC and propose changes including whether its provisions can be subsumed in AOA itself.

(c) Suggestions for improvement in internal functioning of IIISLA related to enquiry into misconduct of members, rules for admission of members, time frame for giving IIISLA membership.

(d) Any other matter with the permission of the Chair.

Shri. Pankaj Kumar Tewari, GM (Intermediaries), IRDAI shall be invitee to the Surveyors & Loss Assessors Committee for this activity.

The Committee shall submit its Report within 30 days from the receipt of this Order.

T.L.Alamelu
Member (Non-Life)

Holding more than one Certificate of Registration to one group – IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015

IRDAI/F&A/CIR/MISC/26/2/2022

February 16, 2022

1. Clause (d) of sub section (9) of Section 2 of Insurance Act, 1938 provides that a "foreign company" engaged in reinsurance business can transact the business of reinsurance through a branch in India.
2. Accordingly, it is clarified that where the 'applicant' as defined under Regulation 2(b) of the IRDAI (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015 falls within a group, no other entity of that group shall be eligible to apply for Certificate of Registration to act as Foreign Reinsurance Branch in India.
3. This Circular is issued in accordance with the powers conferred under sub section (1) of section 14 of Insurance Regulatory and Development Authority Act, 1999.
4. The above instruction comes into force from the date of this Circular.

S N Rajeswari
(Member-Distribution & I/C of Finance)

Performance Statistics - Non-Life Insurance

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

(Rs. in crores)

INSURER	For the month of January		Upto the Month of Janaury		Market Share upto the Month of Jan. 2022 (%)	Growth over the corresponding period of previous year (%)
	2021-22	2020-21	2021-22	2020-21		
Acko General Insurance Limited	90.30	44.39	788.71	321.68	0.43	145.19
Bajaj Allianz General Ins. Co. Ltd.	1,446.47	1,134.97	11,866.15	10,928.82	6.50	8.58
Bharti AXA General Ins. Co. Ltd. #	NA	261.72	NA	2,691.07	(0.00)	NA
Cholamandalam MS General Ins.	449.10	422.37	3,891.11	3,540.36	2.13	9.91
NAVI General Insurance Limited	11.94	13.71	77.85	86.09	0.04	(9.57)
Edelweiss General Ins. Co. Ltd.	31.05	22.30	297.88	176.06	0.16	69.19
Future Generali India Ins. Co. Ltd.	462.72	337.49	3,368.73	3,092.73	1.85	8.92
Go Digit General Ins. Ltd.	512.23	114.01	3,682.41	1,767.25	2.02	108.37
HDFC Ergo General Ins. Co. Ltd.	1,075.67	994.44	10,622.79	9,740.13	5.82	9.06
ICICI Lombard General Ins. Co. Ltd.	1,799.36	1,426.28	15,110.57	11,951.35	8.28	26.43
IFFCO Tokio General Ins. Co. Ltd.	663.98	654.58	6,978.47	7,094.53	3.82	(1.64)
Kotak Mahindra General Ins. Co.	76.53	50.79	577.08	433.09	0.32	33.25
Liberty General Ins. Ltd.	153.49	151.19	1,224.85	1,197.25	0.67	2.31
Magma HDI General Ins. Co. Ltd.	259.31	204.23	1,418.22	1,056.08	0.78	34.29
National Ins. Co. Ltd.	760.94	1,079.72	10,843.17	11,595.07	5.94	(6.48)
Raheja QBE General Ins. Co. Ltd.	32.14	27.39	303.72	207.48	0.17	46.38
Reliance General Ins. Co. Ltd.	725.04	651.37	7,928.36	6,953.60	4.34	14.02
Royal Sundaram General Ins. Co.	267.97	286.07	2,333.14	2,316.35	1.28	0.72
SBI General Ins. Co. Ltd.	1,223.21	1,315.62	7,195.12	6,595.75	3.94	9.09
Shriram General Ins. Co. Ltd.	144.72	185.92	1,413.59	1,744.24	0.77	(18.96)
Tata AIG General Ins. Co. Ltd.	1,020.27	874.80	7,972.41	6,905.84	4.37	15.44
The New India Assurance Co. Ltd.	2,239.23	2,473.69	27,716.67	23,802.69	15.19	16.44
The Oriental Ins. Co. Ltd.	1,056.69	1,030.82	11,420.66	10,243.28	6.26	11.49
United India Ins. Co. Ltd.	1,646.76	2,093.60	12,878.93	14,010.62	7.06	(8.08)
Universal Sompo General Ins. Co.	461.13	394.16	2,978.19	2,574.39	1.63	15.68
General Insurers Total	16,610.23	16,245.62	1,52,888.79	1,41,025.81	83.78	8.41
Aditya Birla Health Ins. Co. Ltd.	206.26	154.44	1,376.12	1,013.76	0.75	35.74
ManipalCigna Health Ins. Co. Ltd.	88.46	62.07	778.54	590.41	0.43	31.86
Niva Bupa Health Ins. Co. Ltd.	267.02	174.25	2,184.62	1,324.51	1.20	64.94
Care Health Insurance Limited	413.66	258.55	3,063.07	2,014.05	1.68	52.09
Star Health & Allied Ins. Co. Ltd.	1,043.	832.11	8,814.58	6,959.96	4.83	26.65
Reliance Health Ins. Ltd.*	---	(0.00)	(0.02)	(0.01)	(0.00)	NA
Stand-alone Pvt Health Insurers	2,019.11	1,481.41	16,216.92	11,902.68	8.89	36.25
Agricultural Ins. Co. of India Ltd.	2,672.03	795.67	12,544.15	9,757.69	6.87	28.56
ECGC Limited	88.94	88.61	827.71	804.68	0.45	2.86
Specialized PSU Insurers	2,760.97	884.28	13,371.86	10,562.37	7.33	26.60
GRAND TOTAL	21,390.32	18,611.31	1,82,477.57	1,63,490.86	100.00	11.61

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

*Takeover of Reliance Health Insurance portfolio by Reliance General Insurance

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

Performance STATISTICS - LIFE INSURANCE

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

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies / Schemes				
		Month of Jan-2022	Upto Jan-2022	Month of Jan-2021	Upto Jan-2021	YTD Variation in %	Month of Jan-2022	Upto Jan-2022	Month of Jan-2021	Upto Jan-2021	YTD Variation in %
1	**Aditya Birla Sun Life Insurance Co. Ltd.**										
	Individual Single Premium	15.51	195.42	17.22	106.98	82.67%	226	2071	200	1587	30.50%
	Individual Non Single Premium	180.10	1616.48	172.48	1419.62	13.87%	18487	169197	20936	198627	-14.82%
	Group Single Premium	185.67	2251.36	65.66	1845.66	21.98%	6	62	8	48	29.17%
	Group Non Single Premium	1.34	22.58	4.56	58.06	-61.11%	0	4	0	1	300.00%
	Total	**402.28**	**4210.16**	**263.38**	**3490.80**	**20.61%**	**18769**	**171501**	**21177**	**200673**	**-14.54%**
2	**Aegon Life Insurance Co. Ltd.**										
	Individual Single Premium	0.06	0.40	0.06	0.52	-23.60%	1301	1809	5	22	8122.73%
	Individual Non Single Premium	0.40	9.53	1.52	31.57	-69.83%	287	6663	817	12692	-47.50%
	Group Single Premium	0.00	0.00	0.00	5.23	-100.00%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**0.58**	**16.02**	**9.65**	**55.78**	**-71.29%**	**1588**	**8489**	**847**	**12789**	**-33.62%**
3	**Ageas Federal Life Insurance Co. Ltd.**										
	Individual Single Premium	21.08	220.59	17.35	189.04	16.69%	375	4062	383	4985	-18.52%
	Individual Non Single Premium	36.89	274.25	28.90	182.90	49.94%	3364	29572	3705	25696	15.08%
	Group Single Premium	15.92	119.83	35.13	86.29	38.87%	0	1	0	0	---
	Group Non Single Premium	0.00	0.03	0.00	0.05	-36.99%	0	2	0	5	-60.00%
	Total	**73.89**	**614.70**	**81.38**	**458.28**	**34.13%**	**3739**	**33637**	**4088**	**30686**	**9.62%**
4	**Aviva Life Insurance Co. Ltd.**										
	Individual Single Premium	0.83	9.49	0.00	9.58	-0.84%	10	84	0	298	-71.81%
	Individual Non Single Premium	14.06	125.59	12.77	91.73	36.91%	1566	15338	1622	14250	7.64%
	Group Single Premium	0.72	4.17	0.00	0.99	323.26%	0	1	0	0	---
	Group Non Single Premium	0.07	0.98	0.07	1.06	-7.01%	0	0	0	0	---
	Total	**19.97**	**203.72**	**15.83**	**149.45**	**36.32%**	**1578**	**15495**	**1622**	**14662**	**5.68%**
5	**Bajaj Allianz Life Insurance Co. Ltd.**										
	Individual Single Premium	21.47	206.62	4.65	38.00	443.73%	455	3022	101	746	305.09%
	Individual Non Single Premium	326.40	2646.90	241.03	1716.09	54.24%	45283	350781	36517	325064	7.91%
	Group Single Premium	306.73	3398.27	237.78	2419.99	40.43%	7	67	8	54	24.07%
	Group Non Single Premium	0.00	0.00	0.00	0.00	-100.00%	0	0	0	0	---
	Total	**684.01**	**6584.10**	**508.44**	**4328.40**	**52.11%**	**45759**	**353975**	**36652**	**325969**	**8.59%**
6	**Bharti Axa Life Insurance Co. Ltd.**										
	Individual Single Premium	4.54	45.20	4.70	77.33	-41.54%	32	361	35	2768	-86.96%
	Individual Non Single Premium	56.39	516.61	54.90	399.56	29.29%	10368	89479	9654	83203	7.54%
	Group Single Premium	14.37	128.71	13.23	96.38	33.54%	3	14	-1	11	27.27%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**76.89**	**694.84**	**73.02**	**575.77**	**20.68%**	**10404**	**89858**	**9688**	**85985**	**4.50%**
7	**Canara HSBC OBC Life Insurance Co. Ltd.**										
	Individual Single Premium	34.54	325.82	42.25	362.79	-10.19%	214	2714	245	3132	-13.35%
	Individual Non Single Premium	119.71	930.53	104.25	640.47	45.29%	14320	126549	14302	130131	-2.75%
	Group Single Premium	30.48	740.03	12.64	599.84	23.37%	3	6	0	9	-33.33%
	Group Non Single Premium	0.09	1.47	0.42	2.82	-47.76%	2	2	0	2	0.00%
	Total	**228.11**	**2149.02**	**163.51**	**1743.71**	**23.24%**	**14552**	**129332**	**14554**	**133332**	**-3.00%**
8	**Edelweiss Tokio Life Insurance Co. Ltd.**										
	Individual Single Premium	4.55	21.92	1.40	5.67	286.67%	1002	1579	2000	2408	-34.43%
	Individual Non Single Premium	30.44	283.97	34.73	281.27	0.96%	4638	43741	5622	57051	-23.33%
	Group Single Premium	1.92	21.79	2.03	10.40	109.57%	0	0	0	0	---
	Group Non Single Premium	0.00	0.00	1.32	2.71	-100.00%	0	0	0	0	---
	Total	**36.94**	**328.78**	**40.27**	**304.71**	**7.90%**	**5640**	**45326**	**7626**	**59487**	**-23.81%**
9	**Exide Life Insurance Co. Ltd.**										
	Individual Single Premium	6.12	116.68	8.83	66.51	75.43%	98	1085	92	950	14.21%
	Individual Non Single Premium	61.24	513.11	51.85	400.09	28.25%	10577	95205	12034	111035	-14.26%
	Group Single Premium	0.12	0.54	0.08	0.52	3.39%	0	0	0	0	---
	Group Non Single Premium	2.21	33.56	1.60	13.87	141.98%	1	12	0	21	-42.86%
	Total	**94.28**	**761.75**	**70.62**	**525.04**	**45.08%**	**10676**	**96302**	**12126**	**112006**	**-14.02%**
10	**Future Generali India Life Insurance Co. Ltd.**										
	Individual Single Premium	0.56	3.62	0.42	2.36	53.12%	22	135	24	112	20.54%
	Individual Non Single Premium	25.38	202.95	28.08	213.50	-4.94%	3123	27582	4201	37810	-27.05%
	Group Single Premium	1.81	19.06	9.28	46.95	-59.40%	0	0	0	5	-100.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**32.43**	**321.41**	**40.10**	**311.96**	**3.03%**	**3147**	**27737**	**4225**	**37950**	**-26.91%**
11	**HDFC Life Insurance Co. Ltd.**										
	Individual Single Premium	307.14	3141.72	309.62	2771.89	13.34%	3601	37114	3876	32282	14.97%
	Individual Non Single Premium	693.92	5977.81	677.44	5042.77	18.54%	70629	676414	82682	729791	-7.31%
	Group Single Premium	831.70	9645.66	710.24	7373.19	30.82%	11	105	14	134	-21.64%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**1871.88**	**19060.25**	**1723.50**	**15355.24**	**24.13%**	**74245**	**713681**	**86573**	**762273**	**-6.37%**
12	**ICICI Prudential Life Insurance Co. Ltd.**										
	Individual Single Premium	270.57	2666.21	328.95	1794.66	48.56%	2836	27158	3260	19992	35.84%
	Individual Non Single Premium	507.25	4492.20	544.03	3702.40	21.33%	52553	479558	57510	480699	-0.24%
	Group Single Premium	258.74	2231.73	241.10	1565.14	42.59%	7	98	14	69	42.03%
	Group Non Single Premium	0.01	0.24	0.00	0.00	---	0	0	0	0	---
	Total	1257.00	11504.54	1239.12	9138.05	25.90%	55477	507782	61077	503020	0.95%

Performance STATISTICS - LIFE INSURANCE

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

(₹ Crores)

Sl. No.	Particulars	Premium in Rs. Crores: Month of Jan-2022	Upto Jan-2022	Month of Jan-2021	Upto Jan-2021	YTD Variation in %	No. of Policies / Schemes: Month of Jan-2022	Upto Jan-2022	Month of Jan-2021	Upto Jan-2021	YTD Variation in %
13	**IndiaFirst Life Insurance Co. Ltd.**										
	Individual Single Premium	5.11	70.05	3.63	25.25	177.39%	135	1617	154	1064	51.97%
	Individual Non Single Premium	107.28	995.51	70.79	600.90	65.67%	21034	199767	15602	143165	39.54%
	Group Single Premium	64.33	1030.95	68.11	886.74	16.26%	20	237	17	158	50.00%
	Group Non Single Premium	0.02	0.44	0.06	0.41	5.94%	0	0	1	3	-100.00%
	Total	**176.73**	**2096.95**	**142.58**	**1513.31**	**38.57%**	**21189**	**201621**	**15774**	**144390**	**39.64%**
14	**Kotak Mahindra Life Insurance Co. Ltd.**										
	Individual Single Premium	110.87	871.39	115.74	774.27	12.54%	6556	33379	5470	31395	6.32%
	Individual Non Single Premium	171.75	1284.08	158.84	1084.46	18.41%	23291	197009	23258	208816	-5.65%
	Group Single Premium	170.48	1199.39	117.75	666.56	79.94%	7	71	16	161	-55.90%
	Group Non Single Premium	0.62	3.14	0.06	0.48	550.01%	3	11	0	14	-21.43%
	Total	**510.82**	**4197.96**	**497.90**	**3341.63**	**25.63%**	**29887**	**230916**	**28787**	**240919**	**-4.15%**
15	**Max Life Insurance Co. Ltd.**										
	Individual Single Premium	111.30	1299.22	107.81	1148.44	13.13%	406	5320	366	4338	22.64%
	Individual Non Single Premium	356.92	3889.06	468.90	3345.91	16.23%	46498	453214	56288	483041	-6.17%
	Group Single Premium	59.21	583.05	59.18	314.76	85.23%	0	25	3	17	47.06%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**529.90**	**5815.40**	**638.28**	**4881.89**	**19.12%**	**46909**	**458589**	**56658**	**487789**	**-5.99%**
16	**PNB Metlife Life Insurance Co. Ltd.**										
	Individual Single Premium	10.69	109.17	10.65	77.54	40.80%	169	1594	189	1139	39.95%
	Individual Non Single Premium	169.78	1212.30	132.74	998.19	21.45%	21418	192711	21908	185681	3.79%
	Group Single Premium	38.64	335.72	51.12	251.07	33.71%	1	3	1	1	200.00%
	Group Non Single Premium	0.13	0.97	0.08	0.56	72.55%	3	88	12	139	-36.69%
	Total	**230.70**	**1763.70**	**204.10**	**1374.49**	**28.32%**	**21591**	**194396**	**22110**	**186960**	**3.98%**
17	**Pramerica Life Insurance Limited.**										
	Individual Single Premium	0.58	4.71	0.15	1.69	179.00%	11	91	6	2019	-95.49%
	Individual Non Single Premium	9.74	92.43	8.16	92.68	-0.28%	1936	21752	2599	21358	1.84%
	Group Single Premium	15.76	90.58	13.38	61.95	46.22%	4	15	1	11	36.36%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**31.65**	**229.36**	**22.64**	**178.69**	**28.35%**	**1965**	**21963**	**2618**	**23563**	**-6.79%**
18	**Reliance Nippon Life Insurance Co. Ltd.**										
	Individual Single Premium	2.61	36.98	4.41	42.67	-13.34%	88	1173	129	1235	-5.02%
	Individual Non Single Premium	87.96	721.44	79.69	661.75	9.02%	12697	122251	16325	146977	-16.82%
	Group Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Group Non Single Premium	4.74	202.00	12.72	96.03	110.36%	3	34	2	24	41.67%
	Total	**96.52**	**984.50**	**97.26**	**809.50**	**21.62%**	**12796**	**123511**	**16461**	**148281**	**-16.70%**
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	350.69	3171.56	222.89	1947.03	62.89%	10429	76777	4423	36811	108.57%
	Individual Non Single Premium	1257.89	10048.66	1174.83	7580.49	32.56%	172941	1417385	171297	1234475	14.82%
	Group Single Premium	305.54	7188.08	450.18	6485.32	10.84%	10	128	11	131	-2.29%
	Group Non Single Premium	4.74	21.23	2.50	13.83	53.58%	0	0	0	2	-100.00%
	Total	**1949.63**	**20741.63**	**1875.16**	**16313.58**	**27.14%**	**183393**	**1494388**	**175754**	**1271711**	**17.51%**
21	**Shriram Life Insurance Co. Ltd.**										
	Individual Single Premium	4.90	54.18	5.21	42.58	27.26%	715	7109	135	1189	497.90%
	Individual Non Single Premium	38.13	370.01	40.59	358.17	3.31%	20287	186363	27607	206759	-9.86%
	Group Single Premium	27.55	197.60	20.89	115.58	70.96%	0	3	0	3	0.00%
	Group Non Single Premium	0.00	0.00	0.00	0.00	---	0	0	0	0	---
	Total	**71.96**	**700.68**	**75.87**	**601.61**	**16.47%**	**21002**	**193543**	**27751**	**208049**	**-6.97%**
22	**Star Union Dai-Ichi Life Insurance Co. Ltd.**										
	Individual Single Premium	7.49	117.99	29.37	157.13	-24.91%	182	2336	403	2871	-18.63%
	Individual Non Single Premium	76.55	765.56	53.32	477.40	60.36%	9803	96865	8510	69601	39.17%
	Group Single Premium	21.68	175.87	18.17	109.11	61.19%	0	3	0	2	50.00%
	Group Non Single Premium	0.00	0.06	0.05	1.01	-94.10%	0	0	0	0	---
	Total	**128.76**	**1438.08**	**109.06**	**837.35**	**71.74%**	**9988**	**99252**	**8914**	**72488**	**36.92%**
23	**Tata AIA Life Insurance Co. Ltd.**										
	Individual Single Premium	63.44	439.51	28.21	516.06	-14.83%	595	4340	232	3185	36.26%
	Individual Non Single Premium	394.32	3142.40	276.98	2338.51	34.38%	47301	386444	34254	334605	15.49%
	Group Single Premium	12.96	73.83	4.70	20.74	255.96%	0	2	0	1	100.00%
	Group Non Single Premium	0.08	3.23	0.73	45.42	-92.89%	0	12	0	43	-72.09%
	Total	**515.83**	**3820.07**	**354.41**	**2998.78**	**27.39%**	**47940**	**391018**	**34534**	**338068**	**15.66%**
	PRIVATE										
	Individual Single Premium	1354.64	13128.46	1263.54	10157.99	29.24%	29458	214930	21728	154528	39.09%
	Individual Non Single Premium	4722.50	40111.38	4416.83	31660.46	26.69%	612401	5383840	627250	5240527	2.73%
	Group Single Premium	2364.33	29436.20	2130.62	22962.42	28.19%	79	841	92	815	3.19%
	Group Non Single Premium	14.07	289.95	24.17	236.31	22.70%	12	165	15	254	-35.04%
	Private Total	**9020.75**	**88237.60**	**8246.06**	**69288.01**	**27.35%**	**642234**	**5602312**	**649616**	**5401050**	**3.73%**
24	**Life Insurance Corporation of India**										
	Individual Single Premium	1926.64	18597.91	1755.90	24763.08	-24.90%	83249	729637	83715	763457	-4.43%
	Individual Non Single Premium	2832.72	21987.31	2656.01	20150.63	9.11%	2057268	14059064	2451122	13304353	5.67%
	Group Single Premium	7903.75	95235.35	8630.76	92677.46	2.76%	117	481	37	308	56.17%
	Group Non Single Premium	206.71	2115.69	55.84	5072.05	-58.29%	529	5606	715	5478	2.34%
	Total	**12936.29**	**138951.30**	**13143.64**	**143148.07**	**-2.93%**	**2144308**	**14817662**	**2537748**	**14091815**	**5.15%**
	GRAND TOTAL	**21957.04**	**227188.90**	**21389.70**	**212436.09**	**6.94%**	**2786542**	**20419974**	**3187364**	**19492865**	**4.76%**

Glossary

Non-proportional Reinsurance

Reinsurance that is not secured on individual lives for specific individual amount of reinsurance, but rather reinsurance that protects the ceding company's overall experience on its entire portfolio of business, or at least a broad segment of it. The most common forms of non-proportional reinsurance are stop loss and catastrophe.

Policy Dividend

A refund of part of the premium on a participating life insurance policy. Amount of payment is determined by subtracting the actual premium expense from the premium charged. The payment can be taken as cash, applied to a purchase an increment of paid-up insurance, left on deposit with the insurance company or applied to purchase term insurance for one year.

Policy Period

Time period during which insurance coverage is in effect.

Poll

Do you think Insurance Companies should focus more on creating awareness

Yes

No

Can't say

Results of Poll in our February 2022 Issue

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

Yes	100
No	00
Can't say	00

You may send your views to :

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


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