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

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THE INSURANCE TIMES

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FOUR DECADES IN PUBLICATION
43 YEARS SINCE 1981
DEDICATED SERVICE TO THE NATION

" The top 5 insurance companies demonstrate an impressive return on equity of about 20%, on average 16% for non- life and 14% for life. Now is the time to redirect investment capital into this sector to benefit from these solid returns."

Debashish Panda
Chairman,
Insurance Regulatory & Development Authority

"The protection gap opens a new world of possibilities for insurtech startups to develop insurance products grounded in technology. Price is the main factor driving decisions to buy insurance, and insurtechs can produce efficiencies that lower prices."

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Editor-in-Chief's Desk

Ram Gopal Agarwala
B.Com, LLB, FCA.

The Insurance Times journal has entered into 43rd year of publication and in the year 2023 we have too embarked upon a journey to reach out to the Industry people and consumers at large to increase the reach of insurance. We solicit the support of our readers to help us in this mission and send us regular feedbacks and suggestion so that we may make the journal more informative.

Budget 2023 has been announced and has left the Industry disappointed as there was no increase in exemption limit in 80C and 80D and rather from 1.4.2023 in case of life insurance policies having a premium of Rs.5 lakhs and above, the income from maturity proceeds will not be eligible for exemption from income tax. This will directly impact the policyholders as they will now take this into account while calculating the returns from the life insurance.

Government is slowly moving towards the regime of No tax deduction and Industry must gear up to face the future challenges.

It is a matter of discussion and research as to how the consumer will react in the new scenario and what should be the next action plan of Insurance Companies.

According to IRDAI Chairman Mr Debashish Panda, the insurance industry will need a capital infusion of Rs 50,000 crore per year to double its penetration in the next five years. While speaking at CII Insurance and Pension Summit he asked the players to engage with housing regulators to try and make property insurance compulsory, or impress the need for property insurance with the Union housing ministry.

He said the Insurers also have to go beyond the present distribution arrangements with scheduled commercial banks, and have bancassurance arrangements with non-bank lenders, co-operative banks and also payment aggregators. Panda also asked the insurers to create grievance Redressal cells with a separate set of officials in place.

From this issue we are starting a new Column Guest Editorial where we shall be inviting Industry veterans and thoughts leaders to share their outlook for the Insurance Industry.

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From the Editors Desk

Budget 2023 – Challenges Ahead!

Dr. Rakesh Agarwal

Finance Minister Nirmala Sitharaman presented the budget on 1st February 2023. It was widely anticipated that it being the pre election year, Finance Minister will dole out some goodies for the insurance sector in form of increase in the deduction limit under 80C for life insurance sector as well as enhance the limit under section 80D.

However the industry was left disappointed as there was no increase in any deduction limit. Infact the FM announced that traditional policies where premium is above Rs. 5 lakhs, the income proceeds at the time of maturity, will no longer be eligible for exemption from income tax. FM has proposed that in cases where the aggregate premium for life insurance policies — other than unit-linked insurance plans (ULIPs) — issued on or after April 1, 2023, is above Rs 5 lakh, income at the time of maturity will not be exempt. It means any policy purchased from 1.4.2023 either individual policy or multiple policy having an aggregate premium of Rs. 5 lakhs and above will not be eligible for tax exemption from proceeds at the time of maturity.

Basic idea seems to be to tax the high networth individuals and bring them under the taxation net. The overall response from different corners of the industry has been negative as they were expecting some big bonanza announcement for fuelling growth in the insurance sector. Since last few months IRDAI has been on a mission for insurance for all by 2047 and has been taking proactive measures to achieve the objective.

It was widely perceived that in order to achieve the objective Government would support the Insurance sector by increasing the deduction and offering more benefits to the policyholders.

The writing is very clear on the wall. The Insurance Industry must prepare themselves for more surprises in coming years as Government seems to be in mood of removing the deduction and move towards new tax regime which offers no deduction. Already FM has announced the increase in the slab limit to Rs.7 lakhs where no deduction can be claimed and the new tax regime has been made as default.

The Insurance Industry must start thinking about the strategies to counter the after effects. Time has come when we need to increase the awareness level of consumers and convince them about the protection aspect of Insurance rather than focusing on taxation benefit.

The Insurance Industry will be keeping its figure crossed and hope that Government continues with the old regime of taxation benefits.

But as a Risk Management Strategy, Insurance Industry must chart out alternative plans to counter it, if at all government decides to remove exemptions in future. The Life Insurance Industry in particular must seriously deliberate and have an alternative plan ready.

The mindset of agency force also needs to be changed as till now they were more focussed on selling Insurance to save tax. In new scenario they must convince customers to buy insurance as a protection product rather than an investment product. Challenging times ahead!

Guest Editorial

Mr. Arup Chatterjee
Principal Financial Sector Specialist, Asian Development Bank

The global fintech boom has spread to the insurance industry, as new, disruptive "insurtech" companies rapidly innovate business models that are challenging insurance industry incumbents.

Insurtech leverages state-of-the-art technologies, including big data, the internet of things, blockchain, machine learning,a nd cloud computing to improve existing insurance products, create new ones, and reshape the industry. As firms embrace these automated technologies, however, they must use a human touch to retain trust.

As worrisome challenges unsettle global economies—from inflation, supply chain disruptions, geopolitical crises, labor shortages, changing consumer habits, to climate risk—insurtech can help future-proof businesses.

Insurtech has helped insurers remain relevant amid a global digital transformation by allowing them to focus on lowering costs and increasing efficiency. Integrating products and improving distribution models has helped them focus on profitability. It has also enhanced customer experience by filling gaps between a prospect's needs and current company capabilities with more flexible, customer-centric, and tailored product offerings. With "Insurtech 2.0" insurers are leveraging data and technology to assess and price risk and even going beyond the insurance application to help policyholders mitigate risk.

As insured losses from natural catastrophes rise substantially, digital and remote sensing technology solutions—satellite data, remote sensors, geo-data, ESG models, and water levels—can help insurance companies leverage and embed the most-accurate real-time climate-risk data into their models. Insurers can then use advanced data analytics to interpret this data and generate insights into the likelihood of a climate event or its potential impact.

Emerging markets have significant protection gaps as growth in savings, life and health insurance, and pension coverage has lagged behind economic and wage growth. At the same time, catastrophes are becoming more frequent and intense, hardly anyone feels the necessity of purchasing a cyber insurance cover. There is a dire need to mitigate the losses arising from such unforeseen events to decrease mortality, increase financial resilience and ensure economic stability.

The protection gap opens a new world of possibilities for insurtech startups to develop insurance products grounded in technology. Price is the main factor driving decisions to buy insurance, and insurtechs can produce efficiencies that lower prices. In addition, more flexible policies with shorter terms should be more attractive in emerging markets, where a great deal of work is informal. These products may be more attractive to younger people, informal workers, and gig economy workers. There is a massive demand for micro insurance, and insurtech can extend the umbrella of protection to underserved areas with 100% digital products.

However, perception is not always reality. Insurtech businesses joining the digital scramble they must recognize that insurance is a complex business that relies on expertise in risk assessment, actuarial forecasting, capital models, complicated and multi-layered contracts, and astute claims handling. In addition, all companies offering insurance products, whether large incumbent firms or smaller insurtech startups, must comply with regulatory requirements. Thus, insurtech companies must remain focused on the functions and metrics fundamental to the business to achieve good results.

Insurers should be mindful of the proverbial iceberg in pursuing their ambition to modernize, as some risks lurk below the surface and are not tied to the innovation itself. As a result, firms should not focus so much on digital initiatives that they lose sight of the basics of the business: underwriting, claims, actuarial, finance, and customer service. Insurers actively participating in the digital transformation have used various approaches for staying current and competitive—innovation labs, insurtech accelerators with external partners, investments in and purchases of insurtech companies.

Advances in technology shape policyholders' expectations. To truly harness the potential of new data-based technology, insurers must earn client and consumer trust, yet what constitutes digital trust is still taking shape. It is therefore critical that they balance the expansion of the digital footprint with ensuring that data is handled transparently and responsibly and consumer interests are adequately protected.

While customers might be willing to buy car coverage or travel insurance from a bot, during a tragedy, they may prefer an experienced, human agent as they support their near and dear ones. The human touch remains unique.

Finding this sweet spot between automation and the human factor will hinge on trust. Automation and people must complement each other. While machines decide as they are programmed, humans act as per their conscience. The former cannot take responsibility; they are not accountable. Accountability must stay with real people so that insurtech can flourish.

General Insurance News

IRDAI approval to United India on bonds may set a precedent

The insurance regulator's approval to United India Insurance Co. to exercise the call option on its bonds despite not meeting the minimum solvency ratio will set a precedent for similar redemptions by peers, experts said.

The insurer raised Rs. 900 crore in February 2018 through a private placement bond sale with a call option after five years. The call option allows the issuer to buy back the bonds before the maturity date.

According to the IRDAI norms, insurers must maintain a minimum solvency ratio of 1.5. The ratio measures the company's cashflows against its future liabilities and shows the ability of an insurer to meet its obligations.

"This decision to allow United India to use its call option shows that the IRDAI is likely to allow future redemptions by other public sector insurers. This could stem from the fact state-backed companies have sovereign backing and, therefore, are low-risk in nature," said the first of the two analysts cited above.

Sarnara Cap leads race for Birla's insurance broking firm

Amazon.com Inc.'s Indian private equity partner Samara Capital has emerged as the frontrunner to buy the insurance broking unit of Aditya Birla Capital Ltd, according to sources.

"Over the past few weeks, Samara Capital and Aditya Birla Capital (the promoter of Aditya Birla Insurance Brokers Ltd) have been negotiating the valuation. For Samara, entering the financial services business is a crucial part of its strategy," one of the two people cited above said, adding the private equity firm has made an offer for the insurance broker. If the negotiations are successful, a deal may be reached at a value of Rs. 800-1,000 crore, making it one of the largest transactions in the broking space, the people said, requesting anonymity.

Kotak General Insurance ties up with Clootrack to boost customer experience

Kotak Mahindra General Insurance Company Limited has announced that it has partnered with Clootrack, a Kochi-based start-up for customer experience analytics.

Clootrack's AI-driven comprehensive intelligent customer experience analytics platform offers a fully SAAS model, gathers and analyses billions of customer reviews to help enterprises understand "why" customer experience drops.

This tie-up will empower Kotak Mahindra General Insurance with actionable insights into its non-life insurance products through customer feedback and understand gaps in the market to improve its customer experience.

Clootrack's ability to process and analyse large amounts of data from multiple sources will help Kotak GI with informed decision-making. The granular insights and findings will uncover patterns, trends, and relationships that can be used to fine-tune operations, improve customer offerings, and identify new growth opportunities.

Pulak Sarmah, Senior VP and Head - Marketing, Kotak Mahindra General Insurance, said, "Customer insights are extremely crucial in today's age of rapidly evolving customer expectations that shape experiences. Especially in a category with very little product differentiation, creating positive customer experiences is imperative and Clootrack's platform will help us do that."

Composite licence may boost M&As of life, non-life insurers

Allowing insurance companies to have a composite licence could trigger a round of consolidation, according to a senior analyst at Moody's Investor Service.

Both the insurance regulator and the finance ministry have proposed issuance of a composite licence. If the government decides to go ahead with its proposal, it will need to amend current insurance laws that specify separate licences for life, non-life and reinsurance.

"If we take a macro view, the overall sector product risk diversification will improve for composite insurers. The challenge will remain whether they have the underwriting expertise to convert the risk diversification into profits. One thing that will aid them is distribution and financial flexibility will improve. As a result, there will be enough investor interest," said Mohammed Ali Londe, VP -senior analyst.

"One of the ways we see this happening is that instead of non-life companies acquiring a composite licence, they will merge with life companies so that they can get the underwriting and distribution capabilities," he added.

According to Londe, life insurance could manage a quick win in health insurance by merging latter companies with themselves. "Overall in India, life insurance companies have been able to maintain better solvency and capital buffers. As a result, general insurers who have future pressures of solvency might find it attractive to merge," he added.

Companies can opt to build a new business by acquiring a composite one, but this would require more capital than an M&A.

Universal cattle insurance scheme on cards

The central government is considering introducing a universal livestock insurance scheme that would cover all types of cattle, including indigenous and cross-bred breeds, as well as yak. The scheme could be modelled after the Pradhan Mantri Fasal Bima Yojana, which is already in place for the crop sector, according to reports.

This could provide relief to millions of cattle farmers in India who have suffered significant losses due to animal diseases. The scheme could be announced in the upcoming Budget and the cost for the first year may be scaled up later depending on take-up of the scheme.

The scheme may be structured in such a way that farmers would pay a low premium and the remaining premium would be shared by the state and the central government.

The scheme would have a low premium for farmers, with the remaining premium shared by the state and central government. This aligns with the government's "cow protection" initiative. Currently, many insurance companies offer their own cattle insurance products. The government has also previously run a centrally sponsored scheme called the Livestock Insurance Scheme on a pilot basis in certain districts.

This scheme only covered cross-bred and high-yielding cattle and buffaloes, with a subsidised premium and a maximum of two animals per beneficiary for a policy of three years. The ultimate goal of the scheme is to provide protection for farmers and those in cattle rearing and improve the quality of livestock and their products. India has one of the largest cattle populations in the world, with a lower milk yield per indigenous animal compared to cross-bred or buffaloes.

Insurance Regulator Update

Insurers get IRDAI nod for FRN auto-renewal of cross-border reinsurers

In order to conduct reinsurance arrangements with Global reinsurers, which do not have an office in India (called "Cross border Reinsurers or CBR"), the IRDAI (Reinsurance) Regulations 2018 specifies the terms and conditions.

One of the requirements under the old guidelines was the allotment of File Reference Number (FRN) for every CBR by IRDAI, which has validity period of year after which the FRN has to be renewed.

After considering the feedback and also inputs from the Task Force on Non-life Insurers and Reinsurers and the Working group on ease of doing business, the regulator has decided to consider Auto-renewal of FRNs by the Insurer itself.

According to experts, FRN is an important tool for CBRs as it helps in ensuring accurate and efficient tracking and management of reinsurance contracts and claims, and supports regulatory compliance.

The amendments shall facilitate the insurer for generating the FRN for qualified CBR on their own for consecutive three years, which will minimise the administration process and delay in generation of FRN, explained Sharad Mathur, Managing Director & CEO, Universal Sompo General Insurance.

Further, IRDAI has introduced amendment as "The Insurer shall place all the re-insurance business placements made with the 'Non-Eligible' CBRs before its Board of Directors for their approval / ratification and shall file within fifteen days the certified copy of such resolution with the Authority.

Insurance sector needs Rs. 50000 crore each year; Insurers need to plough back profit: Panda

India's insurance industry will need to infuse Rs 50,000 crore of capital every year in order to double penetration in the country, IRDAIchairman Debasish Panda said.

He also implored corporate conglomerates and investors to consider investing in the sector.

"If we have to double the penetration, every year there is need to infuse an additional Rs 50,000 crore. Some of it will come from the existing players itself by way of ploughing back their profits, some of it will come as an additional capital. After March, I intend to meet the chairpersons of all the insurance companies to drive home the point that they have to factor this and start planning to infuse more capital. I'm glad some players have already started around that," Panda said while addressing at the CII organised Insurance and Pensions Summit.

Panda said India is set to become the sixth largest insurance market by 2032 from tenth largest currently but the country needs more investments if it has to achieve the insurance for all target set by the regulator by 2047.

"I will like to reach out to the conglomerates who are present in this country. Individual investors who are interested to invest their money. If you look at return on equity on the top 5 companies it is 20% and 16% on an average for non life and 14% for life insurance," Panda said.

He also urged insurance companies to look at new opportunities and new coverages for insurance, the penetration of which are very low.

Health Insurance News

Health Insurers hopes for better health infrastructure to support growth

The Covid pandemic brought with it greater awareness regarding the need for health insurance boosting business for such insurers in 2022 even as they battled higher claims, technological disruptions and regulatory changes.

Even as pandemic-related claims subsided in the second half of the year, health insurers continued to witness elevated claims due to Covid -related health issues, deferred surgeries and delayed chronic treatments.

On the other hand, health insurance sector also saw a greater technological adoption with the use of telemedicine and electronic health records. On the regulatory front, reforms pertained to enhancing access to health insurance, inclusion of transgender people, and the addition of mental illness and alternate therapies to health covers.

"The last two years fostered newer, innovative health insurance offerings and products that included telemedicine, diagnostics, etc. Customers also displayed a newfound interest in health insurance, which resulted in higher premium collections as well," said Satish Gidugu, CEO at Medi Assist.

With greater emphasis on digitisation, advent of the Bima Sugam platform and shift in IRDAI's approach to more principle-based regulations, the focus of the health insurance industry going into 2023 is on improving the ease of doing business and product innovation.

Some of the initiatives such as 'use and file' will provide greater flexibility and encourage innovation to introduce customised products for specific customer segments, said Krishnan Ramachandran, MD and CEO of Niva Bupa Health Insurance, adding it will also help address the ever-evolving health needs of customers.

Universal health cover may bring down costs

India's uninsured population could get cover at Rs 2,000 for a sum insured of Rs 5 lakh if universal health insurance were to be introduced in line with the schemes of some state governments.

According to Bajaj Allianz CEO and CII National Committee on Insurance and Pension's chairman Tapan Singhel, such a scheme could help cover the 'missing middle' - the population not covered by any scheme for underprivileged, individual health policies or employer's group insurance cover.

"There are existing models like the universal health insurance in Rajasthan, which can be made available to the entire state population," said Singhel. He added that the government could open up these schemes for subscriptions without any subsidy from the state, and the premium could be paid by employers, including those in the unorganised sector.

"One reason people slip below the poverty line is because of healthcare expenses they cannot pay. If such out-of pocket expenses could be covered, it would add around 1. 2% to GDP. "We already have the Prime Minister health scheme for those below the poverty line, the average premium is much lower compared to normal personal insurance cover," he said.

Insurers want GST cut to 5% on health cover

Reduction of GST on health cover to 5 percent, hike in 80D limit and tweaking of norms on pension/annuity products to make them more attractive to people top the wishlist of insurers for the ensuing budget 2023-24.

"In spite of the pandemic, the health insurance penetration in our country is very low. Due to such a low coverage, the cost of insurance becomes high. In order to bring down its cost, GST rate should be reduced to 5 per cent from 18 per cent," Rakesh Jain, CEO, Reliance General Insurance told.

At present, health insurance premiums paid to cover individual members are allowed a deduction ranging from Rs. 25,000 to Rs. 50,000. In view of inflation, the current limit of maximum of Rs. 50,000 may be increased to Rs. 1,00,000 in order to encourage people to take insurance coverage, feel the insurers.

"The insurance industry wishlist has largely been the same for the last 4-5 years with the aim of driving insurance penetration in the country," Vighnesh Shahane, MD & CEO, Ageas Federal Life Insurance said.

"To increase the penetration of pension and to make India a pension society, especially since we don't have any social security cover, our request is to make pensions tax-free in the hands of the customer because the pension premium is already paid through taxable income," he added.

General insurers bet on health, insurtech to drive growth in 2023

For the general insurance industry, 2022 was a year of regulatory changes, innovation and the rise of insurtech and health-based intermediaries. Going into 2023, the focus will be on growth led by health insurance and technology platforms with embedded and sachetised insurance as the key themes.

The Indian non-life insurance industry reported a 15 percent growth in the past 11 months, primarily driven by health, motor and crop insurance businesses and aided by the implementation of new-age tools and technological amalgamation, according to Rakesh Jain, CEO of Reliance General Insurance.

Regulatory and policy changes such as the 'use and file' guidelines and relaxed foreign investment norms have paved the way for product innovation, strategic partnerships, ease of doing business, increased access to capital flows and enhanced distribution footprint, industry participants said.

Owing to the lower financial and compliance hurdles, there are numerous new insurance companies entering the market, said Sanchit Malik, Co-founder and CEO of Pazcare, adding that this will lead to the growth of new forms of health and embedded insurance products that make extensive use of technology with an emphasis on untapped markets.

With health insurance cementing its position as a leading category post-Covid, the focus will remain on growing this segment, participants said, adding that there will also be a rise in EV motor insurance in-line with the increased adoption of electric vehicles.

The focus will then be on new-age products such as telematics-based motor and health insurance, covers for niche customer and product segments, and customised, bite-size products. ❑

Health cover sales up in rural areas

Sale of health insurance policies in semi-urban and rural markets is increasing with private insurers seeing a spike in the number of people opting for such covers. Rising cost of healthcare services, demand from the micro-insurance segment and post-Covid awareness are cited as major reasons.

Kotak Mahindra General Insurance has more than doubled its rural policies from 13% in FY20 to 32% till September of the current financial year (FY23). During the same period, the number of lives covered also rose to 25% from 11%. The general insurer's senior executive VP & chief technical officer N Ravichandran said, " This can be attributed to the right product fitment and robust demand from the micro-insurance segment," he said.

Niva Bupa Health Insurance, with a coverage of over 11.6 lakh policies as of November 2022, saw growth of over 160% in the number policies since December 2019. Currently, 7% of its policies are in rural areas. In light of increasing awareness post-pandemic and demand for health insurance, the company is expanding its footprint in smaller towns. Director & chief actuary Vishwanath said people have realised the importance of access to quality treatment without financial burden. "Also, the rising cost of healthcare services and overall medical inflation in the country have further made health insurance an absolute necessity," he added.

Star Health and Allied Insurance CMD V Jagannathan said the desire to take insurance in the rural sector is increasing since the pandemic. The leading standalone health insurer has over 23% of its share of policies and lives covered from the rural segment.

Life Insurance News

SBI Life Q3 profit falls over 16%

SBI Life Insurance Co reported a 16% fall in third-quarter profit, dragged down by an increase in expenses.SBI Life posted a profit of Rs 3.04 billion in the third quarter, down from Rs 3.64 billion a year earlier, the company said in an exchange filing.

Net premium income rose 6% to Rs 191.70 billion from Rs 180.25 billion, while income from investments rose to Rs 74.42 billion from Rs 24.24 billion.

Expenses of management increased by 25%, however, to Rs 17.59 billion compared to Rs 14.02 billion.

"The company has maintained its leadership position in individual rated premium of 111.4 billion with 25.7% private market share in the first nine months of FY 23," it said.The insurer's assets under management (AuM) stood at Rs 3 trillion.

LIC likely to look at composite licence

LIC may take a call on composite licence clause after the passage of Insurance Laws (Amendment) Bill in Parliament, sources said. As per the proposed Bill, an applicant may apply for registration of one or more classes/ sub-classes of insurance business of any category or type of insurer. However, reinsurers are prohibited from seeking registration of any other class of insurance business.

A composite licence will allow insurers to undertake general and health insurance via a single entity. Sources said LIC would take a call on composite licence and other issues emanating out of passage of the Bill in a comprehensive manner taking into consideration Life Insurance Corporation Act, 1956.

Axis to pick residual stake in Max Life

After receiving a rap from IRDAI, Axis Bank said it has entered into revised agreements with Max Financial Services. Under these pacts, Axis will acquire the balance 7 per cent equity in Max Life Insurance at fair market value. This would be done using discounted cash flows instead of valuation according to Rule 11UA of the Income Tax Rules, 1962.

"This revision has been done consequent to the guidance received by Max Life from the IRDAI," the bank said in a notification to the exchanges.

IRDAI had imposed monetary penalties on Axis Bank and Max Life Insurance because it had found certain violations of its directions in transfer of shares of Max Life between Max Financial Services and Axis Bank as well as its subsidiaries.

Max Life was asked to pay Rs 3 crore as penalty and Axis was told to pay Rs 2 crore.

Insurance mis-selling complaints shows downward trend

The data of complaints from policyholders is showing a downward trend. The number of the complaints has come down to 23,110 in 2021-22 from 25,482 in 2020-21. The incidence of mis-selling complaints per 10,000 policies sold has also reduced over the years as per the latest data available with Insurance Regulatory and Development Authority of India (IRDAI).

The complaints being disposed in the favour of the complainant has increased from 24 per cent in 2020-21 to 27 per cent over in 2021-22.

"Due to effective supervision and efforts of the regulator the overall number of Unfair Business Practices

(UFBP) complaints registered against private sector life insurers have reduced by about 17 per cent in 2021-22 from previous year and the ratio of UFBP complaints to new polices sold remained at 0.30 per cent,'' IRDAI said.

In order to ensure that all the complaints under mis-selling and spurious calls are handled as per the laid down policy of the insurance company, the regulator had asked all the life insurers to draw out a company specific policy on handling mis-selling complaints and also a company specific policy on handling spurious calls complaints.

Gadkari wants surety bond insurance for infra projects

Gadkari recently launched India's first surety bond insurance product for highway contractors, from Bajaj Allianz Insurance.

Seeking rapid growth for the product, Gadkari said he would approach the finance ministry to make surety bonds a prerequisite for infrastructure projects, instead of a bank guarantee.

Surety bonds are guarantees of payment issued by general insurers that protect the principal from losses in case the contractor fails to meet its obligations under the contract. However, they're different from bank guarantees, which require a certain percentage of project funds to be locked in as collateral, thus eating into the working capital of the contractor.

Wealthy Indians under scanner over foreign Life Insurance Policies

Many rich Indians, some belonging to the community of diamantaires, are under probe by the income tax department for holding foreign life insurance policies running into millions of dollars. Most of these individuals either did not disclose that they were nominees in foreign life policies or were found to have purchased life insurance from an offshore company without the permission of the Reserve Bank of India.

Summons were served under section 131 of the Income Tax Act which empowers the tax authorities to conduct enquiries, two persons familiar with the development told.

According to a tax official, the enquiries are based on specific information, and assesses have been asked to explain why they have failed to disclose it in the foreign assets (FA) schedule of the I-T returns as mandated under the law.

2022, a watershed for insurance

After the opening up of the insurance sector, the year 2022 is probably a watershed that will be remembered as a catalyst for growth in view of a slew of path-breaking regulatory reforms and sustained growth trends.

After a long gap, the Insurance Regulatory Authority of India (IRDAI) has introduced a slew of reforms, addressing the key issues in capital investments, distribution tie-ups and agent's commission, besides the measures to promote innovation and corporate governance.

According to Sumit Rai, MD &CEO, Edelweiss Tokio Life Insurance, 2022 was, perhaps, the most vital one for the insurance industry. "Not only did it regain growth momentum, it also benefitted from a fundamental reorientation brought about by the pandemic,'' he says.

The industry has embraced digital solutions in a big way in recent years to bring operational efficiency and transformation. "Strengthening its risk management practices, innovating products and services, and bolstering customer experience were among the key priorities for the industry in the year gone by,'' he adds.

Riding high on its increasing relevance, the industry also prioritised digital enablement to improve its distribution network, and found newer capabilities to strengthen its advisory models. IRDAI Chairman Debashis Panda, told recently: "We are focussing on strengthening the three pillars of insurance ecosystem — policyholders, insurers and distributors — and to improve insurance penetration and promoting ease of doing business."

Life insurers' premium growth eases to 10%

The life insurance companies reported moderation in new business premium (NBP) growth in December. From a 30 per cent uptick in November, NBP growth last month slowed down to 10 percent as Life Insurance Corporation's premium growth decelerated from a peak.

According to data released by Life Insurance Council, the NBP of life insurance companies came in at Rs 26,838.29 crore, up 10 per cent year-on-year (YoY). While private sector life insurance companies reported premia to the tune of Rs 14,979.79 crore, up 15 per cent YoY, LIC's premium rose 3.71 per cent to Rs 11,858.50 crore.

Private insurers posted healthy growth in premia, aided by a 16 per cent increase in individual single and non-single premia. Even group single premia saw strong growth of around 12 per cent. ❑

International News

Howden sees record organic growth, 60% rise in revenue for FY22

Global re/insurance broker, Howden Group Holdings, has announced record organic growth of 19%, and a 60% rise in revenue to £1.84 billion for the year ended September 30th, 2022.

Organic growth of 19% is in line with the previous year and is a result of new client wins and fresh talent joining the firm, while revenue increased from the £1.2 billion reported for 2021, as EBITDA rose by 69% from £335 million to £565 million.

The company completed 31 strategic acquisitions in the year, including TigerRisk, which, combined with the signed acquisition of March R.S., takes revenue on a pro forma basis to more than £2 billion, and EBITDA to £648 million.

Howden says that 1,000 new employees joined the firm in 2022. At the same time, £2.9 billion of fresh investment was made into the Group's unique capital model from long-term equity and debt holders, which will be used to support the firm's sustainable growth strategy in full year 2022.

At its DUAL subsidiary, gross written premiums doubled to £2.2 billion on the back of the integration of Align and organic growth of 26%. The company welcomed 400 new employees during the year, and launched several new initiatives.

Old Mutual to go digital with CoverGo in 13 markets across the continent

Old Mutual, one of the largest pan-African financial services groups, and CoverGo, the global no-code insurance SaaS platform for P&C, health, and life, have formed a strategic partnership through Old Mutual's investment in CoverGo's $15m Series A in 2022.

Old Mutual, one of the world's oldest insurance companies, will be able to leverage CoverGo's platform to streamline its insurance ecosystem by launching insurance products in record time, increasing sales through new channels, and improving user experience across 13 countries in Africa.

CoverGo has been adopted by a growing number of insurance companies across the globe, especially in the health insurance space, to build and launch products within days, develop omnichannel distribution and digitise policy administration and claim settlements. CoverGo's clients include AXA, Bupa, MSIG (MS&AD), Dai-ichi Life, and many others.

Beazley launches D&O insurance for private equity firms

Beazley, a UK-based specialist insurance provider, has launched a new insurance offering aimed at private equity firms.

Private equity firms and their directors deal with a variety of risks during an investment's lifecycle.

The bespoke offering is designed to focus on directors and officers (D&O) risks within the lifecycle of portfolios and covers it from the purchase of the asset to its divestiture.

Beazley product leader – international management liability Emma Pereira said: "Private equity firms and their directors require specialist D&O cover, and this product brings a unique approach to the sector.

"Our market-leading D&O policies bring confidence and peace of mind – and with this product, we can provide our private equity customers with a leading D&O risk mitigation solution."

Beazley stated that it is capable of meeting the full range of insurance demands in the private equity sector through its other offerings such as cyber, mergers & acquisitions (M&A), and SME D&O protection solutions. ❑

The future of Auto insurance is usage and behaviour based

Sanjay Datta
Chief -Underwriting
Reinsurance & Claims
Actuarial, ICICI Lombard GIC

Collision warning systems can detect collisions, and if a significant incident occurs, an SMS will be sent to the emergency contacts listed on the insurance company's helpline alerting them of the position of the car and the number of persons inside at the moment of the collision.

India's insurance regulation (IRDAI) has allowed general insurers to offer technology-enabled add-on plans for auto insurance policies based on the owners' usage and driving history. Here's what it means for you.

Our social and work habits are just a fraction of the aspects of our daily lives that have been impacted by the pandemic's two protracted years. And because of these changes, everything else in our lives-from where we work to how we commute-has changed, even the way we drive.

While COVID-19 has severely disrupted several industries, they have been looking for ways to adapt to the "new way". The same is true for insurers. The relentless digitisation push has led the insurance industry to the brink of a paradigm shift.

As a result of the outbreak, several people have changed their driving habits. To stay up with shifting client expectations, insurance players have been playing catch-up in response to technology's disruption of the insurance market.

One such innovative solution is the introduction of two telematics add-ons, Pay-As-You-Use (PAYU) and Pay-How-You-Use, which uses Telematics and onboard diagnostics (OBD) to track automobiles, trucks, machinery, and other assets (PHYU).

What is Telematics?

Telematics is concerned with the long-distance transmission of digital information. The term "telematics" is now commonly used in the automotive industry, particularly in regard to monitoring and tracking, which in this case will be monitoring your odometer and GPS data.

Likewise, telematics devices and solutions have evolved in tandem with rapid technology breakthroughs. For example, dashboard cameras can help insurers analyse the legitimacy of a claim and provide information about the collision. Collision warning systems can detect collisions, and if a significant incident occurs, an SMS will be sent to the emergency contacts listed on the insurance company's helpline alerting them of the position of the car and the number of persons inside at the moment of the collision.

Within the rapidly growing usage-based pricing

Customers know the benefit of dealing with providers who adopt a usage-based pricing model: use the items only when necessary and only pay for what you actually use.

Even in the software business, SaaS suppliers are abandoning traditional subscription pricing in favour of usage-based models that more accurately represent current consumer purchasing trends and the value that their products give. UBP, also known as consumption-based pricing, associates a customer's payment with the amount of a given good or service that they use.

Despite the fact that the insurance sector has a long history of creating new, exciting markets based on emerging risks and consumer demands, it is not frequently viewed as a shelter for innovation. Although the sector as a whole has developed pockets of innovation in India, few insurers have actively promoted innovation.

Due to rising customer expectations, low-interest rates, and fresh competition, insurers are under pressure today to take a more deliberate approach. For instance, the Insurance Regulatory and Development Authority of India (IRDAI) modified the "use and file" procedure for all health insurance products and the majority of general insurance products under fire, motor, marine, and engineering.

The Use and File approach essentially allows insurers to launch their products on the market after filing with the regulator, eliminating a longer waiting period and enabling them to provide customers with cutting-edge insurance solutions to better handle the changing insurance industry.

Implications for Buyers

The new motor insurance regulations for private automobiles and two-wheelers owned by individuals will allow users to pay for insurance in accordance with their automobile usage. This basically means that insurers will allow customers to convert their base motor policy into an 'Asset cum Usage' policy, in which the premium charged for the base motor vehicle insurance is determined in part by usage.

Customers would choose to pick from a variety of "Kilometres" under PAYU based on consumption. The price for the insurance would only cover the amount the customer is expected to use the car for. Customers may also add additional kilometres to their initial purchase over the policy's duration. Only if the paid Kilometres (or additional grace Kilometres provided to the customer) are still being used at the time of the loss will this Add-coverage be deemed in effect.

The premium amount under the second Add-on PHYU would vary depending on the driving behaviour score. Customers who exhibit safe driving practices qualify for substantial savings off the policy's base cost. By disincentivising bad driving behaviour, this policy would encourage the development of good driving habits while rewarding excellent driving behaviour.

Should I be mindful of anything before purchasing the add-ons?

The insured shall ensure that the miles were driven and other driving-related criteria are easily determinable at any point during the policy's term or during the time of a claim, whether via technology, readings in the vehicle's devices (such as the odometer), or any other available method. Any tampering with these tools or readings renders the add-ons worthless and may result in claim denial.

Also, if the policy is renewed within 30 days of expiration, the maximum amount of kilometres that can be carried forward in the case of ICICI Lombard is 1000. After 30 days from the renewal deadline, unused mileage cannot be carried forward. Additionally, the Insured may select any available Kilometres range according to his or her needs. At any moment during the policy duration, Insured may top

up the add-on (from the available top-up alternatives) if the previously paid kilometres run out.

The Pay How You Use plan would impact the insurance rate based on how an insured vehicle is used and/or driven. In order to boost upfront pricing variability, the intrinsic behaviour of the relevant customer segment may also be constructed utilising past data from the relevant customer segment.

A Smarter Way Forward

The insurance business is already experiencing a seismic shift as a result of digitisation. One of the most valuable assets for insurers today is data, which enables carriers to create new products and policies based on changing consumer demand.

By utilising cutting-edge technologies like AI, drivers and insurers can better comprehend actual driving patterns with behaviour-based insurance. Insurers are also prepared to provide a seamless Omni channel experience, including self-service options, allowing current and potential clients to buy policies, request assistance, file claims, track open claims, and more across multiple channels without experiencing service interruptions.

As technology further develops, insurers will be able to more accurately assess risks using real-world data from millions of devices, while drivers can track their own driving behaviours to save costs and increase road safety for all users. As more real-world data is gathered, we will be able to move to more reliable behaviour-based insurance approaches. Future predictions for auto insurance can lead to greater equality, lower costs and the promotion of safer driving. ❑

New India Assurance (NIA) Launches 'Pay As You Drive' Vehicle Insurance Policy

New India Assurance (NIA) launched its "Pay as You Drive" (PAYD) policy, dubbed as "revolutionary" with features like discounts on renewals, coverage beyond distance limit, and enhanced protections such as nil depreciation, roadside help, return to invoice, etc.

The policy comes with various benefits. For instance, the customer can save money through discounts on renewal premiums, provided the vehicle runs within the specified kilometers. The discount is applied on the basic "own damage premium".

In addition, the coverage will continue for the policy's remaining duration even if the vehicle has been driven beyond the threshold limit. India's largest non-life insurance firm said in a press release that clients can still avail of a discount on the renewal, albeit at a lower applicable range.

Besides these discounts, the policy buyer can include add-ons with an additional payment for enhanced safeguards, such as zero depreciation, engine protection, return to invoice, roadside assistance, etc.

Commenting on the product launch, NeerjaKapur, chairman cum managing director of NIA, said, "PAYD policy fulfils a long-standing demand of customers for simple and flexible products that consider different usage patterns. Our product is one of the few in the market to help the customer manage his outflows towards vehicle maintenance."

She added, "This product will promote better compliance, reducing the risks associated with uninsured and underinsured vehicles plying on the roads."

Key Features Of The Product

- ❖ Discount on basic own damage premium during renewals based on the vehicle's mileage.
- ❖ Continuous coverage even if the vehicle crosses the distance threshold limit.
- ❖ "Pay as You Drive" discount continues even if there is a claim.
- ❖ It comes with add-ons for enhanced coverage, such as nil depreciation, engine protection, return to invoice, roadside assistance, etc.

The Insurance Regulatory and Development Authority of India (IRDAI) has recently allowed insurance companies to launch telematics-based motor insurance covers, like PAYD and pay how you drive (PHYD), enabling vehicle owners to decide how much to spend on their car insurance. As such, some insurance companies in India are offering use-based car insurance; for instance, if your car remains parked more in the garage, you can opt to pay less. It benefits those who do not use their vehicles much.

The PHYD insurance premiums are calculated based on your driving instead of a fixed amount paid in a conventional car insurance policy. Hence, the distance travelled and the person's driving behaviour are critical for companies to determine your car in PHYD insurance premiums.

Epigenetic Application to the Insurance Industry

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The epigenome tells brain cells to behave as brain cells and not liver cells. In addition, the various epigenome, when exposed to stressors, can suppress the genes ability to fully express itself. For example, there are genes that will prevent the uncontrollable cell division that causes cancer.

Introduction

The insurance industry spends quite a bit of time and money evaluating the physical condition and mortality of applicants. The underwriting process has long followed these cumbersome, time consuming, and expensive traditions. Epigenetics potentially opens a door to simplifying the underwriting process by eliminating the need for physical exams and the use of convoluted health questionnaires.

What is Epigenetics?

Epigenetics is the study of changes in organisms brought about by modification of gene expression, rather than alteration of the genetic code in the form of DNA. It can be viewed as the biological answer to the question asking how the environment can override the determinism of our DNA.

The epigenome tells brain cells to behave as brain cells and not liver cells. In addition, the various epigenome, when exposed to stressors, can suppress the genes ability to fully express itself. For example, there are genes that will prevent the uncontrollable cell division that causes cancer. However, if that individual is exposed to enough toxins, the epigenome may stop the gene from preventing the cancerous cell divisions. The DNA is unchanged, but the epigenome has suppressed its ability to function. The epigenome can be viewed as a light dimmer, in the sense that the level to which it is applied will determine the magnitude of the DNA's ability to express itself.

In short, genetics will influence outcomes, but environmental factors (behavior, lifestyle, etc.) are also significant and may, at times, override genetic risk factors.

Epigenetic Law/Ethics

Currently, the body of epigenetic law, by itself, is quite limited. Many experts believe that genetic law also applies to epigenetics. However, there is a clear and well-defined difference between genetics and epigenetics. In general, genetics looks forward based on an individual's immutable DNA, while epigenetics looks backward at the sum total of an individual's exposures.

US Federal Law is primarily based on the Genetic Nondiscrimination Act of 2008 (GINA) which prohibits any discrimination based on genetics. This includes the use of genetic information in hiring or in consideration of health insurance. Note that the law's limitations do not apply to life insurance or long-term care and disability insurance. Genetic testing (as well as epigenetic testing) is unregulated in these areas.

Typically, an insurer is prohibited from imposing a surcharge based on a genetic trait unless an actuarial justification can be shown to exist. In addition, testing must include informed consent. The insurer must disclose why the test is being done and how the results are being used. Confidentiality requirements must be carefully adhered to so that personal information and privacy are protected. The insurer must also allow for re-testing if the initial test leads to denial. In general, state laws range from allowing market-based, competitive solutions to laws based on actuarial standards to outright prohibition.

Although it is not legally clear at this time, many experts believe that epigenetic law will follow genetic law, at least in principle.

The Current State of Epigenetic Testing

Insurance companies plan to use epigenetic testing to better evaluate mortality, true smoking and drinking behavior, and other correlating underwriting factors. A number of companies are working on epigenetic test kits that will aid insurance companies or individuals in this evaluation.

The most common test, currently, measures the difference between biological age and chronological age, which suggests accelerated or decelerated aging. The cost is relatively inexpensive but does raise a number of industry concerns. The test does not cover all layers of epigenetic modification. In addition, the sample sizes commonly seen may not scale to allow for generalized conclusions. It is also unclear, if methodological differences across companies lead to comparable results. There are also scientific complications in concluding that results in blood samples are identical to results in tissue samples.

Based on the perceived predictability of epigenetics, we believe that it will enable innovative product development at a competitive price without extensive medical testing. As a result, the epigenetic impact on underwriting is expected to reduce the long issue period by eliminating the need for questionnaires and physicals.

Unfortunately, for the insurer, there is nothing preventing an individual from getting his own epigenetic test done, thus exposing the insurer to anti-selection. Individuals who are privately tested and discover they are at risk are 4 times more likely to purchase insurance.

Despite these potential limitations, researchers believe that epigenetics will yield quick, reliable, cost-effective results that will be used extensively across the insurance industry.

Advantages and Disadvantages of the Process

The benefits of the process are apparent for both parties. Epigenetic markers do better job of assessing significant risk factors (smoking and alcohol usage) plus general overall mortality. This includes the ability to estimate a biologic age compared to the individual's chronological age and thus assess the rate of aging. This is an advantage to both parties since insurers that can better estimate mortality can do a better job of pricing a policy competitively while, in many cases, putting the customer into a more favorable rating category than the blood test and questionnaire.

It is also expected that as epigenome analysis teaches us more about the factors that influence long-term health, insurers will be able to collaborate with insureds by offering dividends for healthy lifestyle decisions. They could possibly even offer discounts for subsequent discounts.

Another area of controversy looks at the epigenetic history. If the epigenome application could wipe out a "problematic" background, would one choose to do it. Would you want to override your family history of mental illness or depression? Even more controversial would be erasing a child's painful memories.

Conclusion

Insurers have a chance to use epigenetic data in a manner that will enable them to better evaluate prospects and as a result become more competitive. We have shown how epigenetic testing can benefit the value chain (product development, underwriting, etc.)and enable customers to benefit from the superior evaluation. However, while incorporating these new ideas into the insurance process, the insurer must not overlook the risks from the dreaded A-word (anti-selection). ❑

Business Continuity and Disaster Management

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Business Continuity Management is inextricably linked to the Risk Management - one is the consequence of the other. Where Business continuity Management (including Planning and Testing) comes into force is through impact.

In preparing for battle I have always found that plans are useless, but planning is indispensable.

-- General Dwight Eisenhower

No business can afford to have the lights off, not for a second! One can monitor and reduce risk, but incidents will happen.

What is Business Continuity Management:

Organization's business strategies and decisions are based on the assumption that the Organization will continue to operate as normal on a daily basis. While Risk Management is about identifying possible risks and putting into place treatments to try to prevent an occurrence that impacts on its operations, Business continuity Management (BCM) detail is the necessary procedures and strategies that are to be auctioned should an actual disruption occur. The objective of Business Continuity Management is to ensure the uninterrupted availability of all key business resources required to support essential (or critical) business activities.

The Business Continuity Management framework sets out the process and tools necessary to enable rapid response to incidents, recovery of key processes and restoration to the core business activities (Business As Usual). The Business Continuity Management Framework is based on the preparation of :

- Business continuity Plans (BCP) for key areas and activities of the Organization
- Disaster recovery planning for critical infrastructure and resources
- Communication and media liaison strategies, and
- Crises management and recovery, and emergency planning.

Link to Risk Management :

Business Continuity Management is inextricably linked to the Risk Management - one is the consequence of the other. Where Business continuity Management (including Planning and Testing) comes into force is through impact. The risk event has occurred, how should the Organization respond, recover and restore to fully operations?

Similarly to Risk Management, the scale and timing of incidents/events cannot be reliable predicted, however the difference lies in being able to categories where the known impacts can occur.

Why a Business Continuity Management Approach ?

Due consideration needs to be given to management of incidents and crises across the Organization from a multi-unit, multi-city, multi-man-power perspective. This requires collaboration between all units and people and a two-way flow of information during incidents and events. Planning also allows for both correct local and high level response to occur and also drives fundamental awareness at the Management and core resource area level of capital requirements, service availability and 'gaps'.

By implementing a Business Continuity Management Framework an Organization is able to:

- Recognize the risks and impacts, key resources and core processes
- Respond to the event; protect life, property, systems and other resources
- Recover the resources, systems and processes
- Restore to full operations, and
- Review response, test preparedness and recalibrate planning.

Definition of Event Levels :

Business Continuity Management acknowledges that despite the best efforts employed in organizational risk management, events adversely affecting (disrupting) organizational operations will sometimes occur. These events usually are categorized as follows :

Minor Incident	A Minor incident or outage within a single area or process, insignificant or minor impact on the organization. However, Multiple or ongoing incidents may have a cumulative effect, becoming a major incident or crisis.
Critical incident	A Critical incident or outage where key business process are disrupted or resources are lost, has a moderate or major impact on the organization. May affect external areas.
Major Critical Incident	A Major Critical Incident, or series of incidents, that have the potential for extreme impact on processes, resources and the Organization's long term prospects or reputation. May affect external areas.

It is important to remember that incidents can occur across, or affect a range of categories, and are not limited to the traditionally-expected areas of Facilities Emergencies and IT Disasters. Taking a broader view allows a wider classifications of impacts as the following impact categories all of which are low frequency high severity which may lead to: substantial loss of life, high value property damage, long interruption periods and all other associated effects.

Catastrophe: A sudden and widespread disaster. FEMA definition: "... Any natural or man-made incident, including terrorism, that results in extraordinary levels of mass casualties, damage or disruption severely affecting the population, infrastructure, environment, economy, national morale, and or government functions. Compared to disaster, in a catastrophe most or all of the community built structure is heavily impacted; most, if not all, of the everyday community functions are sharply and simultaneously interrupted and help from nearby communities cannot be provided.

Disaster: Disaster Management Act 2005 defines disaster as "Disaster is an event of natural or man-made causes that lead to sudden disruption of normalcy within society, causing damage to life and property to such an extent that is beyond the capacity of normal social and economic mechanism to cope up with."

Industrial Disaster: "Industrial Disasters are caused by chemical, mechanical, civil, electrical or other process failures due to accident, negligence or incompetence, in an industrial plant which may spill over to the areas outside the plant causing damage to life and property."

Chemical Disasters: "Chemical disasters are occurrences of emission, fire or explosion involving one or more hazardous chemicals in the course of industrial activity or storage or

transportation or due to natural events leading to serious effects inside or outside the installation likely to cause loss of life and property including adverse effects on the environment.

Emergency : Emergency is an unplanned event that significantly: Disrupts normal operations, poses serious threat to persons or property, cannot be managed by routine response, requires a quick and coordinated response across multiple departments or divisions.

Threats that can lead to emergency / disaster / catastrophe

1. **Environmental Disasters:** Tornado, Hurricane, Flood, Snowstorm, Drought, Earthquake, Electrical storms, Fire, Subsidence and Landslides, Freezing conditions, Contamination and environmental hazards, Epidemic.
2. **Organized and/or Deliberate Disruption:** Act of terrorism, act of sabotage, act of war, theft, arson, labor disputes / industrial action.
3. **Loss of Utilities and Services:** Electrical power failure, loss of gas supply, loss of water supply, petroleum and oil shortage, communications services breakdown, loss of drainage / waste removal
4. **Equipment or System Failure:** Internal power failure, air conditioning failure, production line failure, cooling plant failure, equipment failure (excluding IT hardware)
5. **Serious Information Security Incidents:** Cybercrime, Loss of records or data, Disclosure of sensitive information, IT system failure.
6. **Other Emergency situation:** Workplace violence, Public transportation disruption, Neighborhood hazard, Health and safety regulations, Employee morale, Mergers and acquisitions, Negative publicity, legal problems.

Plan for Business continuity (Business Continuity Plan (BCP):

A business continuity plan is a comprehensive statement of consistent actions to be taken before, during and after a disaster. The plan should be documented and tested to ensure continuity of operations and availability of critical resources in the event of a disaster.

Business Continuing Plan is an interdisciplinary peer monitoring methodology used to create and validate a practiced logistical plan for how an organization will recover and restore partially or completely interrupted critical function(s) within a

predetermined time after a disaster or extended disruption. The logistical plan is called Business Continuity Plan. In plain language BCP is how an organization prepared for future incidents that could jeopardize the organization's core mission and its long term health. It is aimed at reducing operational risk associated with information management controls. Most organizations implement a phased methodology to analyze potential areas of vulnerability, define viable strategies, and implement business continuity plans.

Phase I - Initiation: In phase one, an organization sets to the fullest extent practicable." forth the overall goal for the BCP effort - validating the scope of the plan, and taking an inventory of the processes or business units needed for the project. It identifies key stakeholders in the process including executive sponsors, steering committee, and any other subject matter experts. This phase sets the parameters, and trains the team in the project objectives and methodology.

Phase II - Business Impact Analysis and Risk Assessment: The business impact analysis is the next step in creating a business continuity plan. This part of the process serves as the foundation of any viable recovery planning effort. It includes all the critical business functions and processes, along with their potential threats. Here risks are identified, prioritized, and managed; the various single points of failure for the business including external dependencies are identified; and the overall business impact of these risks and SPOF are calculated. Recovery Time Objectives, Recovery Point Objectives and Recovery Communication Objectives are also identified for each critical business process. This phase is also utilized to identify regulatory requirements and best practices or standards that need to be followed; and the time and effort required in implementation of the BCP.

Phase III - Strategy Development: Leveraging the information from the BIA and risk assessment, organizations determine which business functions are "core" or "mission-critical" and determine a strategy to manage the risks identified in the risk assessment process (address, mitigate, or accept). The critical time frames and impacts from the BIA are used to determine which contingency strategies are viable. The strategy alternatives must satisfy the BIA for both cost effectiveness and response times. The planners usually present three to four alternatives to management with the most cost effective alternative as the recommendation.

Phase IV- Business Continuity Plan Development: On the basis of phases I, II and III, the Business Continuity plan is created. Being the main deliverable of the project, the BC plan includes department level DR plans, external supplier response plans, and the like. The BC Plan is updated regularly. The primary components of the BCP include, but are not limited to:

- **Communication/ Coordination Plan:** Communication is the key in any crisis. The Communication and Coordination plan establishes the communication channels to be used during the execution of a BCP; determines a chain of command for coordination of the BC effort; defines authorized media contacts; and includes notification procedures for key suppliers, vendors and clients.
- Emergency Response Plan: The Emergency Response Plan specifies responses to the emergency situations, which are defined as risks that pose a danger to life, property, or the environment. This includes Emergency Notification tools like Email, Phone, SMS, FAX or Pager.

Phase V - Business Continuity Plan Testing: In a quest to know whether their BCP is viable and usable, planners conduct thorough functional testing of their mission-critical applications and personnel to verify that all business processes work as expected. Plan testing is a regulatory requirement as well. It defines the methodology used to test the BCP, deciding on "how often do we test?", "how much do we test?", and "how do we judge the success or failure of the test?". Once the test methodology is decided upon, business continuity plan is tested as an iterative task, at least twice annually.

Phase VI - Plan Maintenance: An outdated plan is as good as no plan. Most organizations strive to keep their Business Continuity Plans up to date with the latest and most efficient recovery processes. Elements regarding Recovery time objectives, Recovery Point Objectives, are evaluated and included in the plan. Testing and managing of the recovery strategy is kept consistent with the latest changes to the enterprise. Education is ongoing to maintain awareness of responsibilities when an emergency strikes.

Elements of Business Continuity Management (BCM)

Business Continuity Management is an ongoing process with several different but complementary elements mentioned below:

- **Risk Mitigation Plan:** Organizations, today, are taking a comprehensive and methodical approach to risk mitigation to ensure their business continuity. By developing, implementing and testing risk mitigation strategies, they provide their business with a level of resiliency and operational insurance which positions their business to continue, perform and succeed against unexpected threats. A viable Business Continuity plan involves a detailed plan for risk identification, prioritization, monitoring, and mitigation as a part of project planning. It covers all business units, verticals, service offerings, support groups and subsidiaries; and offer a deeper, more diverse, and quantified feedback on risks. This enables organizations to address the actual and the potential risk events in a systematic manner.
- **Business Continuity Plan:** The value of a business continuity plan can never be exaggerated. Business Continuity plan is one of the pillars in the overall framework of Project Business Continuity Management. Organization should develop a comprehensive BCP based on the size and complexity of the institution. The goal of the BCP should be to minimize losses to the institution, serve customers with minimal disruptions, and mitigate the negative effects of disruptions on business operations.
- **Pandemic Plan:** BCP planning cannot be restricted only to breakdown of critical operations and controls. Business can also get hampered in the event of a pandemic, which leads to human-resource disruption. An absence of staff can result in stalling of key functionalists which are important to keep an organization functional. It thus becomes important to prepare your company for organizational downtime during the health crisis; by considering the risk of pandemic outbreak while planning for business continuity.
- **Contingency Plan:** The key to attain and sustain success is by being prepared for the unexpected. Contingency planning is thus imperative for every organization so that they can have advance plans and strategies ready, to effectively handle unexpected problems, emergencies

and catastrophic events. This is an important component of BCP which ensures the continuity and survival of a business - by devising a series of actions that can prevent the disruption of critical business functions.

- **Business Recovery:** BCM aims at devising plans which keep businesses operational despite all odds. Business Recovery forms one of the most crucial aspects of BCP as the efficiency of an organization depends on its effective business recovery plans which can restore critical business functions and data within acceptable time frame. Depending on the defined recovery strategies, Business Recovery can include temporary manual processing, recovery and operation on an alternate system, or relocation and recovery at an alternate site. Whatever be the mode of recovery, Business Recovery needs to look at various aspects like cost, allowable outage time, and a secure and fast restoration and resumption of business operations.
- **Audits:** Examining the business continuity process's readiness; reviewing the documented plans for adequacy and completeness; examining the regular update and relevance of continuity plans; and identifying actions for enhancement of organization through proper risk analysis are all essential components of BCP. These requirements demand the need for auditing, which provides assurance to board on business continuity. Auditing is essential yet complex, encompassing audit planning, scheduling, implementation and management to ensure compliance with BCP. The need of the hour is to implement high quality audit management software which can automate certain aspects of auditing to enhance the efficiency of an organization.

Business Continuity Management (BCM) Challenges :

Terrorist attacks, natural disasters and power breakdowns have made compliance to BCP an indispensable aspect of business planning. However, adhering to the BCP is an uphill task for most organizations. Along with the difficulty in realistically simulating disaster scenarios, there are also various challenges involved in it. That is the reason why many enterprises still side step the issue or hold plans which are out of date or inadequate.

- **Conducting Risk Analysis:** Simulating disaster scenarios is a tough task for any organization. It involves the time consuming challenge of identifying risks to effectively handle them through risk management techniques. The whole process of risk management in terms of BCP involves moving to the finest details of the data so as to track down all risk factors. A proper risk analysis not only prepares an organization for compliance to BCP, but helps in improving the overall performance and efficiency of the organization.
- **Managing Distributed Tasks:** BCP brings with it the challenge of organizing the distributed and fragmented data. Every organization has numerous risk management techniques and internal control activities for various purposes, but they are usually not coordinated to act as a whole. This can lead to redundancies and inconsistencies which can hamper an organization's contingency plan. Organizing distributed activities and data is thus one of the biggest management challenge faced while complying with the BCP.
- **Managing Internal Audits:** High level internal audits are a must for every organization to comply with regulations along with enhancing their performance through enhanced operational efficiency and risk analysis. However, manual handling of a wide range of audit-related programs processes, and data not only increases management activity but also decreases performance level. The main challenge then for an organization is to automate these manual processes through optimum audit management software solutions which are effective yet cost-friendly.
- **Testing and Monitoring:** Adhering to the BCP standards is iterative, which requires regular testing and monitoring to ensure BCP is up to date and operational. This also involves the challenge of monitoring the ongoing backup processes so that any backup failure can be rectified before impacting the BCP lifecycle.
- **Updating Business Plan regularly:** Organizations need to ensure that their business continuity plan is updated according to the changing requirements of their company. It also involves the challenge of hiring and training staff on compliance with BCP and functioning skills, so that business does not get hampered by any disaster.

- **Identifying Cost Effective Solution:** Gaining maximum from minimum is the general progressive rule of an organization. The main challenge in complying with BCP regulations lies in identifying high performance business continuity solution with lowest cost. The cost aspect is a major challenge with BCP; as Business Continuity Programs are generally viewed as blocked money which provides no return in normal circumstances. This poses a challenge while identifying backup storage systems, which are efficient and robust along with being cost-friendly.
- **Ensuring Data Security:** When data becomes your invaluable treasure, you face the challenge of ensuring optimum data security by protecting it from unauthorized access and theft. This requires proper encryption techniques and lock mechanisms to ensure that the backed-up data remains safe even if it is kept in remote locations. Companies following conventional manual handling of data are all the more vulnerable to risk of data loss.
- **Restoring Data:** You need to ensure that your backed-up data is not hardware or platform dependent. This is an essential technical requirement to be kept in mind so that the backed up data can be easily restored when required.

Conclusion :

Business continuity is a continuous process, designed to ensure that an organization operates efficiently when times are normal, and continues to do so when the times are turbulent. This implies having a robust business continuity system in place that is continually tested, exercised, and updated. Companies and entities that are new to business continuity often focus their efforts solely within the boundaries of their organization. As their business continuity arrangements mature, these boundaries expand to include supply chain vulnerabilities and threats posed by the activities of other companies located close by. This is where many business continuity frameworks break down. However, profession's innovators are now starting to acknowledge the importance of having comprehensive solution providers as partners, which helps institutions across the gamut of activities from planning to implementation to monitoring of business continuity strategies within a continuous improvement cycle. It caters to unique business needs seamlessly - whether the need is for point solutions to solve an immediate need or analysis and planning around a total business continuity program.

Any Business Continuity and Disaster Management Plan is not a one-size-fit-all approach, and the result may need to be much more complex in some areas than it is in others. The most important consideration is that key staff are able to enact the plan with minimal prompting at the time of Business Continuity event.

BCP Standards and Extracts:

Number of standards for BCP are prescribed by various agencies such as:

- BS 17799 Information Security Standard
- BS 25999 BCP Standard
- ISO 9000:2000
- NFPA 1600
- ISO 17799 Information Security Management Standard.

Terms and Definitions :

- **Business Continuity Management Framework:** sets out the processes and tools necessary to enable rapid response, recovery and restoration to core business activities.
- **Business Continuity Plan (BCP):** comprises many elements which, collectively, define the approach to dealing with a break in business continuity, and which prescribes the steps an organization should take to recover lost business functions.
- **Corporate Governance:** refers to the way in which an Organization is directed and controlled in order to achieve its strategic goals and operational objectives.
- **Event:** an occurrence that affects/disrupts business operations. Levels of events are categorized as incident/emergency, major incident/emergency or crisis.
- **Prioritized Scope:** identifies those key priority areas of Organization's operations for focused Business Continuity Planning efforts.
- **Risk Management:** the systematic application of management policies, procedures and practices to the tasks of communication, establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risks to the attainment of the Organization's outcomes and outputs.
- **Risk Management Framework:** the structure within an Organization that supports the risk management practice, reporting, responsibilities and accountabilities at all management levels within the enterprise. The risk management framework is a description of streams of accountability and reporting that will support the Risk Management Process within the existing organizational structure. ❑

Emergence of Parametric Insurance

Swagata Karmakar
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The event, or "parameter," is often indicated by an established and authoritative index for that type of event, such as the Richter scale for earthquake intensity or the Saffir-Simpson scale for hurricanes or Knot i.e., nautical mile per hour for storm.

Insurance is an intangible product. It has always been a tough product to manufacture (underwrite) and more tough to sell. But there is a glimmer of change on the horizon, in the form of Parametric Insurance.

Recently, Mr. Debasish Panda, Chairman, IRDAI while speaking at 16th Health Insurance Summit 2022 in New Delhi suggested bringing more parametric insurance products in the Indian Market which has created much excitement.

What is Parametric Insurance:

Parametric Insurance is an agreement under which an entity assuming risk (the "insurer") agrees to pay the indemnitee (the "insured") an agreed amount upon the occurrence of a specified event, such as an earthquake or hurricane or storm of specified intensity. The event, or "parameter," is often indicated by an established and authoritative index for that type of event, such as the Richter scale for earthquake intensity or the Saffir-Simpson scale for hurricanes or Knot i.e., nautical mile per hour for storm. For that reason, parametric coverage is also called "index-based insurance."

Parameters can be defined by other objective factors, such as the extent of physical damage, and are typically limited to certain time periods and geographic areas. Even customized policy can be developed based on wind speeds, storm surge, rainfall (or lack thereof), and other factors, both natural and human-driven, alone or in combination. A set of parameters define whether an event occurred and its intensity, entirely removing the need for a claims adjuster as well as the long and tedious process of submitting and re-submitting of documents to substantiate an insurance claim. It offers faster payouts than traditional insurance because it is quick to verify if the objectively observable trigger even passed the threshold specified in the policy.

Illustrations:

1) Let us consider an asset situated in coastal area receives significant damage from a category 4 storm with winds gusting to 160 kilometer per hour. The losses fall within the Insured's property policy deductible. Hence no claim is admissible under Property Insurance. But the damage to ancillary services halts production and leads to increase in business interruption cost. If the Insured has Business Interruption Insurance, then the claim would be admissible under this section but the settlement process would be lengthy, leaving insured with less liquidity in the meantime.

Now if the same storm causes heavy damage and disruption to another Insured, which has supplemented its property policy with a bespoke, index-based trigger that starts paying out when wind speeds top 130 kilometer per hour; the storm qualifies, and the insured would be able to access funds within a few weeks to rebuild and restart operations.

2) Under traditional Travel Insurance, if there is flight delay or cancellation, the insured has to sort out the issue and then to provide proof to the Insurer that the claim is valid. It takes weeks to collect the documents and then the insured gets the claim possibly few weeks later. But under parametric insurance the flight is tracked proactively by the Insurer and before the insured knows something has gone wrong the claim is paid and the insured is informed. It is a great experience for the traveller.

3) In the health insurance sector, Parametric Insurance policy may be designed as supplementary cover to Indemnity based Insurance policy. This type of insurance is to cover say, the annual economic cost of pains and sufferings of the patient based on the diagnosis done by the Hospital as per ICD-10.(ICD-10 refers to the tenth edition of the International Classification of Diseases, which is a medical coding system chiefly designed by the World Health Organization).

Different Triggers:

The most common triggers are natural catastrophe perils such as cyclones, earthquakes, bushfires, hailstorms, floods and landslides. Triggers can also include other adverse and prolonged weather events, such as excess temperature, droughts, and insufficient sun/wind conditions.

Data and technology are making possible additional triggers, such as pandemic related scenarios, and cyber outages.

Difference between Indemnity based traditional Insurance and Parametric Insurance:

	Indemnity based traditional Insurance	Parametric Insurance
1	Payment is triggered by an actual loss.	Payment is triggered by an actual event.
2	Reimbursement is made via an adjusted assessment of loss sustained.	Payment is made in alignment with parameter value agreed in the policy.
3	Policy is subject to exclusions and self-insured retentions.	Policy is subject to the index or parameter.
4	Claims payments are made following assessments by adjustors and insurers review--often months if not.	Payment can be made in, say within 30 days without adjustor.
5	The period is very often annual.	Multi-year options are available up to say, 5years.
6	Policy wording is often company standard.	Policy is highly customized to meet the client's requirements.

Benefits of Parametric Insurance:

A) From the perspective of Customer:

1. Provides immediate solutions.
2. Removes the regular time-lag in the claim process.
3. Reduce hassle and frustrations.
4. Saves precious energy and time of the persons involved in the system.

B) From the perspective of Insurer:

1. No need for collection of claim forms and other documents.
2. No 'people' interaction is required.
3. Saves significant overhead and operational costs.

Way forward:

Parametric Insurance have been available since the late 1990s, but have become popular in corporate insurance recently. Newer products are being developed around the world and are often described as 'elegant solution for risk-transfer concerns'.

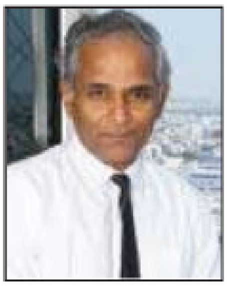
Today, parametric insurance model offers untapped potential and when applied in innovative ways, it can benefit every player in the ecosystem. Parametric models have emerged as a valuable way to help the insurance world fulfill the need of the under-insured while addressing customers' increasing demand for "instant everything".

To meet the need of the retail customers also, simple parametric products may be launched in Indian market paving the way to accelerate increasing insurance penetration in our country.

References:

Various Sources.

Father of Life Insurance



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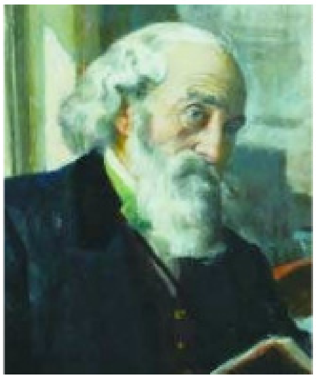


Elizur Wright, a 19th century American who started his career as a mathematician is widely considered to be the father of life insurance.

In 1844, there was a public auction of old, sick men in London. These men could no longer afford the premiums on their life insurance policies. Speculators would inspect the men and bid on the right to take over their premiums, become the beneficiary, and collect the proceeds when they died. Bidding was more active on those men who looked very ill. Elizur Wright hated this systembecause he believed:

- It is immoral to have a beneficiary invest in someone's death.
- That the men who had been paying premiums, had nothing to show for cash value.

Wright was then in London to assess the calculations behind British life insurance practices to help an American life insurance company. Many life companies often failed to accurately estimate longevity and interest rates, leading to their insolvency. Of the 300 British life insurance companies formed up to 1830, 250 companies failed.Hence, Wright resolved to do the following:

1. To fix the calculations, he published the first practical actuarial reference table for the US insurance industry in 1853.
2. To force insurance companies to follow the calculations, he lobbied the state legislators in Massachusetts to regulate insurance companies. The new law compelled insurance companies to reveal their financial standing and reserves.
3. The new law also benefitted the policyholders. It gave the policyholders more rights in terms of getting back at least some of the money they paid to life insurance companies. After becoming insurance commissioner, he introduced the concept of surrender &paid-up value - non-forfeiture provision.

The insurers soon found that the non-forfeiture provision was actually a selling point for its life insurance policies and brought in more business. The zeal of Wright for making sure life insurance companies continually prove their financial solvency made the Massachusetts-based life insurance companies attractive to potential customers nationwide.

In effect, operating under the regulatory rule of Elizur Wright was a seal of approval for a life insurance company in terms of its product, financial standing, and management. It helped Wright's goal of making better life insurance products for consumers.

Thus, a mutually beneficial relationship grew between the regulator, the insurance companies and the policyholders. In today's political climate, amidst the various debates about financial inequities and regulation, the "father of life insurance" is worth remembering. ❑

"Technology-aided value adds have become an integral part of the reinsurance business. Let it be Rule Engine, Underwriting Manual, Predictive models in pricing or embedded products, all of it is playing an important role in the expansion of the reinsurance market."

Rohit Boda
Group Managing Director
J. B. Boda Insurance & Reinsurance Brokers Pvt. Ltd.

About Rohit

Rohit A. Boda joined the J.B.Boda Group in 2011 and is currently the Group Managing Director. He is a service-focused broker who believes in utilizing opportunities from risks through strategic investment and visionary thinking. With a decade of industry experience and knowledge inherited from his family's reinsurance broking business, he has a strong understanding of the industry.

During his tenure, Rohit has made significant contributions to the Group, including introducing Agriculture Re/Insurance, expanding the Health and Medical team, creating PROTECT, an in-house (re) insurance software, collaborating with the Institute of Risk Management, and leading a think-tank established at the Group's Mumbai headquarters.

He has received numerous accolades, including being awarded 'Young Broker of the Year' by Insurance Asia News in 2020 and 2021, and has been interviewed by various publications such as Reinsurance News, CNBC, Business Life, and Asia Insurance Review. He has been recognized as the youngest millennial in the insurance industry.

In addition to his work with the Group, Rohit also focuses on team building investing in the right manpower, motivate team growth, and retain employees. His vision for the Group's future is to continue the legacy of the J.B.Boda Group with transparency, a forward-thinking approach, and the goal to establish a global presence in the reinsurance and insurance broking industry.

Q. J B Boda Group has a rich legacy of more than 75 years as one of the most renowned Re Insurance Brokers. Please brief us about your journey and future Plans.

A: The J.B.Boda Group has a history going back more than 8 decades. Due to our constantly changing procedures, we are happy to refer to ourselves as a 79-year-old Start-Up. The J.B.Boda Group was conceived in the coastal city of Porbandar and eventually became a reality. The start of reinsurance broking in India came as we relocated to Mumbai, the nation's financial hub.

Our long-term goal is to expand into previously untapped markets. Our most recent endeavour, Walnnut (our web platform for retail insurance), was a step toward our goal.

Additionally, we want to grow our reinsurance business internationally. We are now researching the blockchain sector and hope to grow there as well.

Q. Insurance Regulator has been very proactive in the last few months and is spearheading major reforms after opening up the industry in the year 2001. It has envisioned a doubling of penetration in the next 5 years. How do you view the current developments in the Insurance industry in India?

A: Major reforms are being spearheaded by IRDAI quite actively, and over the past 12 to 18 months, we have witnessed several new breakthroughs. All brokers, insurance companies, and reinsurance firms have embraced their aim of insuring all of India (or the country) by the year 2047 with the highest honesty. It is undeniably a tried-and-true project, so businesses will need to step up their game to keep up. In this circumstance, breaking into Tier 2/3/4 cities would be the biggest obstacle. By speaking to them in their native tongues and reaching out to as many rural places as we can, I believe we can take on this issue head-on.

Q. The global Reinsurance market size is projected to reach US$ 315360 million by 2028, from US$ 279860 million in 2021, at a CAGR of 1.7% during 2022-2028. What is the overall reinsurance scenario around the world? Do you see any hardening of rates in the current year?

A: When Hurricane Andrew hit the U.S.A. in 1992, it killed dozens and caused an estimated USD 15.5 billion in total insured losses and resulted in the insolvency of 11 insurance companies. Andrew, the costliest natural disaster in U.S. history at the time, fundamentally altered how (re)insurers handle hurricane risk, fueling the expansion of the newly developing catastrophe modelling sector and ultimately inspiring the creation of the asset class known as insurance-linked securities. Many years later, The Russia-Ukraine War exhibits a comparable impact and has changed the world narrative.

Following this, we do observe Investors in the ILS market exercising caution, and some are at a standstill. Along with terms, prices, conditions, layer choosing, and other regulatory adjustments, The programme for the throwback session

Q. How do you view the current Reinsurance Market in India? What role India can play as a Reinsurance hub in the South East Asian region.

A: India is one of the fifth largest economies globally, with a growth rate of 8.7% We are a developing economy which allows the insurance sector to penetrate more markets and come up with innovative and creative solutions from the risk management perspective.

The vision of Mr Narendra Modi is to make Gujarat International Finance Tech-city (GIFT) SEZ, India's first International Financial Services Centre (IFSC) an economic hub. With this, various stakeholders are invited to invest in the country. Not only in Southeast Asian regions but all of India has the power to become a global reinsurance hub.

In fact, currently, the business that goes out of India can be developed within the country. There are great opportunities opening up and I'm eager to witness the growth.

Q. 2021 Global Insurance Market Report (GIMAR) finds that more than 35% of insurers' investment assets (including equities and corporate debt, loans and mortgages, sovereign bonds and real estate) could be considered "climate-relevant", i.e. exposed to climate risks. Climate change also exposes insurers to heightened financial risks. More frequent and intense weather events can lead to higher claims and reduce the value of property investments. How Reinsurance Industry is geared to face the challenge.

A: Climate change is of grave concern. Extreme heat and wildfires are being seen in certain areas, while cold weather, fatal cyclones, and floods are being experienced in other areas. Due to the nature of their industry, reinsurers are concurrently exposed to many climatic hazards.

Due to the accumulation of people and property in the regions most impacted by climate change, insured values have increased as a result of population growth in areas vulnerable to drought, flooding, sea level rise, and hurricanes, as well as urban density and general economic growth. As a result, losses that were anticipated to occur over a period of five to six years or even decades have occurred in a single year.

Property, motor crop and livestock, professional liability, workman's compensation, and health are some of the important classes which could be affected by climate change.

Additionally, climate change has increased the number of secondary peril insurance losses. Hail, floods, tsunamis, storm surges, and bushfires (in Australia, California, and southern Europe), which cause small to moderate damage, have become more severe in recent years.

Reinsurers take a number of actions to reduce this risk. Reassessing the risk modelling, for instance, can help them accurately calculate losses and factor them into risk pricing. Additionally, they are concentrating on ancillary risks as their severity rises and they start to bias models of natural disasters.

Q. Do you see any major change in the trend of Reinsurance Covers being offered around the world? Any innovative product/coverage being available for Insurers.

A: Reinsurance covers being offered have to match the changing risk arrangement of the companies and that has to be matched with the innovative products today. There is new tech emerging across the globe in the form of blockchain. So, the market is flooded with ideas about insuring and reinsuring in the Blockchain industry. Primarily, I believe all stakeholders have to work in harmony to understand the market and understand the complexity of risk to bring about innovations.

From another angle, cyber extortion, threat, terrorism, robot attack, and jack ware attack are areas of great concern, scope and opportunity to work when it comes to insurance and reinsurance.

Apart from this, India being an Agrarian economy, there is a huge scope and opportunity to work on innovative products for this sector. Certain states do not have insurance coverage for farmers, which opens up another opportunity.

Q. It is being heard that IRDAI may reduce the obligatory cession of premiums to GIC Re to NIL. What impact it may have on the growth of the local Reinsurance Market. For the Year 2021-22, Indian Market Non-Life Premium was INR 220,000 Crore and GIC's Domestic Market Premium was INR 28,019 Crore

A: This question has multi-fold elements as follows:

1. Indian reinsurer gets obligatory cession of 4% currently. If we consider the Indian market premium of INR 225,000 Crore. 4 % of obligatory cession equates to INR 9,000 Crore. Indian reinsurer's total domestic premium is approximately INR 30,000 Crore which means almost 30 % of the top-line drop.
2. However, Indian companies are free to arrange quota share arrangements with Indian reinsurers if they wish so. For the past few years, the market has seen such voluntary quota share arrangements for specific classes. As such, the Indian reinsurer will try to safeguard its top line as much as possible.
3. Indian reinsurer has deep-rooted relations with Indian insurance companies and has supported the Indian market in many ways.
4. Branches of foreign reinsurers in India have also shown willingness for supporting Indian companies as per their appetite.
5. For the Indian insurance companies, doing away with obligatory cession will have little impact as the current cession is a mere 4 %.
6. Companies will also have the freedom to negotiate commercial terms as currently, the Indian regulator decides the minimum commission payable by reinsurers to compensate acquisition costs of Indian insurance companies.

Q. Insurance and reinsurance companies are increasingly focusing on technology for improving operational efficiency to help sustain or increase profitability in today's market. How technology can play a bigger role in the development and expansion of the reinsurance market around the world.

A: The reinsurance industry is a data-hungry and file-driven industry. Nowhere is friction more prevalent than in reinsurance. It is facing several challenges like inefficiency, contract uncertainty and operational risk. There are multiple parties involved like insurers, brokers, reinsurers and more. They are using different systems and communicating about contracts via a wide range of channels. It consists of business networks with many separate companies using different technologies, interacting largely via phone and email, and encumbered with inefficient file management and reconciliation processes. The result is high costs, errors and slow turnarounds which impacts the end customer experience. Due to the high degree of manual processing and reconciliation, the value chains across the insurance industry are impeded.

Technology-aided value adds have become an integral part of the reinsurance business. Let it be Rule Engine, Underwriting Manual, Predictive models in pricing or embedded products, all of it is playing an important role in the expansion of the reinsurance market. The focus is shifting from selling a product (in our case reinsurance capacity) to providing a holistic solution. Starting from understanding clients' businesses, risk profiles, and portfolio behaviour to recommending prudent reinsurance arrangements using recommendation engines, technology has a strong role to play in the development of the reinsurance market around the globe.

There are certain recent platforms wherein attempts are being made to have an industry-wide solution. Blockchain-based Distributed Ledger Technology is one of them. Using the solution, all participants in the reinsurance value chain can access a single version of the truth. This will enhance the automation of the end-to-end lifecycle of a reinsurance treaty. Standard protocols and network infrastructure can remove friction in value chains and simplify risk transfer processes.

By using it, the industry can optimize and automate market-wide processes and generate significant savings in time and cost. It can greatly ease the placement process for all parties involved. The concerns in our industry about sharing the data across the network in a potentially public way should be addressed so that anybody can perform a transaction with the confidence that sensitive information won't be exposed to their competitors. The technology seems to be promising. ❑

All India Motor OD Hub Incharge meet at Jaipur

Recently an All India Motor ODHubin charge meet was organised on 19 and 20th January 2023at Jaipur. The event was held at Hotel Royal Orchid. Mr. Rakesh Soni, Ex Vice-president IIISLA was the guest speaker on the topic Knowledge and Power.

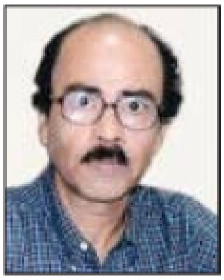
Some glimpses from the event.

Shri Raghunath Singhji Meena garlanding the guest faculty, Shri Rakesh Soni. On his left hand side is Shri N K Siddhuji, General Manager, United India Insurance.

Smt Geeta Raiji, Regional Manager, United India addressing the audience

(From left) Shri Rajendra Rathore, Shri Rajesh Jhanjharia, Shri Ashok Arora, Shri R S Meenaji DGM, Jaipur Regional Office, United India, Shri N K Siddhuji General Manager, United India HO, Shri Tilak Raj, Shri Lalitdubeyji, Shri RK Sharma, Shri Vishesh Sharma

Event Cancellation Insurance Policies



Anabil Bhattacharya
B.M.E. (Honors), F.I.I.I.,
Retired Chief Manager,
H.O., National Insurance Co. Ltd.,
Kolkata.

Insurance companies in India are covering major events like international cricket against the uncertainties of terror attacks and the vagaries of weather. Event cancellation insurance policy helps protect interest of organizers, broadcasters and sponsors of various event/ functions.

Overview of Event Cancellation Policy:

Event cancellation insurance may help cover expenses if one's special occasion - such as a wedding or an anniversary party - unexpectedly needs to be canceled or postponed due to certain circumstances beyond insured's control, such as adverse weather or unavoidable compulsion or state order or a death or absentees. Insured may also be covered for lost costs if insured's officiant or a major vendor, like the caterer or florist, contracted for the function, fails to provide promised services. It is important to note that the Insured are not likely to find an event cancellation insurance policy that will provide coverage if a bride or groom voluntarily calls off a wedding.

With a specific event cancellation policy, any one may typically choose a maximum amount of overall coverage (also known as the "limit" of the insurance cover or the highest amount the insurer will reimburse the insured in case of a claim is made under the affected policy) depending on the total cost of the selected event. Insured may be required to pay a deductible (also known as 'Excess') from his/her pocket before the policy helps reimburse him/her for a covered loss. Initiation of availing the Event Cancellation Policy was taken mainly in Mumbai, slowly various policies are issued in Chennai, Delhi and many other places. Now-a-days issuance of these event cancellation policies by the Indian General Insurance Companies are thriving in many ways in Mumbai, the Business Capital of India.

Insurance companies in India are covering major events like international cricket against the uncertainties of terror attacks and the vagaries of weather. Event cancellation insurance policy helps protect interest of organizers, broadcasters and sponsors of various event/ functions. Huge money pours into cricket from our sub-continent than from anywhere else in the world. This has built an unfortunate perception that all countries in the regions are hot spots for international events. A belief that has proved to be a great loss for fans and for the sport itself. Besides cricket matches, other high value insurance events are movies and television serials. A start was made when United India Insurance issued the first package policy for the feature film Taal in 2000.

It was a comprehensive policy, extending cover to the film, performers, as well as producer Shri Subhas Ghai. Since then, the entry of corporatization of production houses has given a boost to film insurance to these high value insurance events like movies & television serials. Subsequently Bajaj Allianz had provided insurance cover for Vijay Mallya's film Rakht and the Oscar nominated short film - Little Terrorist during 2003 onwards.

Apart from movies and cricket, it's the television serial producers too line up for insurance covers. One of the biggest policies issued is that by Bajaj Allianz General Insurance for 200 episodes of Star One's serial 'Nach Baliye'. The important event insurance cover opted is this star One's 'Nach Baliye' - a dance competition among mini-celebrities. The interesting part of the cover is that it provides to meet the cost of bringing in a new contest couple if any of the celebrity contestants are unable to make it, for reasons specified in the policy. This particular policy also included a Rs. 2.5 Crore Personal Accident cover for the stars in case any accident occurs during shooting of the serial. Besides, there is a Rs. 3.5 Crore Personal Accident cover for all the key crew members and workers.

In the show business the industry, largely uncovered, could be exposed to big risks. The stakes may be further high with products booking locations based on dates allotted by the superstars. Take for basic instances Kaun Banega Crorepati, hosted by Amitabh Bachchan or Shah Rukh Khan. Kaun Banega Crorepati was one of the early ones to buy an event cancellation insurance policy cover. Star TV had earlier obtained a Rs. 10 crore cover from Oriental Insurance Co. Ltd. for the first phase of the serial. The channel had insured the sets and injury to audience and participants. The policy, however, did not cover non-appearance of the celebrity, Mr. Amitabh Bachchan, who hosted the show.

Details of Policy Coverage:

The Events Insurance Policy Particulars -

The Events Insurance Portfolio includes cover for cancellation and abandonment, property damage and legal liability and offers you the flexibility to choose an insurance package to match the exact cover you require.

Cancellation - if your event is cancelled for reasons beyond your control, the insurer will reimburse your irrecoverable expenses, up to the limit you choose. This includes cancellation following terrorism for your event.

Property damage - the insurer will cover loss of or damage to your property (or property you are responsible for) either at or traveling to and from your event up to the limit selected by you. The cover also includes loss of or damage to the venue's buildings, fixtures, fittings and machinery up to the stipulated limit selected by you. This property insurance section covers the property used in the event. The premium is usually dependent upon the value of the property to be covered. The levels of cover can vary depending on your event needs and you should discuss these with the event insurance broker.

Legal liabilities - the insurers provide cover if you have to pay compensation to a third party following accidental bodily injury or damage to their property if the incident happens during your event. The cover also includes legal defence and injuries from food poisoning caused by food or drink served as hospitality by you. It is basically a kind of liability cover as standard. You can also purchase additional cover for Employers' liability for a suitable limit of your choice- your legal liability to your own and casual staff.

In addition to the standard covers above, you may also purchase additional cover for:

- Adverse weather for outdoor events (in the open or in a temporary structure);
- Interruption cover for teleconferencing - available for picture, audio or data image communication links;
- Non-appearance of key persons - if your event is dependent in whole or part on key speakers, celebrities or entertainers;
- Travel insurance;
- Money insurance;
- Enforced reduced attendance;
- Loss of net profit, etc.

Public Liability: This section covers your liability against claims from the public while attending your event. The premium is often dependent upon the number of people attending your event. The levels of cover can vary depending on your needs and you should discuss these with the event insurance companies or the brokers. This cover is usually a compulsory element of an event insurance policy.

Basically, it covers your liability against claims from the public while attending specifically to your event. The premium is often dependent upon the number of people attending your event. The levels of cover can vary depending on your needs and you should discuss these with the event insurance broker. This cover is usually a compulsory element of an event insurance policy.

Property Insurance: It covers the property used in the event. The premium is usually dependent upon the value of the property to be covered. The levels of cover can vary depending on your event needs and you should discuss these with the event insurance companies or the broker.

Employers' liability: It covers you as the organiser against any claims from any staff that you might employ for the event. The premium tends to be in relation to the number of staff which you employ for the event. The levels of employer's liability cover may vary depending on their needs and the insured should discuss these aspects with the event insurers or the brokers.

Cancellation and Abandonment cover: It covers your event against cancellation or abandonment, postponement, failure to vacate, adverse weather, and rainfall affected and any other eventuality beyond the control of the organiser of the event. The extent of cover can vary depending on your needs and you should discuss these with the event insurers/brokers. ❑

Budget 2023: Tax exemption removed in insurance policies with premium over Rs 5 lakh

The Income from traditional insurance policies where the premium is over Rs 5 lakh will no more be exempt from taxes, Finance Minister Nirmala Sitharaman announced in her Budget speech.

The proposal intends to limit income tax exemption from proceeds of insurance policies with very high value.

It has been proposed that in cases where the aggregate premium for life insurance policies — other than unit-linked insurance plans (ULIPs) — issued on or after April 1, 2023, is above Rs 5 lakh, income will not be exempt.

"This will not affect the tax exemption provided to the amount received on the death of the person insured. It will also not affect insurance policies issued till March 31, 2023," the finance minister said.

"You could have one insurance policy or multiple policies where the aggregate premium exceeds Rs 5 lakh in a year, the sum received will now become taxable," said Archit Gupta, CEO, Clear.

However, the taxation proposal will be applicable only to those policies, which are issued on or after April 1, 2023. "The aggregation will take place only for those policies, which you bought from next financial year," he said.

Notably, ULIPs with an annual premium of over Rs 2.5 lakh per year had lost this exemption in the 2021 Budget.

According to experts, the latest move by the government is negative for the insurance sector.

"While this will dampen the interest of individuals to buy high-value traditional insurances, it will increase the focus on term plans and pure risk covers which is good. A concern is that it should not result in a significant shift towards purely investment-oriented unit link insurances," said Kapil Mehta, Co-Founder, SecureNow Insurance Broker.

Ahead of the Budget 2023-24, insurance companies were seeking a separate tax deduction basket for life policies and a higher limit for health premium from the government.

"The Union Budget has always been about introducing newer reforms in the system for the betterment of the country and the economy at large. Removal of tax-free status on certain life insurance policies, with premium above Rs 5 lakh will not dampen the spirit of insurers and consumers at large. People have understood the significance of insurance and living with a financial cushion, during the worst times in life. There could be a certain shift in focus from consumers towards term plans, pure risk covers and investment-oriented unit link insurance," said Balachander Sekhar, Co-Founder of RenewBuy.

The insurance sector was hoping the finance minister would include a few giveaways in this year's budget. In the days leading up to the presentation of the budget, there was widespread speculation that Section 80C of the Income Tax Act would undergo revisions, and that existing deductions for health insurance premiums would be expanded.

However, the budget proposed that the income from policies (other than ULIPs) with an aggregate premium of up to Rs 5 lakh would be free from taxation.

"This will have a detrimental impact on the insurance business. In addition to this, individuals who fall under the new tax regime and have an annual income of up to Rs 7 lakh will not be required to pay any tax. This will have a negative impact on the insurance industry. I anticipate that in the years to come, we will be headed in the direction that will put us in a position where we will no longer be eligible for any tax benefits, such as deductions under 80C and health insurance," said Rakesh Goyal, Director of Probus Insurance broker.

Bharat Phatak, director of Scripbox believes that the provision is a part of the government's attempts to stop large tax savings by ultra HNIs through insurance policies and market-linked debentures etc.

Meanwhile, shares of insurance companies slumped up to 10% on Sitharaman's renewed thrust for the new tax regime, where deductions are not allowed.

IBEX India 2023 - BFSI tech trends for collaborative banking

The year 2023 is an opportunity to predict what's in store for the future of banking. The cost of living crisis will cause banks to revamp their digital banking offerings. Apart from bracing for tougher economic conditions & a possible global recession in 2023.This has created an urgency to further digitalize channels and deliver new financial services that enable customers to cope with ongoing inflationary pressures.

As the market conditions intensify, we will witness a large number of banks pulling the plug on their legacy, data-driven PFM solutions in favor of more sophisticated tools that's backed by science and encourage users towards healthier financial habits.

IBEX India 2023 provided an ideal platform to introduce banks to innovative technologies. The 10th edition of IBEX India was heldbetween 19-21 January 2023 at Jio World Convention Centre, Mumbai.

Leading brands from across the globe participated in the business-to-business trade show to showcase diverse technologies for the banking community. More than 150 exhibitors showcased physical and IT security, banking automation, cards & payments, ATM technology, reconciliation systems, IT infrastructure/ services/ solutions, education & training, electronic trading systems & energy solutions.

The partners of IBEX 2023 comprised Chief Patron, Automation Edge, Site 24*7, Tubelight, iServeU, Posidex, Kusters Engineering, Grant Thornton, adStringO, Nutanix, emudhra, Route Mobile, Sight, Array, SafWis&Perto.

IBEX India 2023 was supported and endorsed by the Bank of Baroda, World, Bank of Maharashtra, Central Bank of India, City Union Bank, CSB Bank, Cyber Society of India, Dhanalakshmi Bank, Digital Security Association of India, Equitas, ESAF, FACE, Federal Bank, FIDC, fincare small finance bank, Fino, Karnataka Bank, KarurVysya Bank, MSCBA, NAFSCOB, NKGSB Co-operative Bank Ltd., The Rajasthan Urban co-operative banks federation Ltd., RBL

Continued in page 40

India's insurtech landscape is gradually maturing

The Indian Insurtech segment-the business of providing technology for the insurance industry-is maturing as more categories of the industry are starting to attract funding and leverage technology, according to a report by PGA Labs.

Globally, more than 20 insurtech unicorns have emerged in the past three years. Root, Wefox, Hippo, Next Insurance, Lemonade, Waterdrop, and Unqork are the global unicorns, while Policybazaar, Digit Insurance, and Acko from India have entered this space.

In the Indian insurtech space, B2C business models and online-first insurers appear to be valued higher by investors due to higher operating leverage and the perception of greater proximity to customers. More than 140 insurtech start-ups are operating in India as per Tracxn.

The insurtech landscape in the country has seen the emergence of several players across the value chain. Traditionally, Indian insurtechs have focused on sales and distribution. However, new insurtechs are emerging across other parts of the value chain as well. There is growing traction in underwriting, claims technology, business analytics, and administration platforms as the insurtech sector starts to mature.

Funding for global and Indian insurtechs has grown rapidly, and 2021 proved to be a watershed year for the insurtech industry. Globally, funding to insurtechs has grown at a CAGR of 37 per cent during FY17-FY21, while funding to Indian insurtechs has grown at a CAGR of 34 per cent during the period, with 2021 witnessing strong momentum.

The report pointed out that insurance companies in India would need to leverage technology within the organisation and with customer interactions to unlock higher potential and efficiency.

The total insurance market in India is projected to grow from ?8 lakh crore in FY21 to Rs. 33 lakh crore by FY31 at a CAGR of 14.9 per cent, aided by increasing penetration levels and government initiatives.

The total number of new insurance policies sold has increased from about 19.8 crore in FY18 to about 26.4 crore in FY21.

During FY21, about 67 per cent of the lives were covered under government-sponsored health insurance schemes, about 23 per cent of the lives were covered under group business, and the remaining 10 per cent of the lives were covered under individual policies issued by general and health insurers.

"The threshold of Rs 5 lakh annual limit appears a harsh. This may adversely affect the business for many insurance providers," he said.

Meanwhile, shares of insurance companies slumped up to 10% on Sitharaman's renewed thrust for the new tax regime, where deductions are not allowed.

Biggest InsurTech Unicorn Startups in the World

InsurTech unicorn describes startups that are valued at more than $1 billion. The global insurtech market size was valued at USD 3.85 billion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 51.7% from 2022 to 2030. The increasing number of insurance claims worldwide is one of the major factors accentuating the market growth. Auto, life, and home are the most common insurance claims secured by people worldwide.

TOP-20 InsurTech Unicorns by valuation 2022

No.	InsurTech	Most recent valuation	VC raised to date
1	Bright Health	$11.1B	$1600M
2	Root Insurance	$6.7B	$527.5M
3	PolicyBazaar	$5.9B	$478.3M
4	Shuidi	$4.7B	$603.9M
5	Wefox	$4.5B	$1300M
6	Next Insurance	$4.0B	$886M
7	Ethos Life	$2.7B	$416.0M
8	ManyPets	$2.4B	$480.4M
9	Newfront	$2.2B	$312M
10	Lemonade	$1.6B	$522M
11	Hippo Enterprises	$1.5B	$709.5M
12	At-Bay	$1.4B	$291.8M
13	Marshmallow	$1.2B	$111.3M
14	AgentSync	$1.2B	$111.1M
15	Caribou	$1.1B	$188.3M
16	Acko	$1.1B	$504M
17	Branch Insurance	$1.1B	$224.5M
18	Surest	$1.1B	$177.5M
19	Zego	$1.1B	$257.7M
20	Betterfly	$1.0B	$205.7M

Source: Beinsure.com by PitchBook Data

TOP-20 InsurTech Unicorns by venture capital raised 2022

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9	ManyPets	$480.4M
10	PolicyBazaar	$478.3M
11	Ethos Life	$416.0M
12	Newfront	$312.0M
13	At-Bay	$291.8M
14	Zego (Automotive Insurance)	$257.7M
15	Branch Insurance	$224.5M
16	Betterfly	$205.7M
17	Caribou (Financial Software)	$188.3M
18	Surest	$177.5M
19	Marshmallow	$111.3M
20	AgentSync	$111.1M

Source: Beinsure.com by PitchBook Data

How to pick the best Health Insurance Policy

All of us seek to have the best for ourselves and our loved ones. In particular, we tend to buy the best Health Insurance policy that offers wide coverage and maximum benefits to safeguard us from uncertain events. It is quite a task to choose a comprehensive Health Insurance policy, while there is a wide range of plans available in the market. However, it is important to choose the best Health Insurance policy that suits your needs.

Here are some useful tips that help to choose the best Health Insurance policy.

Wide Coverage

Checking the coverage of the Health Insurance plan should be the first step in purchasing the policy. Always, choose a policy that offers wide coverage, because such policies will secure you against a wide range of medical and other associated emergencies. Some benefits might be subjected to sub-limits, while others might have waiting periods. Reading the policy document is the best approach to make sure you don't miss these conditions. Additionally, it helps to dispel myths about claim settlement.

Make sure to choose a Family Floater Health Insurance coverage that addresses the needs of each family member if you intend to bring your family under Health Insurance.

Other Benefits

Health Insurance policies offer additional hospitalization and related coverage, such as pre-and post-hospitalization, ambulance coverage, day care treatments, modern treatments, non-medical items, hospital cash, domiciliary treatment, home care treatment, etc. Automatic restoration, Cumulative bonuses, Annual health check-ups, Wellness discounts, Renewal discounts, Second medical opinions etc., are some more benefits offered by many Health Insurance Industries.

All of these benefits can come in handy at the needful time, make sure the policy you choose offers the advantages that best suit your needs. Moreover, the premium paid towards Health Insurance can be availed as income tax deductions under Section 80D of the Income Tax Act, 1961.

Sum Insured

Sum Insured refers to the maximum coverage the insured is entitled to. Going for a higher Sum Insured is essential because of the rising medical inflation. Also, remember that Sum Insured is crucial in calculating the premium. So, if you opt for a higher Sum Insured then the premium will be high. However, if you choose a lower Sum Insured then it might be insufficient to cover the hospitalization expenses and leave you vulnerable to further expenses resulting in draining the hard-earned savings.

An alternative method for getting high Sum Insured coverage is to opt for a Top Up policy. Top Up Health Insurance policies are crafted to provide extended coverage after the exhaustion of Base Health Insurance policy's threshold limits and other benefits at an affordable premium.

Waiting Period

The waiting period in Health Insurance denotes the time during which the insured has to wait to raise the claim for related expenses. Usually, Health Insurance companies impose waiting periods on pre-existing diseases, specific diseases, maternity, etc. The waiting period is plan specific, in general, it may vary between 2 to 4 years. Any admissible claim related to the waiting period is covered after its completion. Thereby, opt for the policy that offers a low waiting period, so that your claim becomes valid within a short period.

Most Health Insurance policies offer riders as an add-on to reduce the waiting period, such optional cover will cost additional charges. Opting for a Health Insurance policy at a young age is beneficial as you can tide over the waiting period without any hassle if the policy is continuously renewed.

Flexible Coverage

Opt for the policy which entitles you to add new family members such as the newly married spouse or a newborn baby. If so, you can add them to your existing Health Insurance policy, rather than research and find other policies for them. This benefit may cut the cost of paying a separate premium for every family member. Whereas in a Family floater policy, you will have a single premium and get all your family members covered under a single policy. But, be mindful that the opted Sum Insured will be shared among the added members.

A flexible policy provides add-on benefits, also referred to as optional benefits such as lump sum for diagnosis of Cancer, rider for waiting period, etc. Note that such add-on covers are policy specific. Ensure that your policy is flexible for such an add-on, if necessary, you can avail it at an additional cost.

Health is never an expense; it is an investment. Make certain that you invest in the best Health Insurance policy. Now that everything is made available online, compare various Health Insurance plans, coverage and quotes, and remember to keep it affordable. To make Health Insurance available for everyone, Star Health offers a plethora of the best Health Insurance plans fulfilling the needs of all age groups. ❑

Continued from Page 36

Bank, South Indian Bank, SVC Co-operative Bank Ltd., UCO Bank, Union Bank of India among others.

In line with the previous editions, this year's IBEX India 2023 witnessed an extensive presence of senior members of the banking fraternity who came together for engaging and stimulating discussions with more than 1500 plus leading technology vendors.

The exhibition was complemented by a conference on 'BFSI Tech Trends for Collaborative Banking," co-organized by EventalistConferences LLP. It also featured an illustrious panel of speakers which comprised senior officials from private, and public sector banks, co-operative banks &fintech companies who've made headlines, created praise-worthy customer-centric cultures.

Parallel sessions

- Session 1 "Role of digitization in business transformation"
- Session 2 "Tec trends for futuristic banking"
- Session 3 "The emergence of the fintech ecosystem"
- Session on "Building India's future finance with Fintech"
- Session 4 "Increasing operational efficiency with the aid of automation & technology"
- Session 5 "Rising cyber security risks in the BFSI sector in the wake of rapid digitization"
- Session 6 "The power of digital lending & risks"
- Session 7 "Hyper personalization for enhanced customer experience/delight"
- Session 8 "ESG in BFSI for sustainable banking"
- Session 9 "Real-time payments creating value through moving money faster & more efficiently than ever before"

Attendees at the event

The 3-day event comprised experts that deliberated on technology trends, future opportunities, and challenges in the banking sector. The attendees met diverse manufacturers and distributors to compare solutions and services under one roof and gained insights from industry captains.

Officials from the following departments of all nationalized banks, private banks, payment banks, cooperative banks, and foreign banks)/financial institutions/NBFCs/insurance/ gold loan companies/retail units: IT & IT-enabled services; retail banking & customer service; microfinance companies, cooperative societies, financial institutions, financial audit & consulting firms, financial magazine publishers, gold loan companies, industrial banks, insurance companies, land mortgage/land development banks, money exchange & lenders, training institutes, and leasing companies, among others, were present.

In line with the vibrant start-up environment, IBEX India 2023 also featured a start-up pavilion, which offered the Indian BFSI start-up community the opportunity to showcase promising innovations.

For more details visit: https://ibexindia.com/

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All stakeholders need to strive together to achieve the mission - Insurance for all: IRDAI Chairman address at CII's 24th Insurance & Pensions Summit

It is the collective responsibility of all the stakeholders to ensure that every person in the country is adequately insured in lines with the honorable Prime Ministers vision of insurance for All.

Insurance and pensions provide an invaluable opportunity to strengthen a nation, offering safety and reliability to both corporations and individuals. They bolster consumer confidence and spending, support entrepreneurship, give access to credit, and can even be shrewdly used as long-term investments stated Shri Debashish Panda, Chairman of the Insurance Regulatory and Development Authority of India (IRDAI).

Speaking at the CII's 24th Insurance & Pensions Summit ~Insurance & Pensions - A Vehicle for Country's Growth- organised by the apex industry body, Confederation of Indian Industry, he stated that India is becoming an economic superpower, anticipated to be the third largest economy by 2030.

"In order to reach this potential, collaboration between the insurance, pensions, banking, and capital markets sectors is critical. Together, they form a circular economic system - with annuity and insurance providing crucial stability - that creates the best conditions for our nation and citizens to succeed in and adapt to the 21st century," he explained.

The IRDAI Chairman and the Chief Guest of the event Shri Debashish drew attention to the significance of insurance in the pensions sector, as a tool for providing security and mitigating risk, thus making an invaluable contribution to society.

"Insurance plays an essential role in fortifying a nation, contributing to economic growth by redirecting money into productive sectors and

offering protection to every segment of society," he pointed out.

Shri Debashish Panda also stated the Indian financial service in the last decade has been phenomenal with some game changers reforms like UPI, Aadhar, Jan Dhan Yojana etc . "We have achieved remarkable progress in terms of financial inclusion and have built a large and engaged user base, vibrant startup ecosystem, and developed infrastructure and energy capabilities. To actualize our vision for a democratic India, we must ensure that every person is insured," he added.

He also emphasized that investors should take advantage of the growth of India's insurance industry.

He also stated that the investors should also look at the insurance growth journey of India. Through CII, I would like to reach out to conglomerates in the country, individual investors who are interested to invest the money. " The top 5 insurance companies demonstrate an impressive return on equity of about 20%, on average 16% for non- life and 14% for life. Now is the time to redirect investment capital into this sector to benefit from these solid returns."

Dr. Manoj Anand, Whole Time Member of PFRDA, discussed the transition from defined benefit to defined contribution pension systems.

"The goal of any pension scheme is to provide elderly income security as well as a consistent level of expenditure over time, particularly relevant given the rising old age dependency ratio (projected to reach 23% by 2035) and life expectancy rate (18.9 in 2030). With defined benefit pension plans increasingly becoming unfeasible for employers, there is a global shift toward defined contribution plans, fully funded by individuals," he stated.

Dr Anand also highlighted that the personal pension system consists of two pillars: the financial, which includes the voluntary National Pension Scheme (NPS) for both government and non-government sectors, Public Provident Fund, Atal Pension Yojana, mutual fund retirement schemes, and retirement plans from insurance companies; and the nonfinancial, which encompasses family support, access to healthcare and housing.

"Pension coverage has dramatically increased across both the organized and unorganized sectors, with a number of government schemes, such as the Atal Pension Yojana, Pradhan Mantri Shram Jyoti Maldhan Yojana, and Pradhan Mantri Kisan Maldhan Yojana, being implemented to provide pension to those in the unorganised sector," he said.

At the event, CII and KPMG jointly presented the report titled 'Enabling 'Insurance For All': Presentation and Transformation'.

Mr. Tapan Singhel, Chairman of CII National Committee on Insurance & Pensions and Managing Director & CEO of Bajaj Allianz General Insurance Co. Ltd., provided the closing remarks.

National Seminar on "As a Strategic Catalyst, Associate Institutes could bring in a Sea Changes in the largely unexplored Insurance Education and Awareness"

Tuesday, 20th December, 2022
held at the Indian Council for Cultural Relations (ICCR, Kolkata).

Kolkata Insurance Institute conducted the second National Seminar on 20th December, 2022. The theme of the seminar was to identify the exact role for spreading Insurance education and awareness in the present scenario. Top executive of different sectors attended the programme.

The seminar was inaugurated by Mrs. Suchita Gupta, CMD, National Insurance Co. Ltd., along with Dean, Calcutta University, Secretary General, III, Chair Professor (Life), NIA and Principal, College of Insurance, Kolkata.

The Journal in the new name 'Beema Darshi', and New Year Calendar were released by CMD, NICL.

Mr. Peter Chittaranjan, General Manager, NICL and President of KII welcomed the delegates and spoke on the theme of the seminar.

Mr. P. Venugopal, former Secretary General of III, currently Chair Professor (Life), National Insurance Academy was the first speaker. He stressed the need for spreading Insurance Education by the associated institutes through regular prograame and introducing Insurance as a curriculum in School syllabus.

Mrs. Kasturi Sengupta, Deputy General Manager, National Insurance Co. Ltd., Working President, Kolkata Insurance Institute praised Kolkata Insurance Institute for year round activities. She spoke about various educational activities viz Research, Seminar, essay writing competition, quiz to be done by Associate institute.

Dr. Anindya Chatterjee, physician, Hospital Administrator of various Hospitals in the country and abroad advised the Associated Institutes to be involved in spreading Health Insurance. He stressed upon the need for the involvement of professional qualified persons in Health Insurance underwriting and claims to make this segment viable.

Next Speaker Mr. B. K. Nayak, Principal, College of Insurance, Kolkata suggested for more professionalism in core insurance activities. He suggested using III and its associated institutes to be utilized for policy drafting in simple format - within 1 or 2 pages. He also opined introducing text book for this aspect.

Captain S. Mukherjee, IPS, Indian Coast Guard in his brief speech advised for controlling Insurance fraud by utilising services of technically qualified persons who may help and guide the insurance companies properly.

Professor Ram Prahlad Chowdhury, from Calcutta University supplemented some foot note on the topic.

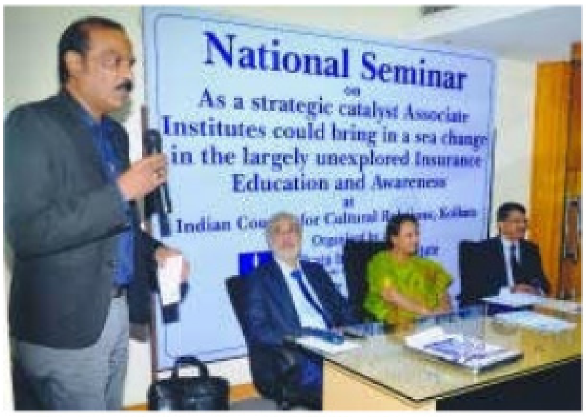
The Keynote speaker of the seminar Mr. S. N. Satpathy, Secretary General, III praised both the Associated Institutes of Kolkata for their outstanding performance. He said that the fame and glory of III have come through these associated institutes. He stressed on Insurance Awareness Programme for College and School student. He advised core steps to be followed to tie up with Universities and College for introducing our Curriculum in their syllabus and to advise the student to enroll for III course.

Finally vote of thanks was given by the Hony. General Secretary of Kolkata Insurance Institute.

Lighting of the lamp

Seen in picture from left : Mr Sanjay Ghosh, Mr Peter Chittranjan, GM NICL, Mrs Suchita Gupta, CMD, NICL and Mr Tapomoy Barua

From Left Mr S N Satpathy, Mrs Suchita Gupta, Mr P Venugopal



Mr Peter Chittranjan, GM NICL giving the welcome address

View of audience

New Product Launches

LIC introduces Jeevan Azad

LIC has introduced a new plan LIC's Jeevan Azad. This is a non-participating, individual, savings life insurance plan which offers a combination of protection and savings.

This is a Limited Premium Payment Endowment Plan providing financial support for the family in case of unfortunate death of the life assured during the policy term and also takes care of liquidity needs through loan facility. It also provides guaranteed lumpsum amount to the surviving life assured on the date of maturity.

Death benefit payable on death of the life assured during the policy term after the date of commencement of risk but before the date of maturity, shall be "sum assured on death" where "sum assured on death" is defined as higher of 'Basic Sum Assured' or '7 times of annualised premium'. This death benefit shall not be less than 105 per cent of "total premiums paid" up to the date of death.

The minimum Basic Sum Assured per life is Rs. 2 lakh and Maximum Basic Sum Assured per life is Rs. 5 lakh. The policy can be taken for term of 15 to 20 years with premium paying term calculated policy term minus 8 years. The minimum age at entry is 90 days completed and maximum age at entry is 50 years (nearer birthday).

Canara HSBC Life Insurance Launches Wealth Edge Ulip

Canara HSBC Life Insurance launched a new unit-linked insurance plan (Ulip) with savings option.

Named Wealth Edge, the product offers three different plans depending on an individual's need and current requirements.

Invest Plus provides life coverage during the policy term as well as accumulated fund value at maturity. Premium Plus handles all financial responsibilities in the absence of the life assured, while the last option, Life Plus, aids retirement planning and provides the life assured with cover till the age of 100 years.

The policy also offers options of single pay and limited pay for all three plans, along with death and maturity benefits.

For Invest Plus, the minimum and maximum entry ages are 0 years and 70 years, respectively. The minimum and maximum maturity ages are 18 years and 80 years, respectively.

For Premium Plus and Life Plus, the minimum entry ages are 18 years, while the maximum entry ages are 50 years and 70 years, respectively. The maturity ages for Premium Plus are minimum 28 and maximum 80 years, while for Life Plus, the maturity age is up to 100 years.

The minimum annual premium is Rs. 1.25 lakh per annum on a yearly mode, and Rs 16,667 on a monthly mode for all the three options. The minimum premium comes to Rs. 75,000 on a half-yearly mode and Rs. 43,750 on a quarterly mode.

According to the insurer, the product has been designed for those who are looking for a fool-proof plan for their financial protection.

"The product recognises the importance of financial goals that an individual may set for his/her various life stages, and will help fulfil them along with providing an added shield of life insurance to protect the life assured and their family against various unforeseen uncertainties," the insurer said in a press release.

The policy also allows the policyholders to choose from eight diverse investment funds with a facility to access the accumulated wealth according to the individual's needs with systematic withdrawal option and/or milestone withdrawal option.

Anuj Mathur, managing director and CEO, Canara HSBC Life Insurance says: "Wealth Edge has been designed to help fulfil the life goals of an individual by providing utmost flexibility. The need of the hour was to develop a product that ensures that the customer's needs are met while at the same time offering them a shield in case of uncertainties, while also securing their financial future. This product will empower one to deliver the promises that they would have made to their near and dear ones."

Aegon Life Insurance Launches Term Plan For Self-Employed

Aegon Life Insurance has launched a new term plan named 'iTerm Prime Insurance plan' for the self-employed sector. The minimum sum assured is Rs 25 lakh. It also offers a special discount of 10 per cent on the first-year premium.

The policy also offers special add-on features like critical illness cover and accidental death.

The other details of the policy are as follows

The minimum entry age is 18 years. The maximum age is 65 years for regular pay, and 50 years for limited pay. In the regular pay mode, one has to pay the premium throughout the policy term. In limited pay, one can pay premium for a fixed duration and can also take the policy coverage till 70 years of age.

The policy also offers an option named 'special exit value', wherein the policyholder will get back the entire premium paid once they turn 55 years old. The entry age for this is 40 years, and the policy term is till 70 years.

The policy also offers a grace period of 15-30 days on premium payment. The policy also offers death benefit, which is highest of 11 times the annualised premium or 105 per cent multiplied by the total premiums paid as on the date of death or base sum assured.

"If the policyholder dies during the policy tenure, a death benefit will be paid in lump-sum to the nominee. If the policyholder decides to terminate the plan at the age of 55, all premiums paid up until that point will be reimbursed," Aegon said in a press release.

Satishwar B., MD and CEO of Aegon Life Insurance said that the number of self-employed people in India as of 2021 was 333 million and this huge population of self-employed people do not have access to adequate term insurance products primarily because of extensive paperwork involved.

Hence, they simplified the paperwork requirements to allow the self-employed to purchase a policy with just a valid PAN card, Aadhaar or driver's licence. There is no requirement of any document to be uploaded or scanned, he says.

Bajaj Allianz launches flexible My Health Care Plan

Bajaj Allianz General Insurance announced the launch of its modular health insurance product 'My Health Care Plan'. My Health Care Plan is filed as an umbrella product under which customizable packages are offered. The flexibility in picking and choosing the covers as per the customers' necessities gives them the freedom to design their own health care plan basis which the premium for the policy is determined. The company has announced Plan 1 under the umbrella product that consists of mandatory and optional coverages.

The My Health Care Plan product consists of mandatory coverages like In-patient hospitalization expenses, pre and post-hospitalization expenses, Modern Treatment Methods and Advancement in Technologies, Organ donor expenses, Ayurvedic and Homeopathic Hospitalization Cover, Maternity Package Expenses, Baby Care, Out-patient Treatment Expenses (OPD), Home Nursing Benefit, Sum Insured Reinstatement, Airlift Cover, and Cumulative Bonus, amongst others. Under the Maternity Package section, the plan covers maternity expenses for the insured member as well as the surrogate mother as well as the complications of Assisted Reproductive Procedures or Techniques.

Another highlight is the inbuilt Baby Care cover, under which the newborn baby is covered under the health plan from the first day of birth until the expiry of the policy. Consumable expenses or non-medical expenses incurred during treatment are covered up to the Sum Insured (SI) selected. In addition, up to 50% of the cumulative bonus for each claim-free will be added to the SI.

Under Home Nursing Benefit, if the treating doctor recommends a nurse for post-hospitalization care of the policyholder, a weekly nursing amount will be reimbursed to the policyholder. There are three optional covers also offered under Plan 1 of the policy, which are loss of income cover, major illness and accident multiplier cover, and international cover. Under the international cover, expenses towards emergency care needed by the policyholder are covered anywhere across the world.

Commenting on the product announcement, Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance,said, "Our country is known for its diversity where needs change from person to person. This vast diversity has given us an opportunity to innovate and curate our product offerings to ensure that health insurance has reached every household in our country. With our 'My Health Care Plan' product, our intention is to introduce a plethora of our offerings where the customer has the flexibility to choose and package their covers that best suit them and their family, however, varied it may be. Under this product, we will be introducing multiple plans incrementally, starting with Plan 1 where the customer can package their policies to their requirements. ❑

Advertorial

News from Birla Institute of Management Technology (BIMTECH)

MDP Programme on Campus

A Management Development Programme (MDP) was conducted under the guidance of Centre for Management Development and Consultancy(CMDC), BIMTECHthe subjects being "Retail Lines of Insurance" from January 8th-10th, 2023in MDP hall of the institute. Twenty-four participants who were part of association called Financial Professional's Round Table(FPRT) attended the three day programme. The participants werehighly successful financial advisors, planners and investment professionals who work to provide single window solutions for clients and help them in achieving their financial goals. It was a residential programme where they stayed on campus at the institute's Vikramshila Leadership Centre (VLC). The faculty who were part of the programme and took classroom sessions were Prof. (Dr.) Abhijit Chattoraj, Prof. Manoj Kumar Pandey, Prof. Pratik Priyadarshi, Prof. Saloni Sinha and Dr. Manoj Pareek.

Webinar held on "Surety Bond - A new product in the Indian Insurance Market"

BIMTECH hosted Mr. Manik Nehra, Head-Reinsurance, Property Large Risks, Marine and Surety, Bajaj Allianz General Insurance Co. Ltd on January, 6th, 2023 under the aegis of Club INMOS of BIMTECH. The event saw the presence of Prof.(Dr.) Abhijit Chattoraj, Prof. Pratik Priyadarshi. Mentor of the Club INMOS -Prof. Manoj Kumar Pandey was the anchor for the talk with Mr. Nehra. The talk gave insights into operation of surety bond as an insurance product which would help in growth of infrastructure for the long term.

Participation in International seminar by BIMTECH faculty

Prof. (Dr.) Abhijit Chattoraj, Chartered Insurer, Chairperson, Insurance Business Management Programme and Dean Student Welfare BIMTECH will be a panelist and a speaker at International Health Insurance Forum, 2023, South Asia event being held at Singapore from 8th February to 10 th, February,2023. He would be speaking on the topic "Healthcare for the Elderly". He would also participate in panel session on the topic and question of participation of private health insurance in national health insurance schemes without creating a two tier system for access to and quality of care. ❑

National Mega Mind Show

National Mega Mind Show is a 3 Days Residential Learning Program for Insurance Advisors. This will be an International Level Learning Program to be held from 25-27 April 2023 at Ramoji Film City-Hyderabad being Organised by BITV.

This program will be very helpful for Insurance Advisor to grow their business 10x. In this program only 150 Insurance Agent can participate physically and around 1000 Insurance Agent can Participate Online.

The session content will include Technique of Business Growth, How to talk confidently with HNI, How to reach to Mass, Scope of Financial Advisory Business in Indian Market , HNI Selling, Concept of Insurance Selling.

For more detail visit https://bitv.co.in/nmms-2023/

Media Partner is The Insurance Times.

Legal Update

Insurer liable to reimburse genuine cash payments

Sodhi Brothers, originally a limited liability partnership (LLP), was allotted a hydroelectric project by the Himachal Pradesh State Electricity Board (HPSEB) under an agreement executed on April 11, 2007. The project was located across River Bharal in Kangra district of Himachal Pradesh.

Sodbi Brothers obtained finance from the State Bank of India for the project through a term loan of Rs. 22.6 crore. It was covered by Oriental Insurance under a Standard Fire & Special Perils Policy which covered the building superstructure for Rs. 8.8 crore and the plant and machinery for Rs. 22.8 crore.

The project became operational on December 7, 2010. Due to heavy rainfall on September 27, 2011, there was landslide in the area where the concrete saddle of the penstock had been constructed. As a result, the penstock pipe broke and water gushed out at high pressure. This caused damage to the power house as well as to various sensitive equipment.

The insurer was informed about the incident over the telephone the very same day. A written intimation was also sent the next day. The insurer initially appointed a preliminary surveyor and later a final surveyor. The final surveyor reported that the proximate cause of loss was a landslide, which is covered under the insured perils. It recommended settlement of the claim. However, the surveyor stated that the repairs and reinforcement cost was exaggerated and recommended payment of about Rs. 38.46 lakh.

The insurer repudiated the claim on the ground that loss had occurred due to carelessness in compression, resulting in subsidence of the new structure, so the claim fell within the exclusion clause of the policy.

Sodhi Brothers, which later became a private limited company, filed a complaint before the National Commission contending that the actual loss was nearly Rs. 1.3 crore but it was incorrectly assessed at Rs. 38.46 lakh. The insurer contested the case.

The National Commission observed that both the surveyors had attributed the loss to landslide caused by abnormally heavy rains. The Commission noted that the surveyor had recommended sanctioning Rs. 38.46 lakh towards settlement of the claim since the landslide was covered under the policy.

The Commission castigated the insurer for repudiating the claim onthe false presumption of negligence in proper compression of concrete during construction. It held that the claim would be payable under the terms of the policy.

On the quantum of the claim amount, the Commission noted that the surveyor had disregarded cash payment. It observed that Sodhi Brothers was required to made payments in cash considering the remote location of the project and lack of banking facilities. But all payments were supported by corresponding tax deduction at source (TDS) payments as well as GST payments, which proved the legitimacy of the cash transactions. Hence, the Commission concluded that the insurer would have to reimburse even the expenses incurred in cash.

Accordingly, by its order of December 9, 2022, delivered by Subhas Chandra for the Bench headed by C. Viswanath, the National Commission directed National Insurance to pay Rs. 1.29 crore towards settlement of the claim. It granted a period of eight weeks for complying with the order. ❑

Circular

IRDAI Corner

Guidelines on Insurance claims of victims of Subsidence and Landslides in the calamity affected areas in the State of Uttarakhand

19th January, 2023

1. As you are aware, Subsidence and Landslide have caused loss to property in some areas in the State of Uttarakhand. There is an urgent need for the general insurers to take immediate steps to mitigate the hardships of the affected insured population by ensuring immediate registration and settlement of eligible claims.
2. You are advised to initiate immediate steps for quick registration and disposal of claims on the following lines: -
   a. Please nominate a senior officer at the company level who would act as a Nodal Officer in the affected districts of Uttarakhand. The Nodal Officer would be coordinating the receipt, processing, and settlement of all eligible claims. The Nodal officer should contact the designated officers of the State Govt. immediately and be in regular contact thereafter.
   b. It needs to be ensured that all claims are surveyed immediately and claim payments/on account payments are disbursed at the earliest and in any case not exceeding the stipulated time-line.
   c. Adequate number of surveyors may be engaged immediately as required and, if need be, consider engaging surveyors from neighboring areas as well.
   d. You are also requested to launch extensive awareness campaign duly highlighting the measures taken by you.
   e. The Insurers shall encourage the policyholders to use electronic communication wherever possible for correspondence while intimating the claim and filing all the relevant documents. Efforts shall be made to ensure that digital processes are resorted to the extent possible for assessment of claims.
3. We request you to take urgent steps for expeditious settlement of claims in the affected areas and maintain the details of the same. The claims data shall be submitted to the Authority on a monthly basis (to nl-returns@irdai.gov.in) in the format enclosed herewith.

Clarification on classification of shares issued by virtue of demerger to Insurance Companies

19th January, 2023

By virtue of the power conferred under Regulation 17 of IRDAI Investment Regulations, 2016, it is clarified that the dividend criteria as stipulated under Regulation 3(a)(4) and 3(a)(5) of IRDAI (Investment) Regulations, 2016 read with Clause 1.11 of IRDAI Investment Master Circular dated October 27, 2022 applicable to the "Demerged Company" shall be reckoned for the purpose of classification of investment, in equity shares and preference shares in Resulting Investee Company(s)", as "Approved investment" or "Other Investment", for initial two financial years.

IRDAI (Appointed Actuary) Regulations, 2022

10th January, 2023

1. This circular is issued in exercise of the powers conferred under Regulation 12 of IRDAI (Appointed Actuary) Regulations, 2022 and under Section 14(2)(e) of IRDAI Act, 1999.
2. Application for appointment of an Appointed Actuary:

a) As required under the provisions of regulation 3(D) of IRDAI (Appointed Actuary) Regulations, 2022, the insurer shall submit an application for appointment of Appointed Actuary in the format (Form IRDAI-AA-2) provided in Annexure-1 to this circular along with extract of Board Resolution and a copy of Appointment letter.

b) Every year, the insurer shall submit the renewed valid Certificate of Practice (CoP) issued by Institute of Actuaries of India (IAI).

c) As required under Reg. 3(F) of the above Regulations, the insurer shall make a separate application in writing along with Annexure -1 for relaxation of eligibility conditions, if any.

3. Obligations of the insurer:

a) For the purpose of the Regulation 10(b) of IRDAI (Appointed Actuary) Regulations, 2022, Life Insurers shall have at least two actuaries, in addition to Appointed Actuary, for pricing and valuation purposes, on or before 31st December, 2023.

b) Similarly, General, Stand-alone Health Insurers and Reinsurers shall have at least one actuary, in addition to Appointed Actuary, for pricing and valuation purposes on or before 31st December, 2024.

c) New insurers/reinsurers are exempted from the conditions under Para – 3(a) and 3(b) above for a period of two years from the date of issuance of certificate of registration.

4. Existing Appointed Actuaries:

a) The existing Appointed Actuaries as on date of notification of the said Regulations, appointed on relaxation of eligibility condition in respect of subject specialization for a limited period, may continue to work as Appointed Actuary beyond such limited period, provided the Appointed Actuary complies with the captioned Regulations. The insurer shall inform the Authority within 30 days before expiry of such limited period in such instances along with fresh Form IRDAI-AA-2.

b) The existing Appointed Actuaries, appointed with the support of a mentor actuary for a limited period, may continue to work as Appointed Actuary beyond this period without mentor provided the Appointed Actuary complies with all the provisions of the captioned Regulations to work as Appointed Actuary on standalone basis. The insurer shall inform the Authority within 30 days before expiry of such limited period along with fresh Form IRDAI-AA-2.

c) The existing Appointed Actuaries not falling under (a) and (b) above may continue as per the provisions of Regulation 3(C) of the captioned Regulations.

This circular comes into force with immediate effect.

This is issued with approval of the Competent Authority.

Guidelines on issuance of File Reference Numbers (FRN) to Cross Border Reinsurers

3rd January, 2023

1. Background:

A. The Indian Insurance Industry is poised for growth and the Authority has been taking various steps to reduce the protection gap and develop the Insurance industry. These steps are towards ease of doing business and would also facilitate further development of the insurance industry.

B. The availability of well-developed reinsurance market ensures that insurance products are available at reasonable prices to the policyholders. The Cross Border Re-insurers (CBRs) play a significant role in reinsurance market in providing reinsurance support/capacity to the Insurers. The insurer has to ensure that CBRs meet, interalia, rating requirements as per IRDAI (Reinsurance) Regulations, 2018 and shall have File Reference Number (FRN), before placing any business with them. At present, such FRNs are allotted on annual basis by the Authority.

C. After considering the feedback and also inputs from the Task Force on Non-life Insurers and Reinsurers and the Working group on ease of doing business, it has been decided to consider Auto-renewal of FRNs by the Insurer itself, provided such CBRs meet the required criteria as specified hereafter.

D. The Authority in exercise of the powers conferred under Sec. 34 (1) of the Insurance Act, 1938 read with Reg. 4 (3) and 12 (3) of the IRDAI (Re-insurance) Regulations, 2018, makes the following Guidelines.

E. These Guidelines aim to streamline the regulatory process with respect to cross border reinsurers and will supersede existing Guidelines No. IRDA/R1/GDL/MISC/015/01/2021 dated 22th January, 2021, on CBRs.

2. Allotment of FRN to CBRs

A) Application for New FRN:

i. The CBRs, who meet the eligibility criteria as per the extant regulations, will qualify as 'Eligible CBRs'. The CBRs, who do not meet the eligibility criteria, are regarded as 'Non-Eligible CBR';

ii. The insurers, who wish to place re-insurance business with CBR, shall file an online application with the Authority at https://cbr.irdai.gov.in/login.aspx (CBR Portal) in the form as specified at Annexure – 1, for allotment of FRN to CBRs under the category of either 'Eligible CBR' or 'Non-Eligible CBR', as the case may be;

iii. The Authority may raise any other requirements, if necessary, for processing of such application while allotting FRN to CBR. After examination of submissions made by the insurer, the Authority allots system generated FRN to the CBR;

iv. Filing of application for allotment of FRN to CBR shall commensurate with Reinsurance programme of the insurer, as per extant regulations.

B) Application for Renewal of FRN:

The Insurer can generate FRNs on their own for the CBRs who qualify for Autorenewal. The CBRs, who do not qualify for Auto-renewal, shall have to obtain FRN on annual basis. The detailed procedure is as under:

i. Process for 'Auto – Renewal' of FRN:

a) To qualify for Auto-renewal of a CBR, the Insurer shall ensure that -

(i) Credit rating of the CBR shall not be less than 'Standard & Poor's A- or equivalent. The latest credit rating of the CBR shall not be prior to 12 months from the date of application for Auto-renewal;

(ii) CBR has been allotted FRN under 'Eligible CBR' by the Authority in the financial year preceding to the financial year for which application is made;

(iii) necessary and latest information is filed and

(iv) Such CBR meets the other requirements as per Reg. 4 (1) of IRDAI (Reinsurance) Regulations, 2018 to qualify as 'Eligible CBR'

b) While doing Auto-renewal process, if the applicant Insurer notices that CBR does not meet the requirements as per (a) above, it shall file the application for renewal as per the process stated in para B(ii) below.

c) The portal would be available for Auto-renewal for the current financial year and would also be available three months in advance for the next financial year.

d) The auto-renewal facility is available for three consecutive financial years for a CBR. After three financial years, fresh application has to be submitted by the insurer through CBR portal.

ii. Process for Renewal of FRN for the CBR, who does not qualify for Auto-renewal:

a) On completion of every financial year, any insurer may make an application for Renewal of FRN through the CBR portal.

b) The Authority, on examination of submissions made by the insurer, may allot system generated FRN.

c) The validity of renewed FRN allotted to such CBRs shall be for one financial year.

3. General Provisions:

i. No insurer shall place re-insurance business with any CBR without valid FRN.

ii. The Authority may allot country wise separate FRN to the CBR.

iii. The facility for Auto-renewal would be available for FY 2023-24 and thereafter.

iv. Once FRN is allotted for a particular CBR, the same shall be used by other insurer for placement of reinsurance business with such CBRs.

v. The Insurer, while placing reinsurance business with CBR (who has valid FRN), shall satisfy itself and is solely responsible to ensure that the CBR meets the eligible conditions as per the extant regulations.

vi. The Insurer shall place all the re-insurance business placements made with the 'Non-Eligible' CBRs before its Board of Directors for their approval / ratification,and shall file within fifteen days the certified copy of such resolution with the Authority.

vii. The insurer, within thirty days of commencement of the financial year, shall submit a certificate of compliance (Annexure-2) to the Authority confirming that all the re-insurance placements are made with the CBRs who comply with the eligibility criteria or with those CBRs prescribed in these guidelines. This certificate is to be filed with the Authority along with submissions required to be made under Reg. 3 (3) (A) (c) of the IRDAI (Re-insurance) Regulations, 2018.

viii. Notwithstanding anything contained in these guidelines, the insurer shall comply with the Insurance Act,1938 and other applicable regulations issued by the Authority from time to time.

These Guidelines shall come into force from the date of the issue. ❑

GROSS DIRECT PREMIUM INCOME UNDERWRITTEN BY NON-LIFE INSURERS WITHIN INDIA (SEGMENT WISE) : FOR THE PERIOD UPTO Dceember 2022 (PROVISIONAL & UNAUDITED) IN FY 2022-23 (Rs. In Crs.)

	Fire	Marine Total	Engineering	Motor Total	Health	Aviation	Liability	P.A.	All Other Misc (Crop Insurance + Credit Guarantee+ All other misc)	Grand Total	Market %
General Insurers											
Acko General Insurance Ltd	0.00	0.00	0.00	481.27	515.06	0.00	59.59	4.30	22.60	1082.82	0.58%
Bajaj Allianz General Insurance Co Ltd	1614.93	210.81	228.69	3796.94	2401.96	9.29	411.14	166.90	2767.94	11608.60	6.20%
Cholamandalam MS General Ins. Co Ltd	494.29	93.16	21.78	3040.24	426.25	0.00	19.81	232.48	60.89	4388.90	2.34%
Edelweiss General Insurance Co Ltd	19.22	0.94	4.35	233.26	127.40	0.00	0.05	24.40	2.78	412.40	0.22%
Future Generali India Insurance Co Ltd	381.27	80.24	54.45	1116.59	436.75	0.37	48.74	63.69	935.32	3117.41	1.66%
Go Digit General Insurance Ltd	332.80	29.87	44.19	2796.28	555.72	0.00	625.40	108.70	41.54	4534.51	2.42%
HDFC Ergo General Insurance Co Ltd	1363.04	176.91	150.06	3513.39	3340.81	15.90	448.96	486.20	2437.77	11933.04	6.37%
ICICI Lombard General Insurance Co Ltd	2415.71	570.96	500.32	6400.18	3704.05	130.34	654.84	435.29	1236.42	16048.12	8.57%
IFFCO-Tokio General Insurance Co Ltd	765.54	235.06	120.04	2919.95	1582.68	0.00	172.43	100.13	1220.66	7116.49	3.80%
Kotak Mahindra General Insurance Co Ltd	52.50	13.84	6.21	363.75	281.29	0.00	0.88	41.46	26.10	786.03	0.42%
Liberty General Insurance Co. Ltd	64.26	28.97	24.89	999.16	233.42	0.00	14.39	16.72	50.96	1432.77	0.77%
Magma HDI General Insurance Co Ltd	194.66	17.84	3.68	1411.90	158.21	0.00	33.55	6.90	-0.71	1826.03	0.98%
National Insurance Co Ltd	915.35	186.53	243.66	3563.69	5697.09	31.44	133.21	374.76	432.70	11578.43	6.18%
Navi General Insurance Co. Ltd	-0.40	0.00	0.00	25.19	30.65	0.00	0.00	0.13	0.02	55.59	0.03%
Raheja QBE General Insurance Co Ltd	18.48	0.01	2.21	254.85	10.29	0.00	50.96	0.39	0.30	337.49	0.18%
Reliance General Insurance Co Ltd	898.18	109.84	168.21	2888.25	1095.92	20.89	60.44	133.28	2721.96	8096.97	4.32%
Royal Sundaram General Insurance Co Ltd	232.24	40.09	42.56	1777.56	314.29	0.00	9.36	33.95	8.51	2458.55	1.31%
SBI General Insurance Co Ltd	1208.45	66.20	56.42	1743.68	1327.48	-0.06	48.37	710.99	1737.89	6899.42	3.68%
Shriram General Insurance Co Ltd	57.10	1.70	11.53	1470.00	1.90	0.00	4.36	37.38	10.11	1594.08	0.85%
Tata AIG General Insurance Co Ltd	1472.23	492.07	120.80	4511.48	1646.42	64.11	419.11	381.24	272.40	9379.87	5.01%
The New India Assurance Co Ltd	3361.59	720.51	689.48	6412.67	12853.68	230.85	384.88	489.80	949.01	26092.48	13.94%
The Oriental Insurance Co Ltd	1291.62	352.65	257.48	2539.37	6177.43	93.71	111.13	400.64	357.52	11581.55	6.19%
United India Insurance Co Ltd	1469.99	301.20	314.22	4192.88	5070.30	45.61	196.71	362.40	885.91	12840.22	6.86%
Universal Sompo General Insurance Co Ltd	178.96	36.72	8.76	1430.17	224.63	0.00	15.75	124.58	1118.57	3138.13	1.68%
General Insurers Sub Total	**18802.01**	**3766.12**	**3073.99**	**57882.70**	**48213.68**	**643.45**	**3924.06**	**4736.71**	**17297.17**	**158339.90**	**84.57%**
Previous Year Sub Total	16980.25	3122.09	2612.05	49742.30	40551.24	651.67	3123.52	4378.47	15117.08	136278.63	
% Growth	10.73%	20.63%	17.68%	16.37%	18.90%	-1.26%	25.63%	8.18%	14.42%	16.19%	
Stand-alone Health Insurers											
Niva bupa health insurance Co Ltd	0.00	0.00	0.00	0.00	2683.79	0.00	0.00	54.92	0.00	2738.71	1.46%
Aditya Birla Health Insurance Co Ltd	0.00	0.00	0.00	0.00	1738.60	0.00	0.00	119.85	0.00	1858.45	0.99%
Care Health Insurance Ltd	0.00	0.00	0.00	0.00	3385.01	0.00	0.00	261.06	0.00	3646.07	1.95%
ManipalCigna Health Insurance Co Ltd	0.00	0.00	0.00	0.00	916.60	0.00	0.00	22.11	0.00	938.71	0.50%
Star Health & Allied Insurance Co Ltd	0.00	0.00	0.00	0.00	8618.52	0.00	0.00	133.45	0.00	8751.97	4.67%
Stand-alone Health sub Total	**0.00**	**0.00**	**0.00**	**0.00**	**17342.52**	**0.00**	**0.00**	**591.39**	**0.00**	**17933.91**	**9.58%**
Previous Year Sub Total	0.00	0.00	0.00	0.00	13689.24	0.00	0.00	512.03	0.00	14201.27	
% Growth					26.69%			15.50%		26.28%	
Specialised Insurers											
Agriculture Insurance Co of India Ltd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10127.05	10127.05	5.41%
ECGC Ltd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	832.43	832.43	0.44%
Specialised sub Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**10959.48**	**10959.48**	**5.85%**
Industry Total	**18802.01**	**3766.12**	**3073.99**	**57882.70**	**65556.20**	**643.45**	**3924.06**	**5328.10**	**28256.65**	**187233.29**	**100.00%**
Previous Year Sub Total	16980.25	3122.09	2612.05	49742.30	54240.48	651.67	3123.52	4890.50	25727.97	161090.79	
% Growth	10.73%	20.63%	17.68%	16.37%	20.86%	-1.26%	25.63%	8.95%	9.83%	16.23%	
% Market Share	10.04%	2.01%	1.64%	30.91%	35.01%	0.34%	2.10%	2.85%	15.09%	100.00%	

Note: Compiled on the basis of data uploaded by member insurers on Online Portal.

Summary of New Business Performance of Life Insurers for the Period ended December-2022 (Provisional)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies and Schemes				
		Month of Dec-2022	Upto Dec-2022	Month of Dec-2021	Upto Dec-2021	YTD Variation in %	Month of Dec-2022	Upto Dec-2022	Month of Dec-2021	Upto Dec-2021	YTD Variation in %
1	Individual Single Premium	4553.44	31176.67	3901.36	28445.08	9.60 %	121785	873419	117220	831860	5.00 %
2	Individual Non Single Premium	10889.72	63526.71	9746.24	54543.47	16.47 %	2628286	17487107	2859458	16773235	4.26 %
3	Group Single Premium	10212.01	163271.10	9825.58	114403.47	42.72 %	124	1414	275	1126	25.58 %
4	Group Non Single Premium	449.79	4268.73	4.27	21.85	95.38 %	472	4279	742	5230	-18.18 %
5	Group Yearly Renewable Premium	733.32	6947.40	5.66	56.55	22.85 %	3644	23833	4737	21981	8.43 %
6	**Grand Total**	**26838.29**	**269190.60**	**24466.46**	**205231.86**	**31.16 %**	**2754311**	**18390052**	**2982432**	**17633432**	**4.29 %**

Detailed New Business Performance of Life Insurers for the Period ended December-2022 (Provisional)

Sl. No.	Particulars	Month of Dec-2022	Upto Dec-2022	Month of Dec-2021	Upto Dec-2021	YTD Variation in %	Month of Dec-2022	Upto Dec-2022	Month of Dec-2021	Upto Dec-2021	YTD Variation in %
1	Aditya Birla Sun Life Insurance Co. Ltd.	617.13	5243.41	544.20	3807.88	37.70 %	26138	163934	24899	152732	7.33 %
2	Aegon Life Insurance Co. Ltd.	0.95	3.84	1.29	15.43	-75.10 %	112	1534	491	6901	-77.77 %
3	Ageas Federal Life Insurance Co. Ltd.	97.04	609.61	95.42	540.81	12.72 %	4883	32409	4780	29898	8.40 %
4	Aviva Life Insurance Co. Ltd.	31.31	196.04	27.16	183.76	6.69 %	3269	17823	1903	13917	28.07 %
5	Bajaj Allianz Life Insurance Co. Ltd.	928.79	7440.95	1164.55	5900.09	26.12 %	61622	408883	52071	308216	32.66 %
6	Bharti AXA Life Insurance Co. Ltd.	104.97	666.87	105.50	617.95	7.92 %	10947	70189	12296	79454	-11.66 %
7	Canara Hsbc Life Insurance Co. Ltd.	1221.96	2773.59	226.23	1920.91	44.39 %	19881	121119	21132	114780	5.52 %
8	Edelweiss Tokio Life Insurance Co. Ltd.	50.46	301.01	48.26	291.84	3.14 %	2062	32904	5942	39686	-17.09 %
9	Exide Life Insurance Co. Ltd.	0.00	435.65	81.51	667.46	-34.73 %	0	61374	11405	85626	-28.32 %
10	Future Generali India Life Insurance Co. Ltd.	43.72	443.23	47.53	288.97	53.38 %	4430	27540	4523	24590	12.00 %
11	HDFC Life Insurance Co. Ltd.	2753.03	18448.66	2973.74	17188.37	7.33 %	111064	640355	97077	639436	0.14 %
12	ICICI Prudential Life Insurance Co. Ltd.	1455.21	11287.33	1380.93	10247.54	10.15 %	54985	406251	63547	452305	-10.18 %
13	Indiafirst Life Insurance Co. Ltd.	252.89	1971.17	293.52	1920.22	2.65 %	33179	220580	29920	180432	22.25 %
14	Kotak Mahindra Life Insurance Co. Ltd.	691.89	4704.93	563.94	3687.15	27.60 %	34419	205841	38307	201029	2.39 %
15	Max Life Insurance Co. Ltd.	1032.20	5639.55	1013.08	5285.49	6.70 %	62181	382857	69625	411680	-7.00 %
16	PNB Metlife Life Insurance Co. Ltd.	327.13	2118.04	282.67	1533.00	38.16 %	29024	197300	27346	172805	14.17 %
17	Pramerica Life Insurance Limited.	66.52	419.26	26.91	197.71	112.06 %	3916	24388	3302	19998	21.95 %
18	Reliance Nippon Life Insurance Co. Ltd.	118.58	761.72	230.41	887.98	-14.22 %	14860	109965	15615	110715	-0.68 %
19	Sahara India Life Insurance Co. Ltd.	0.00	0.00	0.00	0.00	---	0	0	0	0	---
20	SBI Life Insurance Co. Ltd.	3815.70	21510.30	2943.09	18792.00	14.47 %	289394	1567566	242041	1310995	19.57 %
21	Shriram Life Insurance Co. Ltd.	118.62	761.93	118.13	628.72	21.19 %	26236	201589	25869	172541	16.84 %
22	Star Union Dai-Ichi Life Insurance Co. Ltd.	328.67	2339.22	203.62	1309.31	78.66 %	21252	138146	15136	89264	54.76 %
23	TATA AIA Life Insurance Co. Ltd.	923.03	5112.52	660.65	3304.24	54.73 %	70147	441082	67316	343078	28.57 %
	PRIVATE TOTAL	**14979.79**	**93188.83**	**13032.33**	**79216.84**	**17.64 %**	**884001**	**5473629**	**834543**	**4960078**	**10.35 %**
24	Life Insurance Corporation of India	11858.50	176001.77	11434.13	126015.01	39.67 %	1870310	12916423	2147889	12673354	1.92 %
	GRAND TOTAL	**26838.29**	**269190.60**	**24466.46**	**205231.86**	**31.16 %**	**2754311**	**18390052**	**2982432**	**17633432**	**4.29 %**

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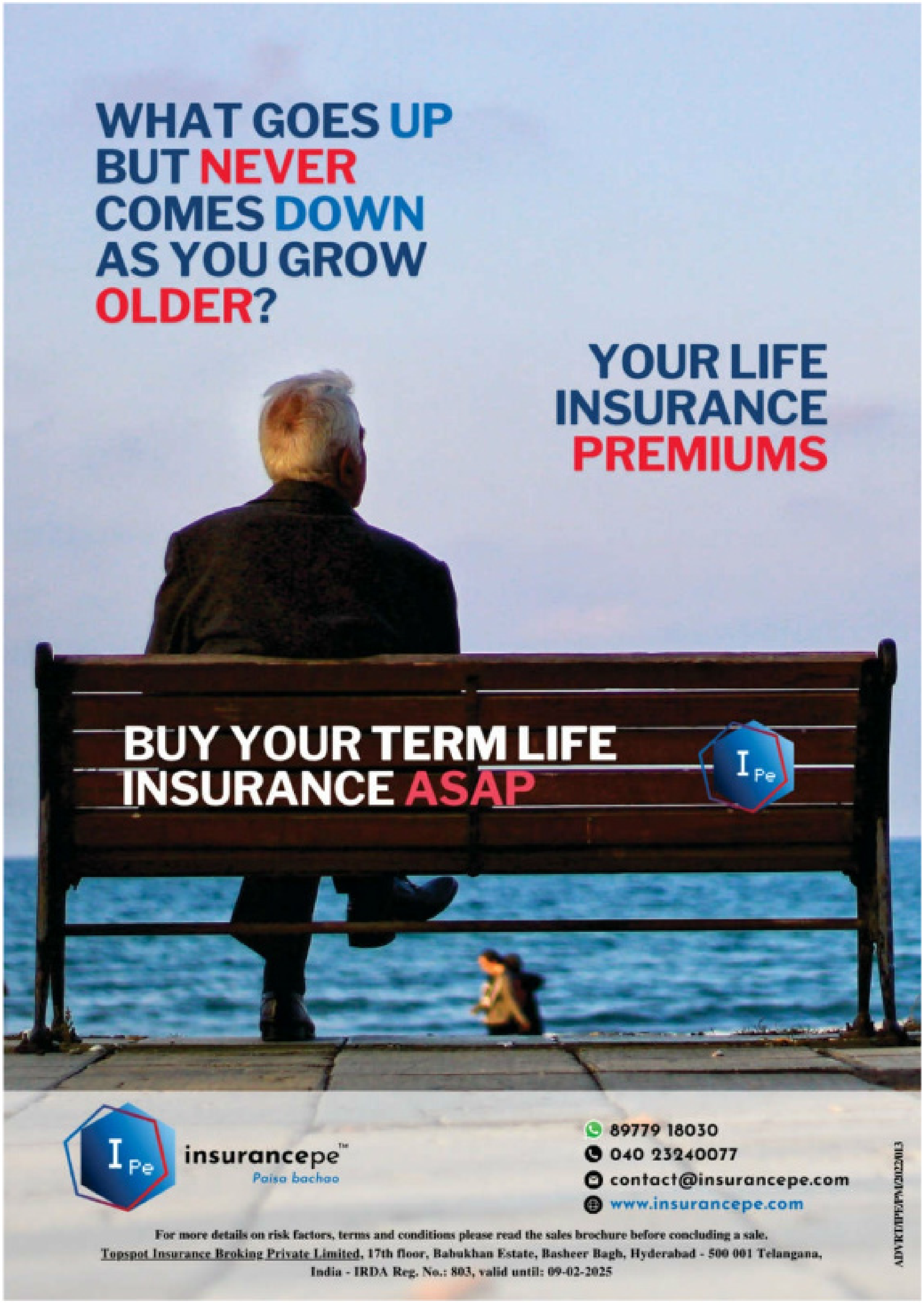
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