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

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THE INSURANCE TIMES

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In this issue

Interview with Mr.Prerak Sethi
Co-Founder, India InsurTech Association

"The growth in the number of InsurTech companies has also resulted in attracting excellent talent from data science, technology, UI/UX, and Product Management into the Indian insurance industry."

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

"We have completely streamlined the procedure for approvals and expect that within 60 days or two board meetings we will be in a position to approve applications subject to the condition that the other side is ready,"

Debasish Panda
Chairman
IRDAI

"To create an ecosystem for insurance companies, insurers need to expand partner network and drive additional business through the API driven technology."

Tarun Singh
Seasoned Risk Management and Insurance Professional

"PSU insurers need to design and implement a robust fraud management policy to prevent fraud and should take appropriate action regarding cancellation of policy and de-empanelment of hospital in fraudulent cases."

Jagendra Kumar
Ex. CEO
Pearl Insurance Brokers

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Editor-in-Chief's Desk

Ram Gopal Agarwala
B.Com, LLB, FCA.

We wish all our readers a very Happy New Year 2023!

We hope the New Year will lot of opportunities for the Insurance Industry in India. Already since the third quarter of 2022 there has been significant buzz in the Insurance Industry with multiple steps being taken by the Insurance Regulator to give new wings to Insurance Industry.

IRDAI is planning major overhaul of the Insurance industry by relaxation of current guidelines, adoption of technology, give more leeway to Insurers to launch products, relaxation of guidelines for intermediaries, push digital transformation to achieve its objective of Insurance for all by 2027.

Already one new General Insurance Company has been issued licence and 19 more companies are in pipeline to get license. The authority is planning to have a developmental role instead of regulator role.

We can bring good products, good technology good distribution but I don't think that is a challenge.

To achieve mass penetration it is very important to reach to the last mile customer and convince him about the benefits of Insurance as a protection tool. A massive campaign is required jointly by the Regulator, Councils, Insurers, and Intermediaries. Somewhere the apprehensions of the customer's needs to be addressed and a positive environment needs to be created.

Education and training at all levels of organisation must be prioritised. Authority should set examples by penalising Insurers and Intermediaries who indulge in misselling and create a bad name for the industry. Training in current form in Insurance Industry is highly diluted. We must first create the mindset why training is important and when we move to knowledge based selling I don't think selling would be a challenge.

Customer Service again is a major area which needs to be focussed upon. It is said that a satisfied customer helps to bring 10 more customers by word of mouth. The Insurers must try to frame the policy wordings in simple and lucid way and should give one pager reckoner to help him in getting the claims easily in few simple steps.

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From the Editors Desk

Risks and Opportunities for Global Economy

Dr. Rakesh Agarwal

Global economy is beset with rising uncertainty, volatile geopolitical environment, supply constraints, looming recession, sanctions, slow economic growth and multiple other issues. The changes in risk landscape has been fast and disruptive. The risks are interconnected over the geography and any one risk can have far-reaching implications across the economy or enterprise and put the entire operations at stake.

In this turbulent economic environment, anticipation would be the key. The more quickly we can anticipate and analyse the potential risks it will be easier to handle the same. As we know the risks leads to opportunities also. Loss for some may be opportunity for others. For capturing forthcoming opportunity and avoiding disruption it will require speed and fast action. We need to adapt the strategies and operating models at a rapid pace. We are living in the time of disruptions where any event in one part of the world may trigger disruption locally. Along with disruptions we also need to focus upon internal digital transformation challenges, innovation, managing workforce, Government policies, competition and internal stakeholders.

Managing disruptions frequently is not so easy. The resilience of workforce and the enterprise is tested time and again and only the organisations which has developed broader risk management capabilities and resilience will survive and grow. The business must be quick to adapt to support business agility and to contribute proactive, robust and timely risk insights for decision-making.

As the risks are dynamic and evolving so should be the business strategy and decision making. The leadership team needs to play more proactive role with eye and ears open. Business leaders need to take quick and confident decisions in consonance with their long term strategy.

So challenges and risks would be there but we will need to generate opportunities from adverse situations.

The stability of the global economy is possible only if a proactive risk-based approach is implemented. The risk-based approach in the face of uncertainty allows not only to respond to the challenges of the global economy, but also to open up new opportunities and prospects for further development.

In context of the Indian economy if we see India is one of the fastest-growing economy in the world, having registered 5.5% average gross domestic product growth over the past decade. It is predicted that India is set to surpass Japan and Germany to become the world's third-largest economy by 2027 and will have the third-largest stock market by the end of this decade.

The long-term growth perspective of the Indian economy remains positive due to its young population and corresponding low dependency ratio, healthy savings, and investment rates, increasing globalisation in India and integration into the global economy.

Overall I believe there is no dearth of opportunities in the Indian market in coming years but the global scenario will have a significant impact which needs to be closely monitored. The global developments needs to be factored in to achieve consistent growth.

Risks would be continuously evolving but we need to be better prepared to handle the risks, follow risk based approach, develop risk management culture and be ready to handle shocks and surprises.

General Insurance News

ICICI Lombard ties up with AU Small Finance Bank

ICICI Lombard General Insurance has entered into a bancassurance tie-up with AU Small Finance Bank.

The partnership will provide the bank's customers access to the insurer's portfolio and enhance penetration across India.

AU Bank is rapidly expanding its distribution footprint across India and the tie-up will further enrich its general insurance offering with digital and paperless solutions offered by ICICI Lombard.

The entire suite of products will be offered across 980+ banking touchpoints spread over 20 States and 2 Union Territories. The customer centric products will provide long-term financial security to customers and their families.

Sanjeev Mantri, Executive Director, ICICI Lombard, said, "As an industry leader, we are excited to partner with AU Small Finance Bank in providing customers a comprehensive product portfolio. This partnership will help further strengthen our distribution and unravel growth opportunities through the bank's wide network."

15-year old got vehicles will be scrapped: Gadkari

Union minister Nitin Gadkari said all vehicles belonging to the Indian government that have completed 15 years will be scrapped, and a policy to that effect has been sent to states. He was speaking at the inauguration of the annual 'Agro-Vision' agriculture exhibition here.

"I signed a file under the guidance of Prime Minister Narendra Modi that all the vehicles of the Indian government which have completed 15 years will be scrapped. I have sent this policy of the Indian government to all the states. They should adopt this policy at the state level," he said.

Reframe crop insurance to enroll more farmers

The Indian government should reframe the crop insurance contract with farmers so that they can pay the premium at the time of harvest. This will help enroll more growers in the Pradhan Mantri Fasal Bhima Yojana (PMFBY), says a top official of Terragni Consulting, which specialises in behavioural science.

"Farmers can be told not to pay anything right now. When they are harvesting the crop, if there is any damage, let the insurance firm look at what the yield is.

Maharashtra asks insurance firms to take cognizance of farmers' claims

The Maharashtra government has asked crop insurance companies to take cognizance of complaints by farmers and warned that the State will initiate action against companies denying insurance claims to eligible farmers.

On the other hand, the Union Ministry of Agriculture has said reports of farmers getting a paltry sum of insurance claims in some districts of Maharashtra are factually wrong, as most of them are only part claims and not the actual sum received.

Recently, State Agriculture Minister, Abdul Sattar, held a meeting of officials of crop insurance companies. He said all eligible farmers must get insurance claims. The minister called for the meeting after farmer organizations claimed that insurance companies were denying insurance claims and many farmers had received paltry sums.

Sattar said it is the responsibility of crop insurance companies to immediately deposit payment for the insurance claims in the bank accounts of eligible farmers, who have suffered because of unseasonal rains. He said farmers were agitated due to the delay in insurance claim payments.

Road crash in Rajasthan turns out to be murder for Rs.2 crore insurance

A hit-and-run case has turned out to be a cold-blooded murder plotted by a man eyeing his wife's insurance amount of nearly Rs 2 crore.

Shalu Devi (32) and her cousin Raju (36) of Jaipur were travelling to Samod temple on a bike when an SUV mowed them down near Harmada on the Jaipur-Sikar road on October 5.

Preliminary investigation hinted at a road accident, which is commonplace on that stretch of the busy highway. However, the accident probe took a dramatic turn about 20 days ago when the police discovered that Shalu's death could help her husband get a whopping Rs 1.90 crore in insurance money.

DCP (West) Vandita Rana said Mahesh Chandra had already paid Rs 5.50 lakh of the promised Rs 10 lakh "contract" to notorious history-sheeter Mukesh Singh Rathore to kill Shalu.

Rana said the police have arrested Chandra, Rathore and two other conspirators - Rakesh Kumar and Sonu Singh. The investigation team that included ACP (Chomu) Rajendra Singh and SHO (Harmada) Hari Pal Singh then found that Chandra had bought an insurance cover for Shalu this year even though the couple's marriage had been strained and they had been living separately since 2017.

"About 20 days ago, we found the insurance angle into the case. This was surprising given that Shalu had filed a case of dowry harassment against Chandra back in 2019," said the SHO.

TMB inks bancassurance pacts with Chola MS General, Max Life

Tamilnad Mercantile Bank (TMB) has tied up with Cholamandalam MS General Insurance Company Ltd and Max Life Insurance Company to offer insurance products through the bank.

This would take the total number of TMB's bancassurance partnerships to four. Briefing reporters here, Krishnan S, MD & CEO, TMB said customers can avail the insurance products of both the insurance companies through their bank's app soon.

"We wanted to be a supermarket for financial services, where under one roof customers will be able to get all the products and services," he said.

Queried about the business that the bank would generate through the bancassurance products, he said, "I look more from the perspective of customers, which will give a lot of benefits and advantages to the bank in the long run that cannot be measured. Customers will have more choices to choose from."

V Suryanarayanan, managing director, Chola MS General Insurance said, the insurance includes coverage for farmers, SME units and small businesses.

Currently, in the bancassurance segment, we add about one lakh customers every month, he added. V Viswanand, deputy managing director, Max Life said, two-third of their business comes through partnerships with banks.

Bajaj Allianz General Insurance launches a new rider for senior citizens

Bajaj Allianz General Insurance has launched a health insurance rider for senior citizen care 'Respect Senior Care Rider'. Through this rider, senior citizen can get services like emergency ambulance service within 10 minutes, physiotherapy and nursing care at home and so on. Rider offers additional benefits which comes with the primary health policy.

The rider will be available at a premium that ranges between Rs.700 and Rs.7500 excluding GST.

Anyone who is aged 50 years and above and has the company's base health insurance policy can opt for this rider. The rider offers three plans - Plan 1 offers emergency ambulance service, concierge service such as home assistance/ daily care, cyber, travel legal assistance and so on, plan 2 offers services like physiotherapy service at home, nursing care at home and teleconsultation services for psychological conditions and finally, plan 3 provides smart watch with fall detection technology, which tracks and records key vitals like SP02, body temperature, medicine reminder, heart rate, SOS, amongst others.

Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance said, "Youngsters, who very often work outside their hometowns are not just spread all over the country but the whole world. Their aging parents, who are spread all over the country, are their biggest worry, and they are often apprehensive about their health and well-being. The rider is our humble endeavour to address this worry and to be there for our customers in their times of emergency.

This rider is aimed at simplifying lives of our customers through a bouquet of services specifically curated to meet their health insurance needs and much more."

Reliance Health Infinity Policy claims to offer limitless benefits.

Reliance General Insurance Company Ltd. (RGICL) on Thursday announced the launch of a premium health insurance product - Reliance Health Infinity Policy that claims to offer limitless benefits.

This first of its kind policy comes loaded with high sum insured up to Rs. 5 crore that includes features like moreGlobal cover, maternity cover, OPD cover, unlimited restoration of sum insured, and 15 plus useful add-on benefits. "It also rewards customers for being fit both financially and physically by offering India's first credit score based discount and BMI-based discount on the premium," RGICL said in its statement.

The MoreGlobal cover offers emergency as well as planned medical treatment abroad along with air ambulance and OPD facilities. The add-on benefits include maternity cover of up to Rs. 2 lakh with a waiting period of 12 months, unlimited restoration of the base sum insured amount during a policy year on both related and unrelated illnesses, OPD cover that takes care of doctors' consultation, diagnostic tests as well as dental and surgical treatments along with prescribed drugs.

"Double Cover that is applicable from Day 1 and gives additional 100% of sum-insured is to be used during the same claim; Consumables Cover that pays for miscellaneous expenses such as syringe, gloves which are usually non-payable and impact 8-10% of the total hospitalisation expenses; Change in Pre Existing Diseases (PED) waiting period from 3 years to 4 years or 2years or 1 year and Specific Illness waiting period from 2 years to 1 year. With many more such benefits, this stellar product of Reliance General Insurance has been developed to provide limitless benefits and maximum protection" the company said in its statement.

The policy is available in individual and family floater, covering up to 8 members, categories and offers sum-insured options starting from Rs. 5 lakh to Rs. 5 crore. Children above 90 days of age and adults between the age of 18 to 65 years are covered in this policy. Additionally, new-born babies are covered under Mother & Child Care benefit. ❑

New General Insurer granted license, more in pipeline

For the first time in five years, the insurance regulator approved registration of Kshema General Insurance as part of measures to improve ease of doing business, increase competitiveness, spur investments and attract newer players. IRDAI, in its board meeting, also cleared non-life insurer Go Digit's IPO and approved the Exide Life-HDFC Life merger. In September, Sebi had said that it has kept Go Digit's IPO in abeyance for observations.

There are 19 more registration applications in the pipeline at different stages of approval, including one for Credit Access. "We have completely streamlined the procedure for approvals and expect that within 60 days or two board meetings we will be in a position to approve applications subject to the condition that the other side is ready," said IRDAI chairman Debasish Panda.

As part of reforms, corporate agents (which include banks) can now partner nine insurers as against three earlier, while insurance marketing firms can distribute for six insurers, up from the earlier two. Private equity (PE) funds can invest in insurance companies, and promoters can dilute stake to 26% (from 50% earlier). The lock-in period for investors and promoters is now linked to the company's maturity, with only one-year lock-in for a matured insurer. Also, no prior nod is needed for issuing subordinate debt and preference shares.

Insurance Regulator Update

Insurers to get flexibility in allocating commissions

IRDAI said that removal of cap on commission of insurance intermediaries like agents and brokers will make insurance policies more affordable for people.

Further, the insurance regulator said that the move will give more flexibility to insurers to incentivize efforts of their agents and intermediaries.

IRDAI said, "For commissions, the maximum limits as specified in the current regulations are proposed to be removed with commissions being linked to the overall limit of expense of management. This will enable insurers to devise commission structures incentivizing the intermediaries in line with their solicitation efforts and also making insurance more affordable."

Recently, IRDAI has issued a draft guideline on payment of commission in which it has done away with the cap on payment of commission. However, it has advised insurance companies to pay commission within the expense of management.

According to IRDAI's proposals, insurers can charge up 100% of the annual premium in the first year on term policies with premium payment term of over 10 years. The expense on renewal premiums can go up to 25%.

For traditional policies like whole life, money back and endowment policies, insurers can charge expenses of up to 80% in first year and 17.5% during renewals.

For single premium policies and annuity products, life insurers can charge up to 5% of the total premium with additional expenses based on a few criteria like allowance for head office expenses and insurtech and insurance awareness.

Similarly, general insurers can charge up to 30% of the annual premium and standalone health insurers can charge up to 35% of the annual premium with additional expenses subject to fulfilment of certain conditions.

Further IRDAI said, "IRDAI's mission of protection of policyholders' interest and orderly growth of the insurance sector is always a priority. Efforts are made to reach the last mile by strengthening the entire ecosystem. A periodic review of the regulatory framework will be a continuous exercise to ensure that it is in sync with the emerging trends and dynamics of market and serves the intended objective of 'Insurance for All'."

IRDAI steps to increase penetration to fasten growth

Recent measures announced by IRDAI)have the potential to fasten the new business growth for companies and deepen insurance penetration in India, Washington based international actuarial and consulting Milliman said.

India's new business premium growth has been in double digits for the better part of the last decade and IRDAI's easing of guidelines could extend the run, the consultancy said without quantifying the extent of faster growth.

Last month, the regulator announced a slew of changes in products, distribution and capital requirements, giving insurance companies the option to make their own choices, many of which required regulatory approvals before.

IRDAI moots long-term Motor 3rd party, fire cover

IRDAI is planning to allow all general insurers to offer long-term motor products covering both mandatory motor third-party and own-damage cover.

To allow the policyholders a wider choice, the regulator has proposed to permit a three-year motor insurance for private cars and five-year cover in the case of two-wheelers coterminous with motor third-party liability cover.

It has also been proposed to allow long-term own damage cover, in the case of renewal of standalone own damage policies and a three-year cover for miscellaneous and special types of vehicles and to allow motor add-ons coterminous motor third-party liability cover, according to an exposure draft.

The pricing of long-term policies is to be made based on sound actuarial principles considering all the relevant aspects of rating, including claims experience, reduced policy and administration and acquisition costs given higher renewal rates, among others.

The long-term motor own damage policy would have a 30 day free-look period from the date of the inception of the policy to enable the policyholder review the terms and conditions. They would also be entitled to a refund of premium on a pro-rata basis in the event of exercising free-look cancellation.

'Composite licence' leads the Centre's proposals to amend insurance, IRDAI laws

The Centre has proposed several amendments to the Insurance Act and the Insurance Regulatory and Development Authority Act as part of its overall effort to encourage product innovation and diversification so as to achieve the goal of 'insurance for all' by 2047.

These proposals - once adopted after receipt of public and stakeholder comments - are likely to find their way into an Insurance Amendment Bill. Alternatively, these could form part of the Finance Bill, 2023 as part of the Budget, sources said.

On the anvil are a slew of major reforms including introduction of concept of 'composite insurance licence'; captive insurers; differential minimum capital requirement after opening up registration to various classes, sub-classes and typesof insurers; allowing services to insurers that are incidental or related to insurance business; and allowing insurers to distribute other financial products as specified by IRDAI.

The latest proposals - which have been put out by the Department of Financial Services in the Finance Ministry for comments by December 15 - are intended to among other things facilitate entry of more players leading to economic growth, employment generation and enabling ease of doing business.

Once composite licences are allowed, insurers can undertake life, general or health insurance under one entity. Prospective insurers can even apply for subclasses like accident and motor insurance.

Anil PM, Head - Legal, Compliance and Fraud Prevention Unit, Bajaj Allianz Life Insurance, said: "The proposal for a composite insurer will align Indian insurance with global markets. Such an insurer will be able to meet the multiple insurance requirements of a customer (life /health / property)".

Reinsurers asked to retain 50% of business underwritten in India

IRDAI has, in a revised exposure draft on reinsurance regulations, mandated that Indian reinsurers, including foreign reinsurance branches, have to retain a minimum of 50 per cent of their Indian reinsurance business underwritten, within the country.

Also, any retrocession to an IIO (International Financial Service Centre Insurance Office) up to 20 per cent of Indian reinsurance business underwritten shall be adjusted against the required minimum retention of 50 per cent, the regulator has said. IIO means a branch office that has been opened by a foreign entity to transact direct insurance business or reinsurance business, as permitted by the regulator.

IRDAI had first placed an exposure draft for public consultation on reinsurance rules in October. Based on feedback from stakeholders, it modified the rules slightly and called for comments and suggestions by December 16. The amended regulations will come into effect on April 1, 2023.

"The objective of the amendments is to harmonise the provisions of various regulations applicable to Indian insurers and Indian reinsurers, including Foreign Re-insurance Branches (FRBs) and Lloyd's India, and to enhance ease of doing business," the regulator said. ❑

IRDAI endorses panel's view to cut obligatory cession to zero from 4%

The committee that recommends the percentage of obligatory cession that general insurers have to cede to state-owned General Insurance Corporation (GIC Re) has suggested that the obligatory cession be brought down to zero from the existing 4 per cent. This is a view that has been endorsed by IRDAI, said its chairman Debasish Panda.

"There is a committee, which the government appoints every year to recommend this. The committee has given its recommendations and we have sent them to the government, endorsing their recommendations. The committee has said that the obligatory cession should be reduced to zero," Panda said.

The obligatory cession was reduced from 5 per cent to 4 per cent in FY23. The regulator has been reducing the obligatory cession over time.

Earlier it was 20 per cent, which came down to 15 per cent, then to 5 per cent and now 4 per cent.

Slowly, the regulator is making sure that the compulsory cession goes down and more re-insurers get into the market to develop India as a reinsurance hub.

Health Insurance News

Out-patient care insurance

Star Health and Allied Insurance has launched the new "Star Out Patient Care Insurance Policy". This policy aims at providing complete health and wellness benefit to customers at an affordable cost, with an entirely digital claims processing journey, a statement said. Star Out Patient Care Insurance policy is a standalone cover aimed at the overall well-being of the customer by providing access to doctors, clinics and diagnostic centres pan India.

Premji Foundation to enter healthcare

More than two decades after setting up Azim Premji Foundation to improve teaching in government schools, the country's most generous billionaire has turned his attention to healthcare for the poor.

The foundation will soon set up primary healthcare clinics in some of India's most backward towns, which will be followed by multi-specialty hospitals and a medical university, two executives aware of the development said.

This decision to make healthcare its second focus area marks the biggest change in the history of the foundation, which was set up in 2001.

"We have done significant work on health during the pandemic, and this will be a key area of work for us going forward," said Anurag Behar, chief executive officer, Azim Premji Foundation, in an email response. "Our focus will be on improving the health of underserved communities across geographies. Health is a public good and, therefore, strengthening public health systems will be central to our approach. In addition, where there are gaps, we will address those, both by establishing our institutions and by working with civil society organizations. Health education and research will also emerge as critical areas of work".

Liberty General Insurance Organises 42 Health and Wellness Camps Across the Country

In a bid to create awareness about health check-ups and promote the importance of having a Health Insurance policy, Liberty General Insurance, one of the fastest growing General Insurance companies in India organised 42 health and eye camps in Tier I, II, & III cities for police officials, and several motor dealers and their customers in CY2022. These camps were organised under Liberty Health 360 - an in-house claims management system.

Liberty conducted the medical camps in association with various Hospitals and multi-specialty healthcare providers such as Thunga Hospital, KIMS Group of Hospitals, Apollo Spectra, Shalby Hospitals, Sharp Sight Eye Hospitals, Indian Pain & Spine Hospital, Park Hospital, and VRH Hospital among many others. Over 3,200 people visited the medical camps to avail facilities, including various consultations and tests, such as eye check-ups, and ECG, blood sugar and blood pressure monitoring tests, among others.

There is low awareness about Health Insurance and common concerns related to it are the right age to buy, the right amount of coverage, parameters to consider before selecting a policy etc. These health camps also aimed at simplifying the underlying nuances of a Health Insurance policy. Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity. These health camps were very helpful in creating health-related awareness.

Speaking about the health & wellness initiative, Mr. Rahul Sharma, President - Claims, Liberty General Insurance, said, "The population living in India's mofussil districts and sub-tiered towns and villages often tends to neglect their health as they do not get access to basic medical facilities. ❑

Life Insurance News

New business premium of life insurers up 30% in November

Life insurance companies reported a 30 per cent year-on-year (YoY) growth in new business premiums (NBP) in November due to good performance by Life Insurance Corporation (LIC), even as private insurers saw their premium growth moderating.

The new business premium as per IRDAI data was to the tune of Rs 35,458 crore in November, up 30 per cent YoY.

While private sector insurers reported marginal growth of 2 per cent YoY to Rs 11,426 crore, LIC's NBP soared 51 per cent YoY to Rs 24,032 crore during the same period.

LIC's growth in NBP was mostly driven by group single premiums, which were up almost 70 per cent YoY in November.

LIC is the largest player in the group single premium market.

However, on an annualised premium equivalent (APE) basis, private sector life insurance companies grew 21 per cent, following a 3-11 per cent growth over the past three months.

Likewise, LIC's premium on an APE basis was up 30 per cent YoY in November, as opposed to 11-15 per cent in the past three months. Analysts said increased activity after a slowdown in business in October due to the festival season could be the reason for higher growth in November.

Bajaj Allianz Life eyeing more bank partnerships

Bajaj Allianz Life Insurance Company, is now doubling down on its bancassurance play that has paid rich dividends over the last five years, propelling the share of its institutional business in its overall revenue mix from about 8 per cent in 2017 to 51 per cent in 2022, a top company official said.

IRDAI's recent regulatory move to widen the open architecture for bancassurance - allowing a bank to distribute products of 9 insurers (earlier 3) in each of life, General and health segments - has prompted BALIC to scout for more bank tie-ups and keep the growth momentum growing to scale newer heights, Dheeraj Sehgal, Chief Distribution Officer-IB, told.

"We already have partnerships with 24 banks. But this does not mean we will rest on our laurels. We will continue to be focused on growth, stay very very hungry for partnerships and continue to innovate", Sehgal said.

"We will continue to scout for more partnerships. What we're there to showcase to the distribution industry is that, there's this company which has constantly been keeping customer and the distributor needs as the central point of focus and we have transformed our talent pool, our technology, our processes, innovated our products keeping these two entities at the centre of everything that we've done so far and, hence, we call ourselves Bespoke Bank Assurance".

Sehgal highlighted that BALIC's institutional business growth have recorded 5 year (FY17 to FY22) compounded annual growth rate (CAGR) of 67 per cent (on individual rated new business).

LIC launches WhatsApp service

Life Insurance Service (LIC) has started to provide its service on popular communication app WhatsApp. All the registered LIC policy holders can avail the services in the comfort of home and at their fingertips. LIC has informed about this new development in a Press release.

Policyholders who have registered their Policies on the LIC Portal will be able to make use of these services on WhatsApp by saying 'Hi' on Mobile No. 8976862090. The service will be beneficial to customers and can help to make the organisation digital-orient.

International News

Japan Insurers to Maintain Cover for LNG Vessels in Russian Waters

Japanese insurers are expected to maintain marine war insurance, which covers the sinking and requisition of ships due to war in Russian waters for at least three months for liquefied natural gas (LNG) vessels, industry sources said.

Japan's Tokio Marine & Nichido Fire Insurance, Sompo Japan Insurance and Mitsui Sumitomo Insurance told shipowners last Friday that from Jan. 1 they would stop offering insurance coverage for ship damage caused by war in Russian waters, because reinsurers were withdrawing coverage.

A senior official at the industry ministry said the Japanese government had asked insurers to take on additional risks to continue providing war insurance for liquefied natural gas (LNG) shippers.

This was to ensure Japan will be able to import the fuel from the Sakhalin-2 gas and oil project in Russia's Far East at the height of peak winter demand.

The insurance companies negotiated with reinsurers to replace part of the coverage and they are expected to enable continued insurance, Nikkei reported.

After renegotiating with UK reinsurers, a total of 30 billion yen ($224 million) is expected to be secured, with domestic insurers covering about 8 billion yen and overseas reinsurers taking on about 22 billion yen, it said.

But added the underwriting capacity will be less than half of the previous 67 billion yen.

Therefore, the number of ships that can be compensated at any one time is likely to be about half of what it used to be, which means shipping companies may need to review their operations, the Nikkei said.

The industry sources on Friday confirmed the Nikkei report and told Reuters the cover would last until March.

Global Natural Catastrophe Insurance Losses Estimated at $112B in 2022

Global insurance losses for natural catastrophes are projected to reach $112 billion in 2022, reinsurance broker Guy Carpenter said on Friday, driven by the impact of Hurricane Ian which hit Florida earlier this year.

Flood and hail in Europe, Australian floods and severe storms in the United States also contributed to the total, Guy Carpenter said in a statement.

Hurricane Ian and other natural catastrophes caused an estimated $115 billion of insured losses so far this year, well above the 10-year average of $81 billion, reinsurer Swiss Re estimated earlier this month.

Reinsurance rates are expected to rise sharply at the key Jan. 1 renewal date as a result of losses related to Hurricane Ian and the war in Ukraine, industry sources say.

Ship insurers have excluded Ukraine, Russia and Belarus from war liability policies as reinsurers scale back their exposure.

Discussions about rates and war exclusions have made negotiations between insurers and reinsurers tense this year, industry sources say.

This year's renewal season was "one of the most challenging. ..the sector has experienced," Guy Carpenter said, adding that the process had been "extremely late."

The projected losses do not include the impact of the most recent December natural catastrophes, Guy Carpenter added.

Ship Insurers' Exodus From Russia-Ukraine Risks Gathers Momentum

A host of shipping insurers altered their policies for 2023 to exclude claims linked to Russia's war in Ukraine, a further sign of the industry's growing concerns about losses stemming from the conflict.

At least 12 of the 13 organizations within the International Group of P&I Clubs — the main insurer of risks such as collisions and spills — have changed their policies to exclude claims stemming from Russia's invasion of Ukraine in recent days. The 13 clubs are mutuals, owned by the shipping companies whose fleets they cover.

Insurance is a critical part of merchant trade and without it some owners and companies hiring vessels may be more wary of going to Russia or Ukraine.

The amended terms apply to what are known in the industry as non-mutual, or fixed premium, war-risk policies — from which a higher-than-expected level of claims can't be recovered from a club's members at a later date.

The shift is the latest indication that a broad-based pullback by reinsurers from covering claims linked to the war is impacting cover for vessels serving Russia and Ukraine, though some key policies remain in place. Earlier this month, some of the world's largest reinsurers warned that they would stop underwriting risks linked to the war.

These adjustments to cover are a consequence of those reinsurers' decisions.

"Due to the impact of losses from the Russian/Ukrainian situation affecting the availability of global insurance and reinsurance capacity, the Club's reinsurers are no longer able to secure reinsurance for war risk exposure to Russian, Ukrainian or Belarus territorial risks," UK P&I, one of the International Group's 13 members, wrote in a notice of cancellation to its clients.

"Reinsurers have advised the club that as a consequence they will no longer be able to support the club for this exposure," it added.

Fixed premium insurance products are often geared toward smaller ships, including those carrying dry commodities like grains.

In contrast, big oil tankers, for which spillage claims can run into the billions of dollars, tend to be covered under poolable policies, in which large losses are eventually made up by higher premiums across members. Cover for poolable policies remains in place.

Insurance Rates to Stay Flat for Shipments of Ukraine Grain: Lloyd's Insurer Ascot

A cargo insurance facility providing cover for shipments via Ukraine's grain export corridor will continue next year with no rate increases, an underwriter with Lloyd's of London insurer Ascot said

Ships entering the three Ukrainian ports that have been part of the U.N.-backed agreement are usually required by their banks to have various insurance policies in place, including hull and cargo war cover, which is renewed every seven days.

War and other insurance rates are generally expected to rise sharply across the board next year because of the conflict, natural catastrophes and high inflation.

"The 'AsOne' Black Sea facility will continue unabated with no planned increases to rating," Chris McGill, Ascot's head of cargo, told Reuters by email.

"This is against a supply-driven, rate-hardening environment in the marine war market."

Aviation and marine war insurers are concerned that reinsurers – who insure the insurers – will exclude the whole Ukraine, Russia and Belarus region when reinsurance contracts come up for renewal on Jan. 1.

But McGill said the cargo facility was set up in such a way that the insurers on the program share the risk, without the need for reinsurance.

Munich Re to Launch Specialty Insurance Division

Munich Re is launching a new division, called Global Specialty Insurance (GSI), which will be comprised of various primary insurance businesses from the group that are currently part of the reinsurance segment.

The restructuring, effective on Jan. 1, 2023, will not affect ERGO, the company's primary insurance division.

GSI will be headed by Michael Kerner (57 years old), who was recently appointed to the Board of Management.

Munich Re said the aim of the restructuring is to continue "to support the very good business performance" seen by its primary insurance businesses, while driving further expansion in specialty primary insurance business.

The new GSI division mainly comprises business units from the risk solutions field, such as American Modern Insurance Group (AMIG), HSB, Munich Re Specialty Insurance, Munich Re Syndicate and Aerospace as well as Great Lakes Insurance (GLISE).

In the course of the integration, premium volume is projected to increase from around •7.5 billion ($8 billion) at present to almost •10 billion ($10.6 billion) by 2025, in line with the company's "Ambition 2025" strategy. (With Ambition 2025 Munich Re aims to generate a high return on equity of between 12% and 14% by 2025.)

Kerner, a U.S. citizen, joined Munich Re in December 2018 and has been responsible for Munich Re Specialty Insurance in North America. He has more than 30 years of experience in the global insurance industry. ❑

Insurtech in India

Tarun Singh
A Seasoned Risk Management and Insurance Professional

Insurtech refers to the use of technology to create efficiencies within the insurance Eco space. The Indian insurance industry is a regulated industry as other countries with a market size of around USD $ 280 billion.

The last few years have seen some prominent changes in the insurance space. The adoption of technology has created a whole new tech enabled business models to disrupt the insurance ecosystem in India. From the early web aggregators to more than 140 insurtech start-ups the insurtech landscape in India is has seen the emergence of several players across the value chain. From the focus on sales and distribution we are seeing a shift in other parts of the value chain as well. Underwriting, claims management, employee benefits, business analytics and insurance administrative platforms are seeing an increase in number of players. Today the use of telematics, Internet of Things, Artificial Intelligence is common usage in the industry.

Over the last few years insurance industry has been forcefully awakened from their slumber due to changes in customer requirements, the obstacles created due to delay in policy servicing, legacy products & process. The industry is slowly moving from a push to a pull and therefore industry will withen straght through processing, on demand products and better customer engagement. While some of them still prefer to sleep, the majority have realized the need to innovate to build / maintain competitive advantage.

Globally insurers have been early adopters to technology but through the years innovation was not given any importance hence insurers were left with facing a dynamic environment with legacy systems that challenged operational efficiencies. Meeting business challenges involved high investments to upgrade existing technology which posed a dilemma that resulted in the continuation of obsolete technology and need to innovate. Critical events like COVID -19 forced the insurance industry to fasten the pace adopting a digital path or face existential threat. The slew of activity and emergence of new tech players within the insurance industry is questioning the necessity for insurers to have any physical infrastructure other than IT systems, an IP-enabled computing device to develop , communicate, distribute products and claims service to customers.

Insurtech refers to the use of technology to create efficiencies within the insurance Eco space. The Indian insurance industry is a regulated industry as other countries with a market size of around USD $ 280 billion. Our penetration is around 4.2% (life insurance is 3.2 % and General Insurance is 1%) with an overall density is around US$ 78 with 58 insurers. These figures look small compared to global averages, but the trend of growth is positive since the last few years. As per the BCG report released in 2021 on the Indian Insuretech environment, "The Indian Insurance industry has seen significant progress with life and non-life insurance growing at 17 percent and 14 percent CAGR respectively, in the past five years. The total number of lives covered doubled from 12 crores to 23 crores during this period "

With immense scope for growth for a Trillion Dollar economy conventional channels of distribution have been unable to plug the gap. India is estimated to have a $650 Bn protection gap. Direct sales by insurers remains a prominent channel for distribution in India suggesting that insurance has traditionally been a channel sale driven segment. In spite of having multiple classes of intermediaries (Brokers, Agents, Web aggregators, corporate agents + banks, Insurance Marketing Firms) for the Indian market; the market penetration of Insurance for a $ Tn+economy like India remains at nearly 50% of the global average. There could be ways to approach this challenge

1. Increase the number of intermediaries (brokers, corporate agents etc.) who can have a business model of achieving penetration to underserved markets. The go to market can be digital/ physical/ phygital. The current proposal of an open source network and BIMA SUGAM seems to be a positive step towards increasing penetration and Insurance for All.
2. Create newer instances/ channels for distribution of insurance products.

The current insurtech environment have an array of Value chain players and New Age Business Models catering to administration models, analytics, product development, underwriting and risk management, claims management, sales, and CRM. Whether you have comparison sites, direct on demand portals, Insuretech ecosystems, health and

wellness, Micro insurance and commercial partners, Insurtech will play a critical role in the development of insurance in this country, as customers increasingly prefer the digital way.

Health Insurance :- The pandemic has increased the requirement for on demand health insurance covers which has generated action in the health, employee benefits, wellness space and value-added services space. There are more than 50+ players in this segment. The pandemic has not only been responsible for driving the growth of the health insurance but also telemedicine and consultation services through the digital platforms. The challenges of attracting and retaining staff has forced the HR to seek advice on the redesign of their organization's life and health benefit offering.

Insurtech startups like Paz Care, Nova Benefits, loop health, Healthy Sure, Kenko etc. are innovating with the traditional offering of Employee benefits insurance by offering to Employers special designed policies, efficient claims administration, better policy management and other value added services. These players are working towards improving the coverage offering, creating subscription based access to employee health insurance for small organisation who otherwise cannot get a group cover, improving claims management - automating and easing the claims process by reducing Turnaround time, offering outpatient managed services, dental coverage etc.

These help in increasing penetration through product innovation, providing a more holistic basket of offers, besides building a data repository that will help in better underwriting and claims management. The new age insurtech startups are growing in numbers, which is helping to create new opportunities through use of technology but also help increase and improve customer lifecycle management. Adaptation of digital mode by the consumers strengthens our belief that digital is the way forward. Adoption of machine learning and block chain is helping the sector in creating operational efficiency within underwriting, claims management, CRM.

Motor insurance is an insurance that is mandated by law, and it forms 40% of any insurer's portfolio. The innovation in this space has ensured a do it yourself approach to buying motor insurance, thus disrupting the way insurance is being bought by consumers. Insurers are better placed if they offer consumers innovative motor insurance policies and move away from their traditional approach. Using technology beyond chat bots, virtual assistant, and telesales centers to offer consumers a full stack of services from quote generation, authentication, premium collection, and claims intimation - submission and tracking. Product innovation is the key.

There is a lot of work being done on risk-based solution products is the way forward. Insurers are designing or a made to do so by intermediaries, products based on telematics behavior for a scientific calculation of premium. Pay as you use and pay how you use will help consumers pay considerably less than a conventional plan. Option of purchasing a single policy for a fleet of vehicles also eases administration.

Claims Management and Fraud mitigation: Insurers are under pressure to adapt technology to improve the customer experience with respect to claims. Integration of Artificial intelligence in easing claims administration and faster claims settlement seems to be the need of the hour. Automation improves efficiency, reduces costs, filing of claims from anywhere, anytime, minimize fraud and enhance client satisfaction.

Embedded insurance refers to bundling of insurance coverage within a product or service itself, offered at the point of sale or service. Conventional channels of distribution have been unable to plug the gap. Industries like hospitality, travel, tourism, mobility, and housing are set to reinvent themselves as digital ecosystems. Embedded Insurance, via bundling of insurance products with the core offerings of industry players can help to increase insurance penetration. Global precedents have shown that the embedded insurance model works well for enterprises to differentiate the core product/ service offering, act as a source of revenue and offer a source of competitive advantage.

India is estimated to have a $650 Bn protection gap. Enterprises, Regulators, Distributors and Insurers alike need to work together and create an environment where it is easier to innovate in this space. Embedded insurance will enable insurers to address the protection gap and increase penetration seamlessly through B2B2C. Embedded system also substantially reduces acquisition costs. There are 3 models an insurer can choose from:

❖ Related embedding: offering insurance in the partner's own digital universe.

❖ Linked embedding: turning the partner's point of sale into an insurance sales channel.

❖ Bundled embedding: Customer buys multiple services including the insurance with one click. It is popular in the automotive industry where car finance, car service, and car insurance are bundled in an all-inclusive offer. The bet today is on embedded insurance

Conclusion: To create an ecosystem for insurance companies, insurers need to expand partner network and drive additional business through the API driven technology - You have APIs single point of sales (marketplace) where your API is hosted or multiple Point of sales where APIs from multiple companies are hosted and you are one such insurer. The information that is hosted on these API's differ in type. In single point API you need to support basic information for the transaction to be completed but when you are on multipoint API the challenge is to be as transparent as possible on pricing , coverage's to have the competitive edge . Your API is of no use if it does not create a "win-win" monetization scenario for yourself and your partners. Hence it's just not the API concerned its also how to create a competitive advantage using APIs.

Insurers have to believe in a truly mobile, digital environment, and that no insurance carrier should require a physical infrastructure to interact with outside counsel, a network of automobile repair/body shops, external public relations firms, marketing communications firms, full-service marketing firms, property remediation firms, or physical rehabilitation.

Insurers must adapt newer forms of technology and innovate on traditional practice. The use of Internet of Things, Artificial Intelligence, Machine Learning, Big data and connected devices which are driving other sectors will drive Insurance too. To understand risk better insurers, must rely on Data analytics and Predictive Models, Underwriting can immensely benefit from Artificial Intelligence and Machine Learning can help insurers underwrite risk effectively. Embedding insurance through wearables can play a crucial role in underwriting in both Life and Health Insurance.

Telematics and IoT devices can help track driving habits. IoT and AI can help in fraud detection. The advantages of adoption to technology outweighs any disadvantages if any as its help's insurers drive excellence across the value chain, personalize product design, become, proactive risk managers. While disruption is not always welcome in a regulated industry, there is no looking back now. ❑

Loss Prevention

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If reasonable precaution is taken by the prudent shippers for their goods in transit, they will be able to reduce their cost on insurance and may not suffer losses which would have otherwise happened due to wrong approach of the shippers towards lost cost control of their goods.

Introduction

The manufacturer or trader may suffer substantial losses if the risks are not adequately covered by Insurance. In addition to the physical losses, in some cases they may also suffer financial losses due to economic depression, political disturbances in the country, labour unrest in their manufacturing unit etc, but such losses would not be indemnified by the Insurance policies.

If the manufacturer or trader is reluctant to control losses with an intent of cutting cost and trying to increase margin, the losses are bound to happen at a even more frequent pace and thereby ultimately reduce the margin and defeat the very purpose. The underwriters will not show interest to write the policy due to poor loss records and even if they do they will charge higher rate of premium with restricted terms and conditions of the policy. However, if reasonable precaution is taken by the prudent shippers for their goods in transit, they will be able to reduce their cost on insurance and may not suffer losses which would have otherwise happened due to wrong approach of the shippers towards lost cost control of their goods.

Moreover, there exist a risk of loss of reputation in the market due to non arrival of the goods in time at the customer's place and additional cost may have to be incurred for return shipment if the customer has refused to accept the goods.

It is an admitted fact that, the possibility of loss cannot be ruled out even if the goods are despatched with utmost care because the transit hazards like Fire, collision, grounding, stranding of the vessel may happen during long ocean transit. Since there are many risks associated with the carriage of goods around the world, transit insurance is not compulsory but the need for it is very real.

Obstacles to Loss Prevention

It is difficult for the manufacturers or the traders to take a reasonable steps for loss prevention and incur some expenses for the same due to stiff market competition.. The expenses incurred for loss prevention will certainly increase the cost of the goods of the manufacturer or trader which may lead to a commercial loss to them.

However, cargo risk management is applying the same commercial sense of loss minimisation which the manufacturer or trader should adopt during transit to avoid a greater loss despite having some difficulties to stay in the market with the increased cost. The overall cost of the company should, therefore, be reduced to generate some revenue for loss minimisation.

Types of loss prevention

It is to be understood first as to what does loss prevention mean in marine insurance? One definition may say that it is a systematic procedure to reduce the loss of or damage to the goods during its transit to minimise the loss. If the loss sustained by the Owner is indemnified by the underwriters, the overall loss will be reduced. The premium impact for covering the risks will be less if the losses are properly controlled which will ultimately reduce the national waste.

However, the matter is not so simple. The general perception of the shipper and the underwriters are different. According to the shippers if the loss is indemnified by the underwriters, the purpose of taking insurance is fulfilled but it is often thought by shippers that payment of premium for covering the risk will be an additional burden on them, if there has been no loss under the policy. The underwriters prefer to impose suitable deductible to minimise the losses and impose certain conditions and warranties to restrict the cover compelling the shippers to share some burden of losses on them.

Although, each party will try to reduce the losses from affecting them, but unlimitedly there may not be any long term benefit to the community because the loss itself has only be shifted and not extinguished. Insurance at best is a risk transfer mechanism and is never a risk mitigating tool.

If individual person or organisation has suffered a loss, the incentive for improvement of the risks solely would be for the individual person or organisation. If an individual despatches his cargo by a vehicle with suitable tarpaulin cover to prevent the cargo from rain water damage, he will be able to avoid the losses.

An employee working for an organisation may be punished by his employer due to his casual approach for not counting all the cases while taking delivery of the goods from the Carriers and may even be forced to compensate wholly or partially for the loss. Whatever may be the cause of sufferings, the burden of losses will fall upon either the individuals or the organisation if preventive measures for controlling the losses are not adequately taken.

It is a general perception or psychology of a large section of manufacturers or traders that it would not be worth taking the trouble to prevent losses since their cargo is insured and their underwriters will compensate all of their losses including trade losses without verifying the details of the claim. However, the traders or the manufacturers should consider as to whether it will be worth taking for them to adopt some measures for loss prevention otherwise losses will continue to occur at regular interval.

The following are the reasons as to why loss prevention is essential since frequent losses will destroy the growth of the business and financial stability of the organisation. The nature of losses of this kind may occur due to poor management of the organisation. The details of probability of losses are as under:

❖ The environment effects like global warming, cyclonic storm, earthquake, excessive rain fall may be responsible for substantial losses to cargo which is beyond control of the human being

❖ The delay in transit due to port congestion, heavy casualty of the vessel or any other conveyances engaged for transportation

❖ Poor standard of packing and methods of stowage

❖ Intentional holding up/ storage of cargo during the course of transit

❖ Transportation of cargo by overloaded vehicle

❖ Improper handling of cargo without considering the nature of the goods

It is not difficult to ascertain the major areas of concern. It is a common phenomenon that theft and pilferage are commonly happened at the port if supervised discharge of cargo is not done by the surveyors nominated by the underwriters. If the accumulation of cargo especially rice, pulses, cement, grains are kept in open places like transit sheds, railway platforms, railway yards etc., the cargo may be severely damaged due to rain and/or theft or pilferage. The losses may be prevented if the consignment is stored in a godown covered on all sides or may be covered by double tarpaulin during temporary storage at railway platform, railway yards after off loading from the railway wagons at different stations prior to onward transit.

In some cases, the purchaser of the goods may provide packing specification to their suppliers and procedures for keeping the materials in the packing cases especially for fragile goods with an instruction to handle such packages .during its movement with due care and caution. The outer and inner packing should be suitable to withstand the normal hazards of transit and overloading of cargo should not be encouraged.

Steps to be taken for loss prevention

Loss prevention can be sometime expensive but it pays dividend, if reasonable expenses are incurred for loss prevention considering the value and nature of cargo. Where over dimensional cargo will be transported for a particular project, the supervised loading/discharge of cargo by a competent surveyor is essential who will examine carrying capacity of the vehicle alongwith loading and unloading cranes/tools , lashing, bolting and securing of the machine on the vehicle bed, types of vehicle engaged (Low bed or high bed trailer) for transportation of the machine, rout to be undertaken and details of permission obtained from National High way/State High Way. If all the parameters are scrupulously maintained, the possibility of losses will be reduced and consequential revenue loss due to delay in project for loss of cargo can be avoided. The following process may be adopted to avoid losses

- ❖ Packing materials should be sufficiently strong to carry the goods and withstand the normal hazards encountered during movement. Proper dunnage should be provided for the fragile goods to arrest movement of the goods inside the packing cases.
- ❖ Loading and unloading should be supervised by a competent person(s) of the company or surveyors nominated by the underwriters
- ❖ Selection of vessel is also important factor. The reputed lines with recognised class and financially stable should be engaged for transportation of cargo
- ❖ The consignment should be stuffed into the containers on FCL/FCL basis, if possible, to avoid multiple handling and the container should be structurally sound.
- ❖ The intermediate storage at port, railway yards, and railway platforms for a considerable period should be avoided.
- ❖ The consignment should not be kept on deck unless the nature of cargo and customs of the trade suggest to keep the cargo therein like Timber logs, container vessel
- ❖ Selection of reputed land carriers for safe delivery of cargo
- ❖ When oversized cargo of heavy load is transported, the sender of the goods should select hydro axle vehicle instead of mechanical axle vehicle which may carry substantial load with the increase of load per axle fitted with the trailer.

The above examples of loss prevention are not exhaustive and there will be enough scope to control the losses by adopting reasonable precaution.

Conclusion

When the extent of loss has been determined, the potential for improvement should be observed. It is also to be examined the cause of loss and cost involved to minimise the element of risk. In some cases, the cost for improvement of the risk may be insignificant but difficulties may arise to take some actions against the Carriers and/or the Warehouse keeper and/or other wrongdoers responsible for the loss due to commercial and political reasons. However, if awareness on loss prevention is developed amongst all classes of people in every sphere of life, the resulting benefits to the society will stabilise the economic condition of the country. ❑

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.

Health Insurance Claims Mismanagement

Jagendra Kumar
Ex. CEO,
Pearl Insurance Brokers

The audit has found that all is not well with the functioning of the four PSU insurers because of which even when the health insurance business is the second largest line of business, all the four PSU insurers have incurred losses.

Out of the 32 general insurance companies which do health insurance business in India, there are only four public sector general insurance companies: The New India Assurance Company Limited (NIACL), United India Insurance Company Limited (UIICL), The Oriental Insurance Company Limited (OICL) and National Insurance Company Limited (NICL). The Comptroller and Auditor General (CAG), during its audit of the four PSU insurance companies found mismanagement of Health Insurance claims on various fronts which is an eye opener. The CAG audit notes that the PSU insurers failed to carry out a proper and timely investigation into the claims settled by various TPAs.

The audit has found that all is not well with the functioning of the four PSU insurers because of which even when the health insurance business is the second largest line of business, all the four PSU insurers have incurred losses. The four companies had a gross direct premium of Rs 1,16,551crores between 2016 and 2021, yet they incurred losses in the e-health insurance portfolio in all five years between 2016 to 2021, with an aggregate loss of all the four PSU insurers being Rs 26,264 crores. The CAG report talks about the malpractices or the irregularities that were going on within the government companies. Inadequate checks leading to multiple claim settlements, excess payment over sum insured, and breaching of capping limit for specific diseases are some of the lapses by four public sector insurers that the Comptroller and Auditor General of India (CAG) has flagged in its report.

The gross underperformance and multiple irregularities have made India's four PSU general insurers lose out to private players. This is evident from the June quarter results of the companies. Even when the market share of the private companies rose to 51.82 per cent in June 2022 from 47.63 per cent last year, PSU general insurers lost the market share from 42.23 per cent to 37.85 per cent.

The IRDAI has brought in multiple reforms in order to fix issues related to mismanagement of claims. For fixing the issue, IRDAI has notified a draft health insurance regulations statement where it has been stated that TPAs do not have the right to reject claims and this will exclusively be the right of the insurance company. TPAs, as recommended, should only handle cashless claims. Processing of health insurance claims is largely on digital platform both at PSU insurer level as well as TPA level warranting sound IT systems with built in validation controls, data integration and seamless flow of data. The IT systems in PSU insurers lacked appropriate validation checks and controls, undermining the smooth functioning and reporting system. It is observed that the IT systems are not designed to capture all required fields, data captured is not complete, and systems are accepting multiple entries and had issues regarding data integrity.

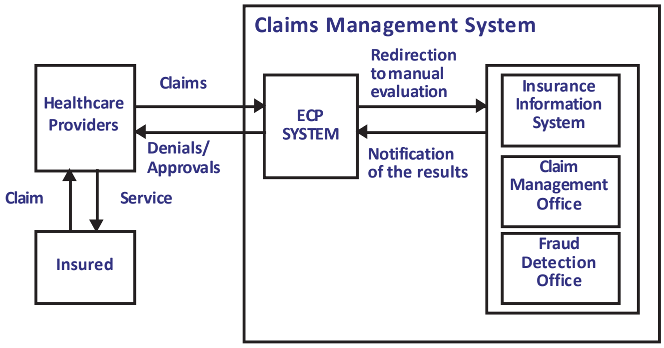
This has resulted in lapses such as multiple settlement of claims, excess payment over and above the sum insured plus bonus, excess payments due to ignoring waiting period clause for specific diseases, non-application of copayment clause, breaching of capping limit for specific diseases, incorrect assessment of admissible claim amount, irregular payments on implants, non-payment of interest on delayed settlement etc. Health insurance policies are annual contracts and customer loyalty is rather fickle.

For a majority of customers, whether retail or corporate, price is the sole criteria. The value of its distribution networks is equally febrile, since most intermediaries only go by the remuneration paid by the insurance company-the highest commission payer gets the business, despite the fact that there are regulatory norms about intermediary remuneration.

Type of Claims:

Claims of health insurance policyholders are of two types viz. cashless and reimbursement. In a cashless claim, policyholder avails hospitalization treatment, either for planned surgeries/ procedures or unplanned/ emergency treatment from network provider or non-network provider. In cashless claims, the network providers claim payment from the insurers and the policyholder need not make payment. In reimbursement claims, the policyholders make payment to the hospitals/ nursing homes and claim reimbursement from insurance companies. Intimation to insurer or TPA is mandatory for registration of a claim.

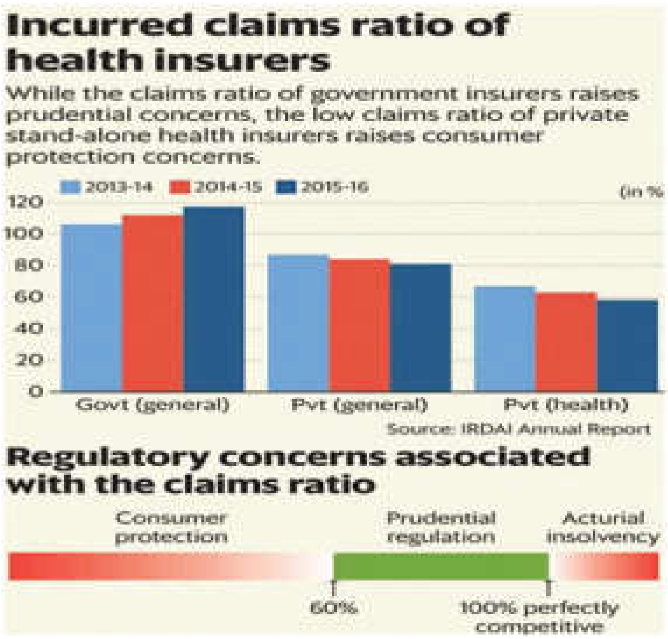
Claim administration includes claim intimation, registration of claim, allotment of unique claim control number by insurer and TPA, verification of credentials of patients hospitalized and policyholders' identity, providing cashless and reimbursement services, scrutinizing of claim documents submitted by the policyholder or hospitals/ nursing homes, deciding on the admissibility of the claim under the terms and conditions of the policy, and recommendation by the TPA for settlement or repudiation of claim. Claims recommended are uploaded by TPAs along with the claim details for insurer to verify and sanction payment as well as effect payment to the policyholder or network provider, as the case may be. A communication is then sent by TPA to the policyholder/ network provider giving details of claim amount admitted, amount deducted along with reasons and details of electronic transfer. General insurance policies are annual contracts and customer loyalty is rather fickle. For a majority of customers, whether retail or corporate, price is the sole criteria.



Areas of concern:

The Compliance Audit Report on 'Third Party Administrators in Health Insurance Business of Public Sector Insurance Companies' has been prepared under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for submission to the Government. The Audit has been conducted in accordance with the Regulations on Audit and Accounts, 2007 (revised in August 2020) and Compliance Audit Guidelines of the Comptroller and Auditor General of India. The Audit covered the period from 2016-17 to 2020-21.

The Report is based on the scrutiny of documents pertaining to four PSU insurance companies. Claim processing activities



in the health insurance business of PSU insurers is largely outsourced to Third Party Administrators, to have better expertise, specialization in provider interface, medical adjudication of claims and technology driven customer service. The Audit was taken up considering the significance of the health insurance portfolio, the need for having systems and procedures for empanelment, allocation of business and monitoring of services rendered by Third Party Administrators.

The Findings:

1. Multiple settlements for single claim

Data analysis by Audit revealed that NIACL and UIICL have settled claims more than once on different dates though the policy number, insured name, beneficiary name, hospitalization dates, illness code, hospital name and disease were the same. i) Audit pointed out 792 cases (Rs. 4.93 crore) of multiple settlements in NIACL as seen from the database. On verification, NIACL confirmed multiple payments in 139 claims. NIACL stated that due to technical issues at TPA end, such duplicate payments were made and that they have recovered Rs. 0.74 crore (including penalty, in line with SLA). NIACL further stated (October 2021) that it is in the process of devising a mechanism in their computerized system namely CWISS to prevent the occurrence of multiple payments. ii) In UIICL, Audit pointed out 12,532 cases of multiple settlements (Rs. 8.60 crore) for the same person, same disease and for the same period of treatment, as seen from database.

2. Claims paid in excess of Sum Insured

The Health Insurance policy provides for payment of claim to the extent of sum insured 24 and cumulative bonus 25 (Retail Policies) or corporate buffer 26 (Group Policies) amount (to extent as described in the group health insurance policy) as applicable. In this regard, Audit observed that in NIACL the claims settled exceeded the sum insured plus cumulative bonus in 139 retail claims indicating excess payment of Rs. 33 lakh. In UIICL the claim paid exceeded the sum insured in 2,223 claims involving Rs. 36.13 crore, which included group claims. For group policies, there is a provision in the policy for such excess payment over sum insured by way of 'Corporate buffer'. However, the claim processing sheet/ note verified did not indicate use of buffer or available balance of buffer etc. This was corroborated during test check of 2,176 claim records (NIACL: 1,154 and UIICL 1,022) in the Audit sample, wherein claim payment exceeding maximum amount of liability of insurer was observed in seven claims (NIACL - five claims involving Rs. 28.05 lakh and UIICL - two claims involving Rs. 2.33 lakh).

3. Claims paid in fresh policies ignoring waiting period

Health insurance policy terms and conditions specify that the policy will not cover certain diseases like hydrocele, fistula, cataract, hernia, hypertension, etc., for the duration of two/ four years. The waiting period clause is deleted after the duration of two/ four years, provided, the policy has been continuously renewed with the Company without any break. Data analysis of NIACL claim data revealed that the waiting period clause was not invoked and avoidable payment of `3.31 crore was made in 1,395 claims relating to fresh policies. This was corroborated during test check of 41 out of 1,395 claims wherein it was seen that in all 41 cases, the claims were on fresh policies and waiting period clause was ignored by NIACL while processing the claims. Further, in respect of one of the claims out of the sample selected, an amount of `8 lakh was paid within 30 days from the date of the commencement of the policy, though terms and conditions of the policy (New India Floater Mediclaim Policy) stated that no claim will be payable for any illness contracted during the first 30 days of the commencement date of the policy.

Particulars regarding premium undercharged and excess discount allowed

Name of PSU insurer	No. of sample selected policies	Policy copy & UW records provided completely	Non-adherence outgo calculator/ Non-loading		Allowing excess discount		Correctly charged premium in no. of policies examined
			No. of policies	Short charged premium amount (Rs. in crore)	No. of policies	Excess discount allowed (Rs. in crore)	
NIACL	78	48	41	866.25	3	9.28	4
UIICL	76	72	50	269.14	0	0	22
OICL	68	68	64	412.80	0	0	4
Total	**222**	**188**	**155**	**1,548.19**	**3**	**9-28**	**30**

4. Excess payments due to non-recovery of Co-payment

Co-payment is a cost sharing requirement under a health insurance policy which provides that the policyholder/ insured will bear a specified percentage of the admissible claims amount. Audit noticed that in NIACL the terms and conditions of group policy of one major group client (M/s. Cognizant Technology Services Limited) contained the 'Co-payment' clause as per which the amount to be deducted from the admissible claim amount was 10 per cent in excess of Rs. 1 lakh for self or employee and 20 per cent for dependents on the entire admissible amount. Data analysis revealed that in 275 claims co-payment was not deducted and excess payment of Rs. 84.36 lakh was made. This was confirmed during test check of 5 sample cases out of 275 such claims. In respect of retail claims, Audit carried out data analysis of claims settled in respect of Senior Citizen Mediclaim Policy and New India Sixty Plus Mediclaim Policy and also test checked 700 claims out of 12,621 claims from the website of 10 TPAs 28 and claim links provided to Audit. Out of 700 claims, in 117 claims (53 Senior Citizen Mediclaim Policy claims and 64 New India Sixty Plus Mediclaim Policy claims) TPAs did not deduct the applicable co-payment amount leading to excess payment of Rs. 7.71 lakh. This indicated that IT system validation to verify application of co-payment clause was not prevalent in the TPA's end as well as NIACL's end.

5. Breach of capping on specific diseases

As per terms and conditions of policy, claim amount for specific diseases/ procedures would be capped at rates mentioned in the policy. Data analysis was carried out to verify application of the capping for a common disease viz. cataract, for which the capping amount ranging from Rs. 10,000 to Rs. 50,000 was fixed in 13 out of 19 individual products of NIACL. It was found that the capping of claim amount for cataract was not applied in 1,389 retail claims (pertaining to 12 individual products) and there was excess payment of Rs. 2.33 crore due to breach of the ceiling amount. This was confirmed during test check of 43 claim records. Data analysis of group health insurance policies of two major group policy clients of NIACL viz. M/s Tata Consultancy Services Limited and M/s Cognizant Technology Services Ltd. with specific reference to capping for certain diseases such as maternity and infertility treatment, cataract expenses, joint replacements, hysterectomy expenses, cancer benefit, etc., as per the terms and conditions of the respective policies was carried out. It was found that there was excess settlement of Rs. 1.65 crore (729 claims for Rs. 1.24 crore - M/s Tata Consultancy Services Limited and 275 claims for Rs. 40.98 lakh M/s Cognizant Technology Services Ltd.) by NIACL to the beneficiaries under the two group health insurance policies. In OICL, Audit noticed that in 86 out of 378 claims settled in two policies towards treatment for cataract, the capping limit was not applied which resulted in excess settlement of . Rs. 5.04 lakh.

6. Claim settlements under domiciliary hospitalization

IRDAI vide its circular regarding guidelines on standardization of Health Insurance defines domiciliary hospitalization as medical treatment for an illness/ injury in the normal course which would require care and treatment at a hospital but is actually taken while confined at home, provided where the condition of the patient is such that he/ she is not in a condition to be moved to a hospital, or the patient takes treatment at home on account of non-availability of room in a hospital. The said circular defines OPD treatment as the one in which the insured visit a clinic/ hospital or associated facility like a consultation room for diagnosis and treatment is taken based on the advice of medical practitioner. The insured is not admitted as a day care or in-patient. Test check of domiciliary claims in NIACL revealed that 242 claims 29 out of 1,154 claims were for OPD treatment but these were settled by showing them as domiciliary claims. The claims were of group policy issued to M/s TATA Consultancy Services Ltd. (TCS) and M/s. HPCL Mittal Energy Ltd (HMEL) under which OPD treatment was not covered.

7. Non-adherence to network agreed rates

Regulatory clause 20(1) to (5) of IRDAI (TPA - Health Services) Regulations, 2016 provide for agreements between a TPA, an insurer and a Network Provider. Accordingly, PSU insurers/ TPA have negotiated and entered into agreements with certain network hospitals for various medical/surgical procedures at agreed rates. In this regard, Audit observed that in respect of 19 claims out of 2,176 claims, there were variation between the rate allowed by the TPAs and agreed rate. Further, it was observed that certain items which were part of the package rate such as doctor's fee, room charges and investigation charges, etc., were charged additionally thereby resulting in excess payment. Charging higher rates and additional charges resulted in excess settlement of claims amounting to Rs. 12.60 lakh.

8. Incorrect assessment of admissible claim amount by TPAs

TPAs have failed to exercise appropriate checks which were required to be carried out while processing the claims and assessing the admissible amount, which resulted in excess settlement in the following cases: i) Excess room rent/boarding charges allowed in claim assessment Terms and conditions of policies of PSU insurers stipulated that the room rent/ boarding charges per day should be restricted to one per cent of the sum insured per day and two per cent of sum insured per day for admission in ICU/ ICCU rooms. Audit observed that in 13 claims (Normal room rent/ boarding: 12 claims 30 and room rent/ boarding for ICU: 1 claim 31) the settlement was not restricted invoking the terms and conditions of the policies resulting in excess settlement of Rs. 1.14 lakh (NIACL: 7 claims involving Rs. 0.24 lakh and UIICL: 6 claims involving Rs. 0.90 lakh) ii) Proportionate deduction not applied Sub-limit clause in terms and conditions of policies specified that in case of admission to a room/ ICU/ ICCU at rates exceeding the limits 32, the reimbursement/ payment of all other expenses incurred at the hospital, with the exception of cost of medicines, shall be effected in the same proportion as the admissible rate per day bears to the actual rate per day of room rent/ ICU/ ICCU charges. Audit observed in NIACL that in five claims out of 1,154 claims, though policyholder availed room rent higher than the entitlement, TPA failed to restrict the claim by applying sub limit clause regarding proportional deduction as per terms and condition of policy.

9. Discount on other than PPN agreed procedures

PPN provides for cashless access to the policyholders. As on 31 March 2020, PPN cover was available in 12 cities 33 through a network of 2,552 hospitals 34. PPN agreement provides that PPN agreed rates are 'walk-in walk-out' package for policyholders, unless specified otherwise. PPN agreements provide that for other than agreed packages, the network provider would provide a discount from the Schedule of Charges (SOCs) in line with package rate which varied from 8 to 18 per cent on the hospitals bills (excluding medicines, pharmacy, and implants). Audit observed in 29 claims out of 69 claims of NIACL and OICL that hospitals have depicted incorrect/ lesser discount and TPAs failed to take notice of this while processing and recommending the claim settlement. This has resulted in excess settlement of Rs. 22.71 lakh, as per details given below:

Discounts not given/less than agreed rates given by network provider

Insurer	No. of claims provided by auditee organization & audited	No. of claims where agreed discount was not given by hospital and TPA failed to deduct agreed discount	No. of claims where hospital gave lesser/ incorrect agreed discount and TPA fao;ed to deduct correct agreed discount	Excess amount paid (Rs. in lakh)
NIACL	1,154	29	26	10.14
OICL	539	11	3	12.57
Total	**1,713**	**40**	**29**	**22.71**

10 Irregular payments on implants

Implants are medical devices such as cardiac stents, heart valves, orthopedic implants, dental implants, etc. Cost of such implants are fixed by National Pharmaceutical Pricing Authority (NPPA)35 and hospitals. List of documents to be submitted at the time of claim includes invoice for implant and sticker details for implants as a proof. Test check of 1,912 claims revealed that in 26 claims amounting to `34.98 lakh, implants cost allowed by TPA was not supported by separate bills/ invoices and stickers. OICL accepted (January/ October 2021) the Audit observation and stated that they have initiated recovery process in three cases.

Claims where sticker/bills for implants were not available

Insurer	No. of claims provide by auditee organization and audited	No. of claims where bills were not available for payment towards implant cost	Claim amount paid on such implants without bills (Rs. in lakh)
NIACL	1,154	11	17.19
OICL	559	10	11.87
NICL	199	5	5.92
Total	**1,912**	**26**	**34.98**

11. Non-deduction of TDS on claim payments made to hospitals

The insurance companies while releasing/ making payment to hospitals for settlement of medical/ insurance claims are liable to deduct tax at source under section 194J36 of Income Tax Act. During data analysis in UIICL, Audit observed that in 42,847 claims out of 65,46,129 claims, TDS amounting to Rs. 14.01 crore was not deducted from payments made to hospitals. UIICL replied (July/ October 2021) that they had identified the problem and corrected the system and correct TDS is being deducted now. Moreover, the Company started filing revised TDS returns with Tax Authorities for previous years also, wherever anomaly was noticed.

12. Non-reflection of discount in hospital bills Regulation 20(9) of the IRDAI

TPA - Health Services Regulations 2016 and IRDAI circular dated 23 June 2015 provided that final bills of the network provider need to reflect discount amount. The format of provider bill as prescribed in Schedule D of dated 28 March 2016 has a mandatory column for depicting the discount. However, test check of 2,934 claims by Audit revealed that in 774 claims out of 2,934 claims paid by the four PSU insurers (NIACL: 55, UIICL: 287, OICL: 404 and NICL: 28) discount percentage and amount was not mentioned in the hospital bills NIACL replied (January 2021) that since the change is required at the hospital end, they are verifying the relevant cases and stated that they cannot insist, since hospitals have their own practice. NIACL further stated (October 2021) that the TPAs have been advised to work out the issue with hospital to mandatorily reflect the discount amount agreed and TPAs need to state discount rate agreed vis-à-vis actual discount given by the hospital in the claim settlement letter.

13. Non-verification of KYC

As per SLA all claim files should, inter alia include Know Your Customer (KYC) documents as a part of each claim file. Further, as per IRDAI circular (February 2013) on Anti-Money Laundering/ Counter Financing of Terrorism, General insurance companies were required to carry out KYC norms at the settlement stage where claim payout/ premium refund crosses a threshold of Rs. 1 lakh per claim/ premium refund. Audit observed that in 907 claims settled (Rs. 6.06 crore) out of 2,934 claims test checked, KYC documents were not available in the claim files, as per summary given below in the table:

Non-verification of KYC documents

Insurer	No. of claims provided by auditee organization & audited	No. of claims where KYC not verified or not on record, as per SLA	No. of claims above 1 lakh where KYC not verified/not on record	Claim amount paid where KYC not verified or not on record (Rs. in lakh)
NIACL	1,154	473	57	3.11
UIICL	1,022	309	22	1.48
OICL	559	74	17	0.93
NICL	199	51	10	0.54
Total	**2,934**	**907**	**106**	**6.06**

Audit also observed that in 65 claims (for Rs. 66 lakh) of OICL (out of 559 claims), the ID cards issued by TPA did not have photos of policyholder/ beneficiary, which was one of the KYC documents. NIACL replied (October 2021) that it has instructed all their TPAs to verify the KYC norms at the time of claims and keep the relevant papers in the claim file. UIICL replied (July/ October 2021) that they have initiated the exercise to obtain KYC details in all the above cases and put in place systems to ensure that no claim, where KYC is compulsory, is paid unless KYC documents are obtained and uploaded.

14. Absence of Authorization

Letter for cashless facility Authorization letters are issued upon receipt of Request for Pre-Authorization and TPA examines the same and accords approval in accordance with the Pre-Authorization procedure mentioned in the SLA. The definition for cashless facility as provided in para 2(f) of IRDAI (Health Insurance) Regulations, 2016 stipulates that cashless claim can be settled directly by the insurer to the network provider to the extent pre-authorization is approved. In 81 claims (39 claims of NIACL for Rs. 1.26 crore and 42 claims of UIICL for Rs. . 0.26 crore) out of 737 selected cashless claims test checked in NIACL and UIICL, Authorization Letter was not available in the claim files. However, cashless claim payments were recommended and settlement done. NIACL replied (January/October 2021) that they will take up with the TPA during review and shall initiate appropriate action, if found deficient and added that it advised TPAs to strictly follow the provisions of SLA and ensure that all authorization letters are put in the claim file.

The losses of health insurance business of PSU insurers either wiped out/decreased the profits of other lines of business or increased the overall losses. The losses were on account of group health insurance policies where premium charged was less and claim outgo was more in comparison to retail policies. The Combined Ratio for group health insurance segment of PSU insurers ranged from 125-165 per cent, which was much higher than the ceiling of 100 per cent prescribed by the Ministry of Finance.

The PSU insurers carried out empanelment of TPAs but allocated business to non-empanelled TPAs also. PSU insurers incorporated their own TPA (Health Insurance TPA-HITPA) but the allocation of business to HITPA by them was minimal. PSU insurers took the initiative to have their own network of hospitals by forming Preferred Provider Network (PPN) but even after 10 years, enrolment of hospitals under PPN coverage was inadequate.

The IT systems lacked appropriate validation checks and controls which has resulted in lapses such as multiple settlement of claims, excess payment over and above the sum insured, excess payments due to ignoring waiting period clause for specific diseases, non-application of co-payment clause, breaching of capping limit for specific diseases, incorrect assessment of admissible claim amount, irregular payments on implants, non-payment of interest on delayed settlement etc.

Implementation of underwriting policy through test check of 188 group insurance policies revealed non-adherence to outgo calculator and non-loading for adverse claim experience resulting in undercharging of premium of Rs.1,548.19 crore in 155 policies and excess discount of Rs.9.28 crore in 3 policies. PSU insurers incorporated their own TPA (Health Insurance TPA or HITPA) but the allocation of business to HITPA by them was minimal. The four PSU insurers have preferred provider network (PPN) agreements with only 2,552 hospitals, much lower than 9,900 in the network of Star Health Insurance, and 10,000 hospitals of HDFC Ergo General Insurance Company.

Health insurance business is the second largest line of business of the PSU insurers (the first being motor insurance) having gross direct premium of Rs.1,16,551 crore during the five-year period from 2016-17 to 2020-21. The performance of PSU insurers in health insurance business is at present not profitable and they have suffered a revenue loss of Rs.26,364crore during five years ended 31 March 2021. In health insurance business, TPAs are engaged to have better expertise, specialization in provider interface, medical adjudication of claims and technologically driven customer services.

The Audit was taken up with objectives of ascertaining whether: (i) the PSU insurers managed the health insurance portfolio in a sustainable manner and the performance parameters were optimal; (ii) the PSU insurers have laid down a system for empanelment of Third Party Administrators (TPAs), enrolment of hospitals and monitoring of services rendered by TPAs; (iii) there existed a suitable system for processing and settlement of claims in line with IRDAI regulations, guidelines, rules, circulars, policies, and agreements with various parties and; (iv) risk underwriting of health insurance policies was done in a prudent manner and appropriate internal control mechanisms were in place to protect revenue.

To prevent incorrect processing of claims and excess payments beyond the scope of cover, PSU insurers have to enforce deterrents through levy and timely recovery of penalties. PSU insurers need to design and implement a robust fraud management policy to prevent fraud and should take appropriate action regarding cancellation of policy and de-empanelment of hospital in fraudulent cases.

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"The positive outlook towards the Indian insurance sector is also being driven by the recent regulatory reforms being introduced by IRDAI."

Prerak Sethi
Founder, RIA Insurance and
Co-Founder, India InsurTech Association

About Prerak Sethi

Prerak Sethi is the CEO & Founder of RIA - an InsurTech company using technology & data to improve the health insurance experience for customers, leading to them living healthier and happier lives.

Prior to founding RIA, Prerak has 5+ years of experience in insurance distribution, set up one of India's first websites for health insurance, and also co-authored a book on health insurance.

Prerak is also a Co-Founder of the India InsurTech Association (https://indiainsurtech.com/) and advisor to multiple InsurTech start-ups.

Outside of the insurance sector, Prerak has 10+ years of work experience in Analytics, eCommerce, and Consulting. He also has strong hands-on expertise in building online platforms, tech and data product management, customer acquisition and retention, and UI/UX.

Prerak is a BSE in Computer Engineering from the University of Michigan, Ann Arbor and MBA in Finance and Entrepreneurship from the Kellogg School of Management.

Q. Over the last few years Insurtech funding across the globe has witnessed sharp growth despite the pandemic. India too has witnessed entry of many InsurTech players. Can you highlight some of the funding trends here?

A. The Covid-19 pandemic has acted as a catalyst for the insurtech sector, with funding levels in Indian insurtechs increasing from $290 Million in 2020 to $800 Million in 2021, as per the IIA-BCG report on India Insurtech Landscape and Trends released in April 2022. In the last four years, we saw nearly 30 global Insurtech unicorns emerge. In India, we have three Insurtech unicorns - Acko, Digit and Policybazaar!

However, after years of growth in global funding, we are currently witnessing a downward trend in funding across sectors due to the rising inflation rates and challenging global economic conditions. This has impacted InsurTech too, with a downturn in funding numbers globally and in India. However, in the medium to long run, we feel India would remain relatively insulated given that the insurance and

Insurtech sector are witnessing strong growth. A number of India InsurTech Association members have recently raised capital, such as MetaMorphoSys Technologies raised $3 Million in August, HealthAssure raised $6 Million in August, Zopper raised $75 Million in September, Coverself raised $4.8 Million in September, BimaKavach raised $2 Million in October, Lumiq raised $ 5.5 Million in November, BeatO raised $33 Million in November, and Insurance Samadhan raised $2 Million in December.

The positive outlook towards the Indian insurance sector is also being driven by the recent regulatory reforms being introduced by IRDAI. The slowdown in funding is expected to recover by late 2023.

Q. Insurance sector in India is poised to grow fast in coming years. Insurance Regulator has too envisioned doubling of penetration in next 5 years. According to you what role does Insurtech can play in the new insurance scenario?

A. The Indian insurance regulator, IRDAI, has undertaken a number of reforms to increase the insurance penetration in India from our current levels.

One such reform is to move most insurance products towards a use and file mechanism. This opens up the opportunity for insurance players to launch many insurance products rapidly. We expect that these insurance companies will partner with InsurTech companies to licence their technology platforms to support distribution, underwriting, and claims for new and unique products and coverages. If we look at health insurance for example, we see a trend where insurers are collaborating with InsurTechs and HealthTech companies to introduce wellness components into their products.

Similarly, IRDAI has made a large push for boosting distribution, by allowing corporate agents to partner with 9 insurance companies in a similar category. This will allow InsurTech Insurance Intermediaries to offer more insurance products to their customer base.

On similar lines, IRDAI's rules permitting innovative products for Motor Insurance such as Pay As You Go and Pay As You Drive will require partnerships between Insurance companies and Insurtech players such as Kruzr, CarIQ, AutoWiz, etc. which provide Telematics solutions for these offerings.

> *"The Indian insurance regulator, IRDAI, has undertaken a number of reforms to increase the insurance penetration in India from our current levels."*

Q. What are the International trends in Insurtech revolution across the Globe?

A. Global Insurtech trends vary across geographies and territories depending on local regulations and maturity of the local insurance industry. However, here are two global Insurtech trends which stand out:

Omni-channels: The new-age digital customer prefers having all offerings as part of a single seamless journey, instead of having multiple broken touchpoints. For both existing and new insurance players, a true omni-channel experience has become a pressing priority. Insurers are increasingly looking towards UX designers, data analytics companies and automation platforms to design engaging omni-channels for its customers. For example, in a single health insurance claim, the insurer has multiple touch-points with customers, several healthcare providers, and TPA. Being able to efficiently switch between different modes of communication and interaction while processing the claim is crucial to drive a high customer NPS score.

Health and Wellbeing: Insurers are focusing on going above and beyond the traditional coverage, and help their customers lead a better and healthy life by providing incentives for healthy lifestyle and holistic care management. This has become a major area of exploration for insurtechs. For instance, insurtechs are enabling insurers to offer personalised healthcare to policyholders, by offering new solutions such as value based care, telemedicine facilities, chatbots to assist customer 24*7, online pharmacy, wellness packages, wearable tech, etc.

Q. Please tell something about the Insurtech Association and its objectives.

A. The India InsurTech Association or IIA started as a conversation between Shwetank Verma, Subhajit Mandal, and me in August 2020. While InsurTech was a hot topic of conversation in the Indian insurance eco-system, there was no formal body driving interaction between start-ups, companies and professionals within the space. When we looked outside of India, we found that practically every other large country or region had an InsurTech association.

Hence, we started IIA as a not for profit which brings together the entire insurtech eco-system in India onto a single platform. In the 2 years since our inception, we have touched 180+ members. Our diverse member base includes startups, (re)insurers, insurance intermediaries, software companies, insurance focused IT services companies, and service providers.

Some of our objectives are:

- Facilitate partnerships between startups and the broader insurance industry such as insurers, reinsurers, service providers, and investors
- Help Indian InsurTech companies to access global markets
- Connect InsurTech startups with insurance industry experts, not just from within India but also from outside India
- Publish and promote thought leadership
- Promote initiatives which use technology to increase the insurance penetration across different socio-economic segments of India in a more equitable way.

Q. How has been the journey of Insurtechs in India so far? Which are the key segments/areas in the insurance Industry where Insurtech companies are focusing the most.

A. Prior to 2019, the Indian InsurTech scenario was dominated by distribution focused InsurTechs, which are now some of the largest insurance intermediary players today - for instance Policybazaar and Policyboss. However, in the last 2 years, we've seen a number of new InsurTech companies come up in India in other areas such as Embedded Insurance, Employee Benefits, Claims Consulting, etc, which have led to higher insurance adoption and better customer experience.

The growth in the number of InsurTech companies has also resulted in attracting excellent talent from data science, technology, UI/UX, and Product Management into the Indian insurance industry.

Employee Benefit startups are making employee healthcare benefits accessible through tech-based platforms which simplify purchase and servicing of policies, provide employers with claims and analytics dashboards, and provide access to digital health services for holistic employee health management. InsurTechs are also focussing on offering embedded insurance solutions for gadgets, cars, healthcare purchases, etc. Some InsurTech players are working on building insurance infrastructure pipes and APIs, which can connect digital ecosystem companies with insurers, while providing support on compliance, marketing, operations etc.

The growth in the number of InsurTech companies has also resulted in attracting excellent talent from data science, technology, UI/UX, and Product Management into the Indian insurance industry. In the next couple of years we can expect more Indian InsurTechs to become world-class SaaS and analytics companies.

Q. Do you think Insurtech will help to significantly change the underwriting and claims experience and make the customer journey more pleasant?

A. Currently, insurance as an industry lags other consumer facing industries when it comes to providing a digitally driven customer experience. This is more true in areas such as underwriting and claims, which have not been digitised to the same extent as distribution.

InsurTechs can enable insurers with technology platforms in underwriting and claims which enable higher process automation resulting in faster processing, improved accuracy of decision making, and reduce human error.

Some of the solutions being built by Insurtech players include data platforms to leverage the vast amount of data points being generated today. Examples of new data pipelines which can be used for underwriting include wearable devices such as smartwatches, IoT enabled devices, connected cars etc. Insurtech companies have already started bringing together these data points for enabling faster and more accurate decision making for underwriters.

Similarly, it is expected that insurance companies will build deeper partnerships with Insurtech players for using these data points for automating adjudication of claims, faster claims processing, fraud detection etc.

> *In the domestic market, we have already seen distribution focused Insurtechs raising Series C and Series D capital in the last couple of years, such as TurtleMint, RenewBuy, and InsuranceDekho.*

In India, we're also seeing a set of customer-facing InsurTechs coming up in claims, such as Claimfriendy and Insurance Samadhan, which have developed tech platforms for managing claims on behalf of customers.

Q. What is the expected market you envision for Insurtechs in India?

A. The insurtech sector in India is poised for a boom in the next couple of years. According to a recent RedSeer report, the Indian Insurtech market stands at $2 Billion as of 2021, and is slated to grow to $13 Billion by FY2026.

Indian customers are now digital and are rapidly researching and purchasing more products online, including insurance, thanks to a high proliferation of smart-phones and cheap internet. Hence, we expect that the role of Indian InsurTechs will become even more prominent in the years to come, as the insurance industry addresses the growing needs of the new-age digital customers.

Any new entrant in the Indian Insurtech market has a lot of exciting growth to look forward to in the coming years! A few areas for new founders and early stage companies can be:

1. **Look for under-penetrated risk pools -** There are still large risk pools in India which are under-served, for example Home Insurance, Property coverage for SMEs, Cyber Insurance, Parametric Crop Insurance, etc. InsurTechs can build specialised technology platforms in these areas to differentiate themselves.

2. **Enable digital distribution to all parts of India -** India is a large and diverse country. InsurTechs should build platforms to focus on digital distribution across specific regions or communities in India - the focus on specific customer segments should be built on deep understanding of the their customer's income levels, access to digital goods and services, local community practices, vernacular languages, level of insurance awareness, and local insurance risks.

3. **Collaboration with Insurers -** Insurers are increasingly relying on insurtechs to increase their digital capabilities. The Insurers are forming "digital" teams and also partnering with Insurtechs to drive digitization on the front end and back end. Insurtechs should start with strong use cases which enable them to build partnerships with Insurers. Once there is a strong partnership with insurers, InsurTechs can continue to expand their offerings to adjacent areas.

Q. Globally, 20+ Insurtech unicorns have emerged in the past three years. What is the potential of Indian companies to join the bandwagon?

A. In the next three years we expect another 5-6 Indian Insurtech unicorns to emerge.

In the domestic market, we have already seen distribution focused Insurtechs raising Series C and Series D capital in the last couple of years, such as TurtleMint, RenewBuy, and InsuranceDekho.

Similarly, India is now producing excellent InsurTech companies who are building Enterprise Tech, SaaS, and Analytics companies for the global insurance community. Some of these companies are global leaders in the use of data, data science, and AI/ML in insurance. These companies have the potential to become some of the largest InsurTech companies in the world and we can expect at least a couple of them to become unicorns in the next 3-4 years.

Q. Would you like to highlight any other development in the segment?

A. In 2023, our industry has access to unparalleled data - the kind of sources, the volume, the real time availability of data is a game-changer. Presently, a lot of the global innovation in InsurTech is coming from the availability of data and its use in areas such as underwriting, risk management, and predicting losses. The ability to capture and analyse data from different sensors and sources in near real time opens the door to more proactive risk management and claim prevention models.

There is still significant room for new InsurTechs to build companies around the explosion of data and its use in the insurance industry. ❑

Insurance Market in India - Overview

Appraisal of Global Insurance Market

The global economy is slowing and the risk of inflationary recession in a number of economies has increased. As per the Swiss Re Sigma research (publication no.4/2022), this economic slowdown and the high-inflation environment will weigh on insurance markets. Slowing growth typically leads to lower demand for insurance. The major impact of inflation will show in rising claims costs in nonlife. Property and insurance are expected to be most impacted in the near term.

In 2021, total global insurance premiums grew by 3.4 per cent in real terms. The non-life sector posted 2.6 per cent growth, driven by rate hardening in commercial lines in advanced markets. However, in China, the largest emerging market, non-life premium volumes contracted by 0.7 per cent as the de-tariffication of motor insurance sparked fierce competition and rate reductions. This was partly offset by a 10.6 per cent increase in medical insurance premiums in China. The aggregate for emerging markets excluding China was stronger, with premiums up 4.1 per cent.

In life, global premium growth bounced back strongly by 4.5 per cent in both the advanced and emerging markets excluding China. Life premiums in China contracted by 2.6 per cent due to weakness in life savings business caused by a further decline in critical illness business. Strong life premium growth in advanced markets was supported by a surge in asset values and labour market recovery that lifted demand for savingslinked business. Regulatory developments and a tax law change boosted the sale of annuity products in the US. France reported the strongest premium growth of 27.3 per cent, mainly driven by growth in unit-linked business. In advanced AsiaPacific, market shifts towards protection products under regulatory encouragement supported market growth.

Growth in Real Premium by Region in the World in 2021

(In per cent)

Regions	Life	Non-Life	Total
Advanced markets	5.4	2.9	3.9
Emerging markets	1.5	1.5	1.5
Asia-Pacific	0.6	0.8	0.7
India	8.5	5.8	7.8
World	4.5	2.6	3.4

Source: Swiss Re, Sigma 4/2022

The US remains the largest insurance market in the world followed by China and Japan. The three together accounted for almost 56 per cent of the global premiums in 2021, slightly less than that in 2020 (57 per cent). The market share of the top 20 countries remained 90 per cent in 2021 and six Asian markets in the top 20 rankings of Swiss Re (China, Japan, South Korea, India, Taiwan and Hong Kong) contributed to 23 per cent market share. With the conflict in Ukraine weighing on economic growth in Europe in particular, insurance industry growth in emerging markets is expected to outpace that in the advanced markets this year, with emerging Asia in the lead. As per Swiss Re, India is expected to be one of the fastest growing markets in the world over the coming decade.

Swiss Re estimates show that global premium volumes to surpass USD 7 trillion in 2022 with a strong 6.1 per cent growth, reflecting the resilience of insurance markets over the course of the COVID pandemic. This is based on the expectation of more rate hardening in non-life to counter high inflation and strong premium growth in emerging markets. It is estimated to be 0.8 per cent growth in global non-life premiums in 2022 in real terms. Non-life premium growth in emerging markets will likely outstrip that in advanced economies in next two years, mainly driven by the strong demand for short-term health insurance. Growth in commercial lines will be stronger than in personal lines of business.

Global life premium is expected to contract in real terms in 2022 but in nominal terms, it is expected to grow at 4.8 per cent to USD 3.1 trillion in 2022. Inflationary pressures, economic uncertainty and financial markets condition are the primary drivers of subdued premium growth in 2022. Saving premiums, which represent more than three quarters of the life sector, will likely suffer from volatile financial market conditions and falling disposable incomes. Heightened risk awareness post pandemic is driving demand for protection-type products, and insurers are changing their business models to be digital-ready. Further, higher interest rates will support demand for guaranteed savings products. In 2023, it is expected that global life premium growth will recover to 1.9 per cent in real terms as inflation pressures ease and economic conditions improve.

Indian Insurance in the Global Scenario

As per Swiss Re data, India ranks tenth (eleventh in 2020) in global insurance business with a market share of 1.85 per cent in 2021 (1.78 per cent in 2020). Total insurance premium in India increased by 13.46 per cent (7.8 per cent inflation adjusted real growth) in 2021 whereas global total insurance premium increased by 9.04 per cent (3.4 per cent inflation adjusted real growth) during the year.

In life insurance business, India is ranked ninth (tenth in 2020) in the world in 2021. India's share in global life insurance market was 3.23 per cent (3.11 per cent in 2020) during 2021. Life insurance premium in India increased by 14.16 per cent (8.5 per cent inflation adjusted real growth) in 2021 whereas global life insurance premium increased by 9.91 per cent (4.5 per cent inflation adjusted real growth).

In non-life insurance business, India is ranked fourteenth in the world same as last year. India's share in global non-life insurance market was 0.78 per cent (0.76 per cent in 2020) during 2021. The Indian non-life insurance sector recorded 11.30 per cent (5.8 per cent inflation adjusted real growth) growth during 2021 whereas the global non-life insurance premium had only 8.37 per cent growth (2.6 per cent inflation adjusted real growth).

Globally, the share of life insurance business in total premium was 43.69 per cent and the share of non-life insurance premium was 56.31 per cent during 2021. However, the share of life insurance business for India was high at 76.14 per cent while the share of non-life insurance business was at 23.86 per cent.

Premium Volume by Region in the World in 2021

(USD Billions)

Regions	Life	Non-Life	Total
Advanced markets	2,323.20 (41.75)	3,241.12 (58.25)	5,564.32 (100.00)
Emerging markets	674.37 (52.02)	621.90 (47.98)	1,296.28 (100.00)
Asia-Pacific	1,129.25 (61.47)	707.75 (38.53)	1,837.00 (100.00)
India	96.68 (76.14)	30.30 (23.86)	126.97 (100.00)
World	2,997.57 (43.69)	3,863.03 (56.31)	6,860.60 (100.00)

Note: Figures in bracket indicate share of the segment to total in per cent.
Source: Swiss Re, Sigma 4/2022

Insurance Penetration and Density

Insurance penetration and density are two metrics, among others, often used to assess the level of development of the insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (per capita premium).

Insurance penetration in India during 2021-22 was 4.2 per cent remained same as in 2020-21. During the first decade of insurance sector liberalization, the sector has reported increase in insurance penetration from 2.71 per cent in 2001-02 to 5.2 per cent in 2009-10. Since then the level of insurance penetration declined till 2014-15 due to decline in life insurance penetration. However, the insurance penetration started again increasing from 2015-16 and reached 4.20 per cent in 2021-22. While the penetration of life insurance sector has gone up from 2.15 per cent in 2001-02 to 3.2 per cent in 2021-22, non-life insurance penetration has gone up from 0.56 per cent to 1.0 per cent during the same period.

Insurance density in India increased from USD 78 in 2020-21 to USD 91 in 2021-22. The level of insurance density has reported consistent increase from USD 11.5 in 2001-02 to

USD 64.4 in the year 2010-11. After some ups and downs, insurance density recorded steady increase from the year 2016-17. While life insurance density has gone up from USD 9.1 in 2001-02 to USD 69 in 2021-22, non-life insurance density has gone up from USD 2.4 to USD 22 during the same period.

As per Swiss Re Sigma report, globally insurance penetration and density were 3.0 per cent and USD 382 respectively for the life segment and 3.9 per cent and USD 492 respectively for the non-life segment in 2021. Overall insurance penetration and density were 7.0 per cent and USD 874 respectively in 2021.

Insurance Penetration and Density by Region in the World in 2021

Region	Penetration (%)			Density (USD)		
	Life	Non-Life	Total	Life	Non-Life	Total
USA and Canada	2.7	8.7	11.4	1823	5960	7782
Advanced EMEA	4.8	3.2	8.0	2226	1468	3694
Emerging EMEA	0.6	1.0	1.6	35	58	92
Advanced Asia Pacific	6.0	3.0	9.0	2325	1187	3512
Emerging Asia Pacific	2.1	1.6	3.7	132	100	232
India	3.2	1.0	4.2	69	22	91
World	**3.0**	**3.9**	**7.0**	**382**	**492**	**874**

EMEA- Europe, Middle East and Africa
Source: Swiss Re, Sigma 4/2022

Estimates of insurance penetration and density in India by Swiss Re collated from its yearly reports are presented below.

Insurance penetration and density in select countries are reproduced from Swiss Re Institute report in Statement 1 and Statement 2 respectively.

Insurance Penetration and Density in India

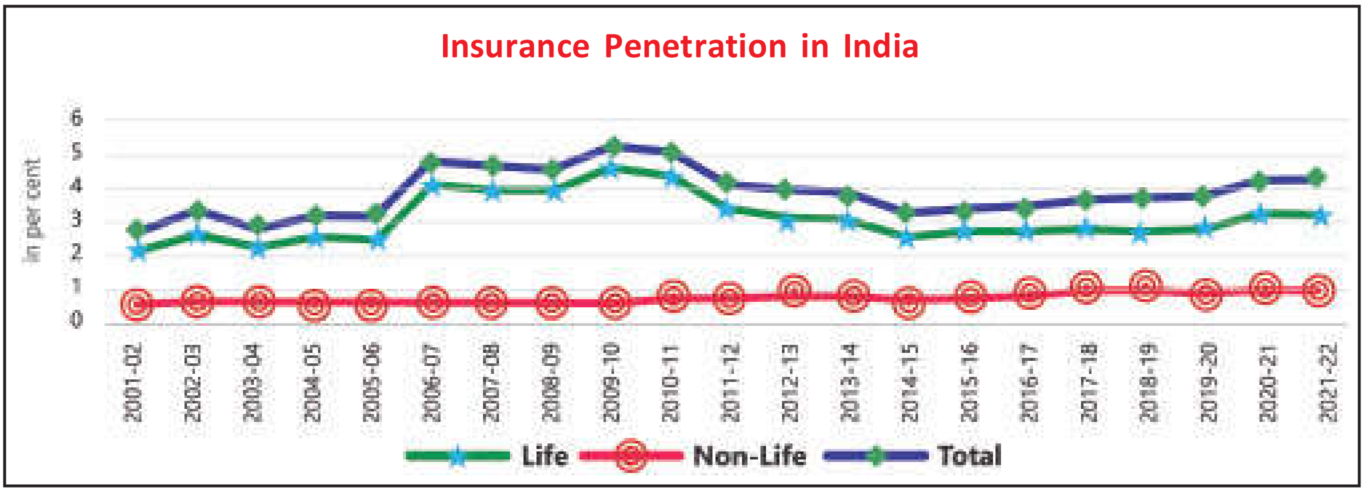
Year	Penetration (%)			Density (USD)		
	Life	Non-Life	Total	Life	Non-Life	Total
2001-02	2.15	0.56	2.71	9.1	2.4	11.5
2002-03	2.59	0.67	3.26	11.7	3.0	14.7
2003-04	2.26	0.62	2.88	12.9	3.5	16.4
2004-05	2.53	0.64	3.17	15.7	4.0	19.7
2005-06	2.53	0.61	3.14	18.3	4.4	22.7
2006-07	4.10	0.60	4.80	33.2	5.2	38.4
2007-08	4.00	0.60	4.70	40.4	6.2	46.6
2008-09	4.00	0.60	4.60	41.2	6.2	47.4
2009-10	4.60	0.60	5.20	47.7	6.7	54.3
2010-11	4.40	0.71	5.10	55.7	8.7	64.4
2011-12	3.40	0.70	4.10	49.0	10.0	59.0
2012-13	3.17	0.78	3.96	42.7	10.5	53.2
2013-14	3.10	0.80	3.90	41.0	11.0	52.0
2014-15	2.60	0.70	3.30	44.0	11.0	55.0
2015-16	2.72	0.72	3.44	43.2	11.5	54.7

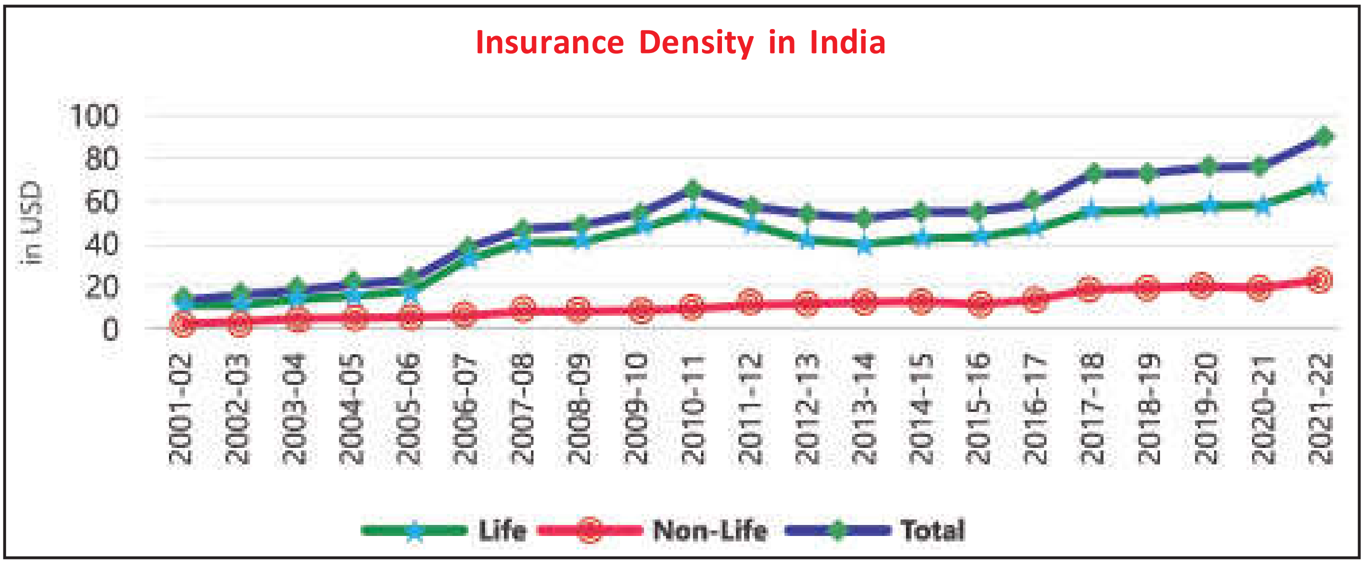
Year	Penetration (%)			Density (USD)		
	Life	Non-Life	Total	Life	Non-Life	Total
2016-17	2.72	0.77	3.49	46.5	13.2	59.7
2017-18	2.76	0.93	3.69	55	18	73
2018-19	2.74	0.97	3.70	54	19	74
2019-20	2.82	0.94	3.76	58	19	78
2020-21	3.2	1.0	4.2	59	19	78
2021-22	3.2	1.0	4.2	69	22	91

Note:

1. *Insurance penetration is measured as ratio of premium to GDP.*
2. *Insurance density is measured as ratio of premium to total population.*
3. *Figures may not add up to the total due to rounding off.*

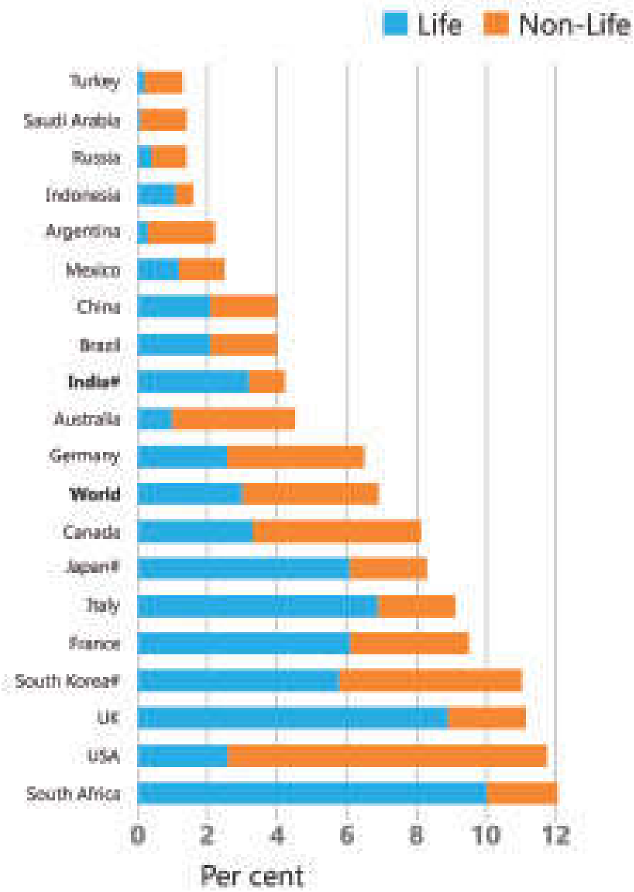
Source: Swiss Re, Sigma, Various Issues.





Source: Swiss Re, Sigma, Various Issues

Insurance Penetration in Select Countries in 2021

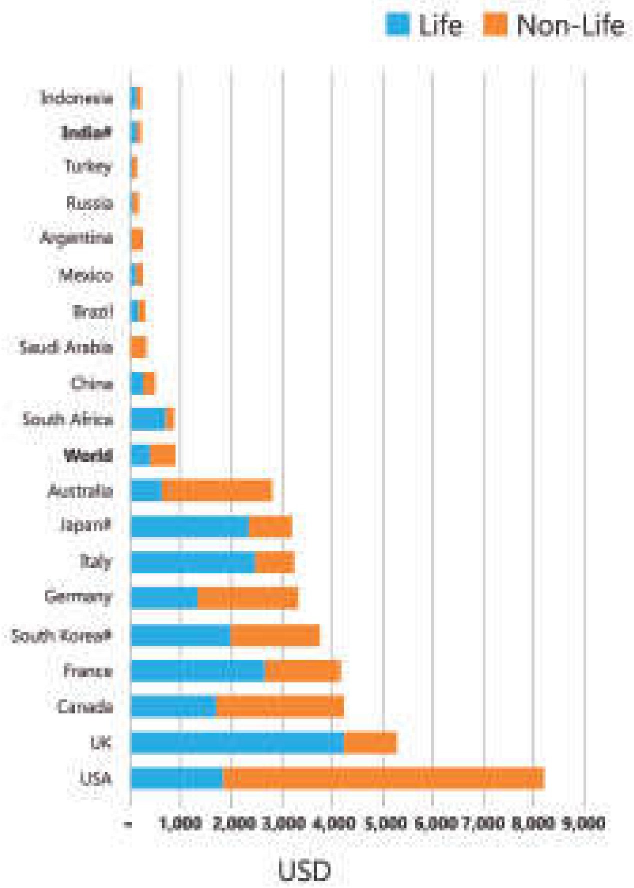


Data relates to financial year.

Note: Insurance Penetration is measured as percentage of insurance premium to GDP.

Source: Swiss Re, Sigma No. 4/2022.

Insurance Density in Select Countries in 2021



 # Data relates to financial year.

Note: Insurance Density is measured as ratio of insurance premium to populataion.

Source: Swiss Re, Sigma No. 4/2022.

STATEMENT 1

INTERNATIONAL COMPARISON OF INSURANCE PENETRATION

(In per cent)

S.No.	Country*	2020			2021		
		Life	Non-Life	Total	Life	Non-Life	Total
	America						
1	USA	3.0	9.0	12.0	2.6	9.1	11.7
2	Canada	3.5	5.2	8.7	3.3	4.8	8.1
3	Brazil	2.3	1.8	4.1	2.1	1.7	3.9
4	Mexico	1.2	1.4	2.6	1.2	1.3	2.5
5	Argentina	0.3	1.9	2.2	0.3	1.9	2.2
	Europe-Middle East-Africa						
6	South Africa	11.2	2.5	13.7	10.0	2.2	12.2
7	UK	8.8	2.3	11.1	8.9	2.2	11.1
8	France	5.1	3.5	8.6	6.1	3.4	9.5
9	Italy	6.3	2.3	8.6	6.9	2.2	9.1
10	Netherlands	1.5	8.1	9.6	1.4	7.7	9.1
11	Sweden	5.8	1.8	7.6	5.8	1.9	7.6
12	Switzerland	4.3	4.1	8.4	3.1	4.0	7.1
13	Germany	2.8	4.0	6.8	2.6	3.9	6.5
14	Spain	1.9	3.2	5.2	2.0	3.2	5.1
15	Russia	0.4	1.0	1.4	0.4	0.9	1.3
16	Saudi Arabia	0.0	1.5	1.5	0.1	1.3	1.3
17	Turkey	0.3	1.2	1.5	0.2	1.1	1.3
18	Pakistan	0.5	0.3	0.8	0.5	0.2	0.7
	Asia Pacific						
19	Taiwan	14.0	3.4	17.4	11.6	3.2	14.8
20	South Korea#	6.4	5.2	11.6	5.8	5.2	10.9
21	Singapore	7.6	1.9	9.5	7.5	1.8	9.3
22	Japan#	5.8	2.4	8.1	6.1	2.2	8.4
23	Thailand	3.4	1.9	5.3	3.4	1.9	5.4
24	Malaysia#	4.0	1.5	5.4	3.9	1.4	5.3
25	New Zealand	0.8	4.1	4.9	0.8	4.0	4.8
26	Australia	1.1	3.6	4.7	1.0	3.5	4.4
27	India#	3.2	1.0	4.2	3.2	1.0	4.2
28	China	2.4	2.1	4.5	2.1	1.9	3.9
29	Indonesia	1.4	0.5	1.9	1.1	0.5	1.6
30	Sri Lanka	0.5	0.6	1.2	0.6	0.6	1.3
	World	**3.3**	**4.1**	**7.4**	**3.0**	**3.9**	**7.0**

** Data pertains to the calendar year 2020 & 2021*

 # Data pertains to financial year 2020-21 & 2021-22

Note: Insurance penetration is measured as ratio of premium (in US Dollars) to GDP (in US Dollars)

Source: Swiss Re, Sigma Volumes 3/2021 and 4/2022

STATEMENT 2

INTERNATIONAL COMPARISON OF INSURANCE DENSITY

(In per cent)

S.No.	Country*	2020			2021		
		Life	Non-Life	Total	Life	Non-Life	Total
	America						
1	USA	1,918	5,754	7,673	1,837	6,356	8,193
2	Canada	1,532	2,243	3,775	1,697	2,520	4,217
3	Brazil	151	120	271	160	130	290
4	Mexico	99	116	214	115	131	247
5	Argentina	24	156	180	31	207	238
	Europe-Middle East-Africa						
6	Switzerland	3,667	3,557	7,224	2,866	3,744	6,610
7	Netherlands	799	4,223	5,022	805	4,497	5,301
8	UK	3,574	949	4,523	4,234	1,039	5,273
9	Sweden	2,993	945	3,938	3,478	1,119	4,597
10	France	1,959	1,359	3,317	2,654	1,486	4,140
11	Germany	1,281	1,827	3,108	1,321	1,992	3,313
12	Italy	1,972	721	2,692	2,467	785	3,253
13	Spain	525	871	1,396	591	960	1,551
14	South Africa	560	124	684	698	154	852
15	Saudi Arabia	8	273	281	13	299	312
16	Russia	41	105	146	49	111	160
17	Turkey	24	104	128	22	102	124
18	Pakistan	6	3	10	7	4	11
	Asia Pacific						
19	Singapore	4,528	1,110	5,638	5,414	1,327	6,742
20	Taiwan	3,861	938	4,800	3,772	1,032	4,804
21	South Korea#	2,050	1,691	3,741	1,971	1,764	3,735
22	Japan#	2,329	951	3,280	2,347	855	3,202
23	Australia	568	1,880	2,448	623	2,195	2,817
24	New Zealand	349	1,678	2,027	403	1,936	2,339
25	Malaysia#	415	153	568	444	157	600
26	China	241	214	455	253	229	482
27	Thailand	244	139	383	246	141	387
28	India#	59	19	78	69	22	91
29	Indonesia	54	21	75	48	22	70
30	Sri Lanka	21	24	45	24	25	49
	World	**360**	**449**	**809**	**382**	**492**	**874**

** Data pertains to the calendar year 2020 & 2021*

 # Data pertains to financial year 2020-21 & 2021-22

Note: Insurance density is measured as ratio of premium (in US Dollar) to total population.

Source: Swiss Re, Sigma Volumes 3/2021 and 4/2022

Foreign entities can now invest in local insurers' unsecured debt, pref shares

In a major boost to insurance sector, the insurance regulator IRDAI has allowed foreign investors, including FPIs, to invest in preference shares and subordinated debt issued by Indian insurers, expanding their pools of capital to fund their business growth in the world's fastest growing large economy.

The regulator has also now allowed the subordinated debt issued by the Indian insurers to be listed in local stock exchanges (no overseas listing allowed).

In a new set of regulations around 'other forms of capital' now issued by IRDAI, the regulator has stipulated that the quantum of investments by foreign investors including FII/ foreign portfolio investors (FPIs) in these two instruments — preference shares and subordinated debt— cannot exceed the sectoral cap (specified under FEMA).

Overall Limit

IRDAI has stipulated that the total quantum of the instruments under 'other forms of capital' taken together should be lower (at any point in time) of (i) 50 per cent of the total paid-up equity share capital and securities premium of an insurer or (ii) 50 per cent of networth of the insurer.

Also, IRDAI has stipulated that the issue of subordinated debt would either have to be perpetual, or the maturity/ redemption period should not be less than ten years for life insurance companies, general insurance companies and reinsurance insurance companies. The maturity/redemption period should not be less than seven years for health insurance companies.

Insurers have not been permitted to issue either preference shares or subordinated debt with "put option". However, an insurer may issue instruments with a "call option" subject to certain conditions being met.

What is Subordinated Debt?

Put simply, subordinated debt (debenture) is an unsecured loan or bond that ranks below other, more senior loans or securities with respect to claims on assets or earnings.

Subordinated debentures are also known as junior securities. In the case of borrower default, creditors who own subordinated debt will not be paid out until after senior bondholders are paid in full. It is usually larger corporations or other business entities that get into borrowing through subordinated debt.

Besides 'debentures' which can be counted as subordinated debt, the IRDAI has empowered itself to specify any other instrument as a subordinated debt.

Preference shareholders do not have the right to vote, but they provide such shareholders the special right to claim dividend in the lifetime of a company. Also, they could claim the assets in case of wind up of the company.

Expert Take

Srinath Sridharan, Corporate Advisor, said: "The proposal is bold in expanding the pool of capital / debt to foreign players. It also indicates coming of age of Indian insurance players with ability to access debt from global sources. Since the subordinated debt will be listed in Indian bourses, it will also allow for governance mechanism and liquidity-based market pricing."

Not only have foreign investors been allowed to invest in the 'other forms of capital' (preference shares and subordinated bonds), even domestic insurance companies can now do so in such instruments issued by other insurers. The only stipulation is that an insurer cannot invest in the 'other forms of capital' of another insurer having a common promoter.

Indian promoters of insurers can also invest in preference shares or subordinate debt, IRDAI has said.

The new regulation, however, stipulates that a foreign re-insurer's branch would not be allowed to issue these instruments. The new IRDAI norms also specifies the minimum reporting and disclosure norms. *(Source : Businessline)*

Should you take a loan using insurance as collateral?

People typically buy a life insurance policy to provide financial peace of mind to their family in case of uncertainty. While life insurance policies usually offer survival, maturity, bonuses and death benefits to policyholders, you can also borrow against several types of life insurance.

You must know that not all life insurance policies can help you with a loan facility. Karthik Raman, Head of Products at Ageas Federal Life Insurance, said, "You can generally take a loan against life insurance policies which have a cash value at maturity. Both participating and non-participating traditional savings policies offer a loan against your policy." In the case of participating policy, the insurer shares profit with the insured in the form of bonuses and dividends.

While in the case of a non-participating policy, you get maturity benefits, and the insurer doesn't share any form of bonuses or dividends with the policyholder. The policies that can provide a loan facility include money-back, endowment, or whole-life policies. Raman said, "Since term plans do not have a cash value at maturity, you cannot take out a loan against such policies."

Moreover, you may also not avail loan against unit-linked insurance policies (ULIPS). Sunil Sharma, chief actuary and chief risk officer of Kotak Life Insurance, said, "ULIPS allows the policyholder to take partial withdrawal rather than a loan." Readers should note that policies with a cash value and ULIPs mix insurance and investment. While you can borrow against them, mixing investment and insurance is not generally advisable.

Loan requirement: You could consider taking a loan against your life insurance policy when you might urgently require a significant sum of money. For instance, you may need cash for an upcoming wedding, making a down payment on the house, paying off a creditor, a medical requirement, etc. The lenders can help you provide a loan amount equal to a maximum of 90% of the surrender value of your policy. When applying for the loan, you have to submit a loan application form, insurance policy and a signed agreement to the lender. This way, you can take a loan from a lender using the cash value part of your policy as collateral.

"The loan amount available would be a percentage of the surrender value of the policy applicable at the time of taking the loan. Typically, the policy acquires a surrender value at least three years from its inception and becomes eligible for you to take a loan. There would also be an applicable interest rate on your loan, usually linked to a standard interest rate," said Raman.

Loan tenure: The tenure of the loan cannot exceed the policy maturity date. Typically, the lender assigns a loan term equal to the policy term.

How to repay: You can repay the loan as equated monthly instalments (EMIs) in part or entirely at any time before the policy matures. Repayment terms may vary from lender to lender. Besides, you must pay all dues before the policy term ends and check whether the lender applies any pre-payment charges.

While paying loan EMIs, you will also have to pay all premiums on time during the policy term so that policy doesn't lapse. Ashwini Bondale, Senior Vice President, ICICI Prudential Life Insurance, said, "If you cannot repay the loan, the life insurer/lenders will offset the outstanding loan amount against the maturity benefit or surrender value as the case will be. In cases where the outstanding loan amount exceeds the policy surrender value, the insurer can foreclose the policy."

However, if the policyholder has paid all due premiums, the policy cannot be foreclosed. Sharma said, "For such policies, the amount paid on death or maturity will be the death benefit or guaranteed maturity benefit reduced by the outstanding loan amount, respectively."

Charges: When you take a loan against the policy from a lender, you will have to pay an interest rate between 10% and 15%. The lender may also charge processing fees up to Rs. 2000 (inclusive of GST), foreclosure or pre-payment, and bounce charges. Besides, lenders can apply penal interest (around 2%) and annual maintenance charges.

Should you borrow? Borrowing money from a life insurance policy has benefits like a reasonable interest rate compared to a personal loan interest rate, a quicker approval process and no fixed instalments for repaying the loan. Sharma said, "The advantage of a policy loan is that it helps the policyholder to finance its immediate liquidity needs while keeping the life insurance policy in force. However, you must consider policy loans as a temporary option to get liquidity. Also, you must repay it as soon as surplus money is available to reap the original benefit from the policy."

Adding to it, Bondale said, "Loans against policies are available to insured at competitive interest rates compared to other routes of seeking loans." However, Raman said, "If you have borrowed money against your life insurance policy, then in the case of your unfortunate demise, the insurer will clear off the unpaid loan amount from the death benefit due to your beneficiaries. Your beneficiaries will, therefore, receive only a partial death benefit due to them. Another risk is that the policy will auto-terminate if the outstanding loan amount with accumulated interest exceeds the policy's surrender value." One must remember that on surrender, the policy terminates, and, in that case, you cannot take the benefit of insurance coverage.

Point to note: In case of any emergency, you must consider looking at other financial instruments to raise funds because a life insurance policy is only to financially secure your family in the unfortunate event of your death. *(Source: Mint)*

Sweet Little Insured House

I once had a sweet beautiful house dears
The most charming house in the world
Her beauty was so powerful and good dears
And a stay in that house was intoxicating!

But I lost my beautiful house dears
As I played along with fire one day
And I searched in tears all my life dears
But I never could find a similar house

I found my poor beautiful house dears
As I stopped at the insurance office one day
People say she is frighteningly morphed dears
For all her sweet beauty is washed away

Her doors and windows consumed by the fire dears
And her presence least intoxicating
Insurer would give the charming house dears
As in old times she is the most beautiful house dears.

Dr. K. Raja Gopal Reddy
Ph.D, FIII, FCII, FLMI, Chartered Insurance Practitioner, Principal Officer
Topspot Insurance Broking Private Ltd.
(commercially known as 'insurancepe')

Govt proposes issuance of one licence for all insurance businesses

The finance ministry has proposed a host of amendments to the insurance laws — from granting insurers a composite licence to allowing them to sell different financial products, and increasing the retirement age of the chairman and whole-time members of the Insurance Regulatory and Development Authority of India (Irdai).

The Department of Financial Services has also suggested allowing insurers to operate in multiple lines of business — general, life, and health — without having to seek separate licences from the regulator for each business, provided they meet the minimum capital requirements. This would require an amendment to the Insurance Act, 1938.

If an applicant meets the eligibility criteria for different classes and sub-classes of business, the regulator may register the applicant as an insurer and grant it a certificate of registration for such classes or sub-classes.

"Where the insurer carries on business of more than one class or sub-class of insurance, [they] shall keep a separate account of all receipts and payments in respect of each such class or sub-class, as may be specified by the regulations," the DFS said in the proposed amendments, which were released earlier this week. It has opened the document to public comment till December 15. Class of insurance business refers to life, general, health, or reinsurance. And, sub-class of insurance refers to fire, marine and miscellaneous business general insurance; personal accident and travel sub-classes of health insurance business.

It has also suggested that insurance companies should be permitted to distribute other financial products. This would mean insurance companies could sell mutual fund products, for example.

The DFS has proposed some amendments to the Insurance Regulatory Development Act, 1999, to raise the retirement age of whole-time members and the chairperson to 65 years from 62 at present.

It has suggested doing away with the rigid requirements of capital for setting up an insurance company. Under existing regulations, paid-up equity capital of Rs 100 crore is required for setting up a life, general, or health insurance business. And, for reinsurance it is Rs 200 crore.

The DFS has proposed that an insurance company be allowed to commence business with a minimum paid up equity capital as may be specified by regulations, considering the size and scale of operations, class or sub-class of insurance business, and the category or type of insurer.

Many of these proposed amendments were part of the recommendations that the insurance regulator had sent to the government ahead of the upcoming Budget session.

The DFS has said these amendments would enhance the financial security of policyholders, promote their interests, and improve their returns. Besides, they would facilitate the entry of more players in the insurance market, leading to economic growth and employment generation, the DFS said. It has invited comments from all stakeholders by December 15.

"With composite licence arrangement, insurers will now have more flexibility in operating in multiple lines of insurance business, without having a separate insurance company to sell life, general, and health business," said Nilesh Sathe, former member of Irdai. He added that it was a long-pending demand of insurers. Besides, this will provide agents flexibility as they would be allowed to conduct multiple lines of business, of a single insurer, Sathe said.

Referring to the proposal on allowing insurers to sell other financial products, Sathe said banks were allowed to sell insurance and mutual fund products but insurers were only allowed to sell insurance products. "There was a demand from insurance companies to allow them to sell other financial products in order to increase their revenue from non-core business. With the proposed amendment, this demand would be met," he added.

Among other major amendments that the DFS has proposed, it has also sought to change the composition of the life insurance and general insurance councils. *(Source: BS)*

New Product Launches

Kotak Life Insurance Launches Kotak Premier Life Plan

Kotak Life Insurance, announced the launch of Kotak Premier Life Plan. This is a limited premium payment, participating whole life plan. The plan is completely aligned with the firm's core purpose, which is to add value to lives of customers by providing Protection and Long Term Savings (PALTs). This plan provides customers the option to save and protect up to 99 years of age.

Life expectancy in India has steadily increased due to better health care, rising income levels and enhanced standard of living and is only expected to improve. Kotak Premier Life Plan provides policyholders the ability to meet their present financial commitments while protecting future comfort of their families. The plan can be used to enjoy income benefits or to create a tax-free corpus. It allows to partly encash accumulated corpus during the policy term.

Sunil Sharma, Appointed Actuary & Chief Risk Officer, Kotak Mahindra Life Insurance Ltd. said, It is important for individuals to have a secure future for themselves and their dependents in a well-planned manner, without compromising current financial goals. Kotak Premier Life Plan is designed with the core purpose of adding value to customers life. In alignment with the company's brand promise Koi hai Hamesha", we have designed Kotak Premier Life Plan as an innovative, participating whole life product for customers across income segments to build a strong foundation of insurance protection and a planned income over their lifetime.

Kotak Premier Life Plan offers discounts on premium for higher Sum Assured on maturity. Additional discount is also available on the lives of women insured.

Kotak Premier Life Plan provides Simple Reversionary Bonus during the premium payment term. Customers can choose from either the Cash Payout or Paid-Up Additions option. Under the Cash Payout option, bonuses declared under the policy are paid to the policyholder as a cash pay-out every year post the premium payment term, until end of term or death or surrender of the policy.

The Paid-Up Additions option allows customers to use their bonuses for purchasing Paid-Up Additions, which accumulate in the policy. This option enables policyholders to build a meaningful retirement corpus over time for a worry-free post retirement life. The Paid-Up Addition is an additional guaranteed sum assured that is payable on death or maturity and is also eligible for future bonuses. Money can be withdrawn from this accumulated corpus i.e. the accrued Paid-Up Additions, any time after the expiry of the premium payment term.

In case of the unfortunate death of the life insured during the premium payment term, the benefits payable shall be Sum Assured on Death plus Accrued Simple Reversionary Bonus (if any) plus Terminal Bonus (if any). In case of death after expiry of premium payment term but during policy term, the benefits payable shall be Sum Assured on Death plus Accrued Paid-Up Additions (if any) plus Terminal Bonus (if any).

Policyholders may customise and enhance the protection offered by attaching a wide range of optional riders to this plan. The riders offered are Kotak Term Benefit Rider, Kotak Accidental Death Benefit Rider, Kotak Permanent Disability Benefit Rider, Kotak Life Guardian Benefit Rider and Kotak Accidental Disability Guardian Benefit Rider.

Max Life And Policybazaar Launches 'Smart Fixed-Return' Digital Plan For Millennials

Max Life Insurance Company has launched the 'Max Life Smart Fixed-return Digital Plan'+ a non-linked, non-participating, individual life insurance savings plan. The novel offering developed basis a consumer insight study helps the customers meet short-term financial goals with a minimum policy tenure of five years. The plan offers guaranteed tax-free returns up to 6.14%2 along with life cover protection at monthly premiums as low as Rs. 3000/-* and is also available to purchase on Max Life's website and Policybazaar.com.

The Smart Fixed-return Digital Plan targets the digitally-savvy millennials who prefer quick and hassle-free online onboarding. Offering higher returns as compared to traditional savings instruments, this product innovation combines guaranteed, tax-free offering and protection cover of life insurance, allowing young consumers to enjoy the dual benefits of savings and protection within a single product proposition.

V Viswanand, Deputy Managing Director, Max Life said, "Developing products to respond to customers' needs has always been Max Life's focus, and we are committed to introducing innovative, digitally-enabled flexible life insurance products in the marketplace. The Smart Fixed-return Digital Plan is designed for a generation that wants a short-term guaranteed product with tax-free returns topped with life insurance. The combination of easy liquidity and agile on boarding makes this new-age product a valuable fit in the millennials' savings journey."

Sarbvir Singh, CEO, Policybazaar.com commented, "Our consumer insights reveal that most millennials prefer short-term savings products with high returns, thereby indicating an apparent demand for such a product. The launch of this plan, which is a short-term offering with guaranteed tax-free returns and life insurance cover, would certainly address the needs of this segment. We are excited to work with Max Life in making this innovative savings-cum-protection instrument accessible to millennials who need quick and easy investment solutions."

Key features of 'Max Life Smart Fixed-return Digital Plan':

1. Simplified on-boarding process along with instant confirmation of issuance after journey completion3
2. Fully guaranteed returns payable as a lump sum at maturity
3. Flexibility to pay premiums monthly or annually for just five years
4. Flexibility to choose between different variants, tailored to meet different financial security needs
5. Higher benefits offered for higher premiums paid, as per the chosen goals
6. Special benefits for women customers: 0.25% additional maturity benefit for five years' policy term; 0.5% for ten years' policy term
7. Option of taking a loan against policy to help in case of financial emergencies
8. Tax benefits on premiums paid and tax-free maturity benefits, depending on the chosen variant, as per prevailing tax laws4

Canara HSBC Life Insurance Launches Non-Participating 'Guaranteed Fortune Plan'

Canara HSBC Life Insurance's new "Guaranteed Fortune Plan" is a non-linked, non-participating individual savings scheme offering life cover and a lump sum amount on outliving the policy term.

The product, offers two plan options: Guaranteed Savings Option and Guaranteed Cash Back Option.

According to the Canara HSBC Life Insurance, the first option provides a lump sum on outliving the policy term. The second option offers customers guaranteed cashback at the end of every fifth policy year, with an opportunity to defer the amount till maturity or withdraw it earlier.

In addition to cashback, the second option also gives policyholders a lump sum payment at the end of the policy term.

The plan also includes a unique feature called CARE Pay Benefit. This in-built benefit pays 100 per cent of total premiums paid (excluding underwriting extra premiums and taxes) on intimation of death.

It is paid immediately upon notification, and the remaining death benefit is paid after the claim assessment is completed.

Additional Benefits:

Additional benefits include guaranteed yearly additions to boost maturity benefit payout, flexible premium payment terms, and policy term options.

Commenting on the plan, Anuj Mathur, MD and CEO of Canara HSBC Life Insurance, in a press release, said the plan will enable customers to"maximise savings for milestones and achieve financial goals, and provide dynamic returns, crucial in today's scenario." ❑

Advertorial

Event and Happenings at Birla Institute of Management Technology (BIMTECH)

JUMP (Junior Mentorship Programme) Meet

PGDM (Insurance Business Management Programme) of BIMTECH had annual meeting JUMP (Junior Mentorship Programme) for first year students on November, 5th2022 at BIMTECH campus. The event saw the participation of more than 15 alumni working in industry. They interacted with students and the event saw the presence of Director BIMTECH, Dr. Harivansh Chaturvedi who graced the occasion with his presence. Prof. Gagan Katiyar, Prof. Pratik Priyadarshi, Prof. Monika Mittal and Prof. Manoj Pareek were present and felicitated the visiting alumni. The JUMP programme has the objective of creating a platform to foster better relationships between alumni mentors and students that last forever. JUMP aims to bring together alumni mentors and student mentees to help form a rapport and strengthen the connection between them.

Visit of Shri Sakate Khaitan, BoG Member - December 12, 2022 Book Reading/Unveiling Session at BIMTECH

Our board member Shri Sakate Khaitan visited BIMTECH campus on Monday, 12th December, 2022 accompanied by Shri Arun Agarwal, former CEO, Author and Thought Leader and Shri Srinath Sridharan, Strategic Counsel to several Boards, CEOs and Investors and an eminent media columnist. They held a talkabout their new book 'Time for Bharat'- A researched conversation on Governance'.

Mr. Sakate Khaitan, a Senior Partner at Khaitan Legal Associates is an alumnus of London Business School, a Solicitor of Senior Courts of England and Wales. Mr Khaitan is a member Board of Governors BIMTECH.

The book presents an integrated world view to transform Bharat into a human powerhouse such that it becomes a beacon to world again through robust governance ranging from Economic Governance to Education, Healthcare Agricultural, Urban, Industry, Trade, Financial Services, Taxation, Technology, Environment, Energy, Internal Security, Foreign Policy, Defense and Strategic, Legal and Administrative Governance.

The book, 'Time for Bharat' has been put together by a group of 19 authors from various disciplines, and curated and edited by Arun Ganesh and Srinath Sridharan.

The individual chapters have been helmed, apart from the Editors, by an eclectic battery of authors including Mr. Sakate Khaitan member Board of Governors BIMTECH.

Dr Abhijit Chattoraj, writer and Professor at Birla Institute of Management Technology (BIMTECH) has also authored a chapter in the book with his co-author Dr. Nishant Jain, Programme Director with Deutsche Gesellschaftfür International Zusammenarbeit GmbH (GIZ).

Legal Update

Can't deny mediclaim to a vegetarian, insurance company told

A district consumer commission has ordered an insurance company to pay mediclaim with interest to a patient which the insurer had denied on the grounds that he had developed a health complication due to lack of dietary supplement as he is a vegetarian.

The commission directed the insurer to pay the claim by asserting that the patient being a vegetarian is not his fault, and that the company put forth a wrong reason to deny the claim.

The case involved one Meet Thakkar who was treated for giddiness, nausea, weakness and heaviness in the left part of his body in a private hospital for a week in October 2015. He was diagnosed with transient ischemic attack (TIA) and his homocysteine level was found 23.52 against the normal range of 5 to 15. He incurred a medical bill of Rs 1 lakh.

However, the insurer, New India Assurance Co Ltd, denied his claim by quoting a doctor's opinion that Thakkar's hyperhomocysteinemia was caused due to vitamin B12 deficiency which was because of lack of dietary supplements. It cited a relevant exclusion clause to state that the patient's dietary habit caused the complication and hence mediclaim was not payable.

Thakkar sued the insurer in the Consumer Dispute Redressal Commission, Ahmedabad District (Additional). After hearing the case, the commission said that vegetarians may face B12 deficiency, but Thakkar's health complication cannot be construed to have been caused due to his inadequate diet or his own fault. The doctor had said that vegetarian people usually suffer from B12 deficiency, but the insurance company misinterpreted it and refused the claim. The commission ordered the insurer to pay Rs 1 lakh with 9% interest from October 2016, when Thakkar had filed his complaint. The insurer has also been ordered to pay Rs 5,000 as compensation to Thakkar for causing him mental agony and towards legal expenditure.

SC asks Max Life Insurance to settle home loan insurance claim for which it accepted premium before death of Insured

Coming down heavily on Max Life Insurance Corp for postponing insurance for six months after accepting the premium before the death of the insured, the Supreme Court asked the insurer to pay home loan insurance money to the family of the borrower. The apex court also dismissed orders passed by the National Consumer Disputes Redressal Commission (NCDRC) and Haryana State Consumer Disputes Redressal Commission. In this case, the insured died of a heart attack 15 days after paying premium mandated by Axis Bank for a home loan. A week before his death, he also cleared a treadmill test (TMT) for the life insurance policy.

The case is related to the death of Haryana-based Gokal Chand after obtaining a home loan from Axis Bank and paying a premium to Max Life Insurance for life insurance as mandated by the lender.

Mr Chand obtained a home loan of Rs70.99 lakh from Axis Bank. As mandated by Axis Bank, he accepted the life insurance provided by Max Life Insurance. On the same day, the loan was disbursed, and Rs6.24 lakh was paid as an insurance premium to Max Life Insurance by Axis Bank from the loan amount.

Mr Chand had undergone a TMT on 30 July 2017 as a precondition for life insurance and securing the home loan. However, soon after that, he died of cardiac arrest on 8 August 2017. Max Life Insurance refused to settle the loan account when the insurance claim was made. Mr Chand's wife filed a complaint with the Haryana state consumer disputes redressal commission and approached NCDRC. However, observing "there was no privity of contract between the insurer and the insured," the consumer commission dismissed the complaint. ❑

IRDAI Corner

Reinsurance Treaty Agreements covering Fire and Engineering Lines of Business - prohibition of provisions that make for broad market price tariffs

19th December, 2022

1. The Authority has been working on reforms in the Non-Life Insurance Sector to enable ease of business from the viewpoint of Insurers as also to enable choice for insurance buyers/ consumers and create a free-market regime that fosters prudent risk management and loss control. Towards this, the Authority had progressively de-notified various tariffs including the Fire and Engineering Tariffs prices set up by the erstwhile Tariff Advisory Committee.

   In a background of reports and market feedback, the Authority vide its Circular dated 12th May, 2022 clarified that the IIB published only broad-occupancy market average burning costs (commonly now referred to as "IIB rates") for Fire and Allied perils and these were not to be interpreted/ operated as a minimum mandated rate.

2. The Authority has observed that Reinsurance Treaty Agreements in many instances include, as a precondition or prescription, the requirement to apply the IIB published broad-occupancy market average burning costs, as minimum risk rates.

   Such prescription by any Reinsurer that effectively creates / reinstates a market (price) tariff is not in line with the de-tariffed pricing regime currently in vogue and would distort the level playing field intended to be provided by the Authority.

   The said Treaty Agreement provisions do not acknowledge individual risk quality or accident / loss history and effectively discourage risk management along with the loss prevention/ mitigation investments of insurance buyers.

3. The Authority acknowledges that every Reinsurer should have the freedom to price its reinsurance product and freely negotiate terms of trade with its counterparties i.e. 'Cedants' (Insurers).

   However, terms of trade shall not be an impediment on the freedom of the 'Cedant' (Insurer) to freely compete, negotiate, price and assume risks via its own contracts of insurance with its clients i.e. 'insurance buyers'.

The Authority hereby advises all Non-life insurers and reinsurers to ensure that IIB published broad-occupancy market average burning costs rates for Fire and Engineering risks are not embedded as minimum rates within Reinsurance Treaty Agreements applying to the Indian Market for the risks commencing on and after 1st April 2023.

Constitution of Working Group for suggesting the regulatory framework post de-notification of the existing tariffs

Date: 07-12-2022

A. Pursuant to the withdrawal of the tariffs to rates, terms, conditions and regulations applicable to Fire, Engineering, Motor, Workmen's Compensation and other classes of business by the Tariff Advisory Committee vide its circular ref. TAC/7/06 dated 4th December 2006 effective from 1 January 2007, the Authority, vide notification dated 4th December, 2006 stipulated that the Tariff general regulations (other than those relating to rating), terms, conditions, clauses, warranties, policy and endorsement wordings applicable to the above mentioned classes of business as well as Marine Hull insurance business shall continue to be followed until further orders and that the rates of premium may be varied subject to compliance with the Guidelines on 'File and Use' of General Insurance Products.

B. The Authority vide Notification ref No. F. No. IRDAI/Non-Life Insurance/5/171/2020 dated 28th December, 2020 de-notified the tariff general regulations, terms and conditions etc in respect of the following risks within Fire and Allied Perils insurance business governed by the erstwhile All India Fire Tariff, 2001 with effect from 1st April, 2021:
   a) Dwellings: Any Sum Insured
   b) Offices, Hotels, Shops, Industrial/Manufacturing risks etc., where the total value at risk does not exceed Rs.50 Crores across all asset classes at any one location.

C. In order to put in place an effective Regulatory framework post de-notification of the existing tariffs viz. Fire, Engineering and Motor (Own Damage), it is proposed to constitute a Working Group with the following members.
   i) Shri Bhargav Dasgupta, MD& CEO, ICICI Lombard General Insurance Co. Ltd – Chairman of the Working Group.
   ii) Shri Neelesh Garg, MD&CEO, TATA AIG General Insurance Co. Ltd.
   iii) Ms Jasleen Kohli, CEO, Go Digit General Insurance Ltd.
   iv) Shri Jitender Mehndiratta, General Manager, New India Assurance Co. Ltd – Member
   v) Ms C S Radhika, General Manager, United India Insurance Co. Ltd – Member
   vi) Ms. Arti Bhushan Mulik GM - Commercial Underwriting- Universal Sompo
   vii) Ms. R Annam - Head Commercial Underwriting - Cholamandalam
   viii) Shri Parag Gupta, CEO, SCOR Re
   ix) Shri N Rama Swamy, General Manager, GIC Re. - Member
   x) Shri Hitesh Kotak, CEO, Munich Re – Member
   xi) Dr Sandeep Dadia, CEO, Aditya Birla Insurance Brokers Ltd
   xii) Shri Sanjay Kedia, CEO, Marsh India Insurance Brokers (India) Ltd.
   xiii) Shri D V S Ramesh, CGM (Non-Life), IRDAI
   xiv) Shri Pradeep Kumar Singh, Manager, IRDAI
   xv) Shri Hiten Kothari, Appointed Actuary, HDFC ERGO General Ins Co Ltd, Member - Convener

D. The Terms of Refere nce of the Working Group are as under:
   a. To suggest ways forward following discontinuation of tariffs in Fire, Engineering and Motor(OD) lines of business.
   b. To suggest requisite Regulatory framework for Insurers to deploy of optional product structures (such as First Loss, Excess of Loss, Agreed Value) in Property and Engineering lines of business as also to permit short-term and long-term policies for all commercial lines of business;
   c. To examine the relevance of continuing the existing standard products in fire line of business viz Standard Fire & Allied Perils form, Bharat Griha Raksha, Bharat Laghu Udyam Suraksha and Bharat Sookshma Udyam Suraksha.
   d. To suggest a suitable business model for freedom of / increased choice in Motor Insurance products especially with regard to purchase of new motor vehicles and to review the case for discontinuance of MISP.
   e. To examine the scope for new Commercial Lines products for small, medium and large risks.
   f. To recommend the draft Regulatory framework keeping in mind the protection of policyholders' interest post discontinuation of tariffs;
   g. Any other matter which the Working Group feels relevant.

The Working group is advised to undertake extensive consultations with the stakeholders during the course deliberations and before finalising the recommendations. The Working Group shall submit its report in three weeks' time from the date of this order.

Extension of timelines for filing of Health Quarterly Returns to the Authority

06th December, 2022

1. Reference is invited to the circular on Revision of Health Insurance Regulatory Returns vide Circular Ref No. IRDAI/HLT/CIR/MISC/190/9/2022 dated 09th September, 2022.
2. In partial modification of Clause 1. ii of the stated circular, it has been decided that the time limit for furnishing quarterly returns is modified from 5 days to 20 days.
3. All quarterly returns shall be furnished within 20 days from the close of the reporting quarter.
4. All other terms of the circular shall continue mutatis mutandis.
5. These norms are applicable with immediate effect and are applicable to all returns to be filed for 3rd Quarter-Financial Year 2022-23 and onwards.
6. This has the approval of the Competent Authority.

Insurance Caselaws

Whether there is any strait jacket formula for awarding compensation under the heads, pain and suffering and loss of amenities and happiness?

Sri. Benson George
vs.
Reliance General Insurance Co. Ltd
Civil Appeal No. 1540 of 2022

Policy type- Third Party Insurance

The Supreme Court examined its previous decisions in Raj Kumar v. Ajay Kumar and Anr. (2011)1SCC 343 and Lalan D. v. Oriental Insurance Company Limited (2020)9SCC 805, and observed that the amount of compensation to be awarded under the heads, pain and suffering and loss of amenities and happiness cannot be based on a straight jacket formula. It depends upon the facts and circumstances of each case and varies from person to person who has suffered due to the accident. So far as awarding compensation under the head pain, shock, and suffering is concerned, multiple factors are required to be considered namely, prolonged hospitalization, the grievous injuries sustained, the operations underwent and the consequent pain, discomfort and suffering. Similarly, loss of amenities and happiness suffered by the claimant and his family members also depend upon various factors, including the position of the claimant post accident, and whether, he is in a position to enjoy life and/or happiness which he was enjoying prior to the accident. The Court accordingly enhanced the compensation awarded to the claimant under the head loss of amenities and happiness.

What are the rules to be observed for making a proposal for insurance?

Manmohan Nanda
vs. United India Assurance Co. Ltd. and Ors.
I(2022)CPJ20(SC)

Policy type- Overseas Mediclaim Policy-B

The Supreme Court while allowing an insurance claim of the insured under a mediclaim policy summarized the rules to be observed in making a proposal for insurance, namely, (a) a fair and reasonable construction must be put upon the language of the question which is asked, and the answer given will be similarly construed; (b) carelessness is no excuse, unless the error is so obvious that no one could be regarded as misled; (c) an answer which is literally accurate, so far as it extends, will not suffice if it is misleading by reason of what is not stated; (d) where the space for an answer is left blank, leaving the question un-answered, the reasonable inference may be that there is nothing to enter as an answer; (e) where an answer is unsatisfactory, as being on the face of it incomplete or inconsistent the insurers may, as reasonable men, be regarded as put on inquiry, so that if they issue a policy without any further enquiry they are assumed to have waived any further information; (f) a proposer may find it convenient to bracket together two or more questions and give a composite answer; (g) any answer given, however accurate and honest at the time it was written down, must be corrected if, up to the time of acceptance of the proposal, any event or circumstance supervenes to make it inaccurate or misleading.

Effect of delayed notification regarding theft of vehicle?

Jaina Construction Company
vs.
The Oriental Insurance Company Limited and Ors.
I(2022)CPJ119(SC)

Policy type- Motor Insurance Policy

The insurer repudiated the insured's claim in toto on the ground that there was a delay in informing the insurance company regarding the theft of the vehicle. The condition in question mandated the insured to give immediate notice to the insurer of the accidental loss/damage but was given by the insured after a lapse of 5 months from the loss. Relying on Gurshinder Singh v. Shriram General Insurance Co. Ltd. and Anr. 2020 (11) SCC 612, the Supreme Court observed since the FIR was lodged immediately on the next day of the occurrence of theft of the vehicle by the insured and the vehicle could not be traced out, a delay of about five months in informing and lodging the claim with the insurer would not be fatal. The Court held that when the insurer has repudiated the claim only on the ground of delay, and the claim of the insured was not found to be not genuine, the insurer's repudiation could not be sustained. ❑

GROSS DIRECT PREMIUM INCOME UNDERWRITTEN BY NON-LIFE INSURERS WITHIN INDIA (SEGMENT WISE) : FOR THE PERIOD UPTO November 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	418.17	456.45	0.00	54.77	3.80	19.93	953.12	0.58%
Bajaj Allianz General Insurance Co Ltd	1477.69	193.21	200.09	3305.16	2205.93	6.96	359.33	145.18	2505.80	10399.35	6.29%
Cholamandalam MS General Insurance Co Ltd	450.45	84.11	19.17	2637.32	376.16	0.00	15.99	206.15	52.20	3841.55	2.32%
Edelweiss General Insurance Co Ltd	15.86	0.94	3.98	205.46	113.52	0.00	0.05	22.33	2.28	364.42	0.22%
Future Generali India Insurance Co Ltd	334.99	71.84	50.15	968.11	398.23	0.37	43.12	56.09	834.21	2757.11	1.67%
Go Digit General Insurance Ltd	284.67	27.91	40.94	2478.20	488.32	0.00	601.55	93.39	36.05	4051.04	2.45%
HDFC Ergo General Insurance Co Ltd	1248.62	163.39	136.55	3080.87	2886.19	15.26	417.11	444.96	2063.70	10456.66	6.32%
ICICI Lombard General Insurance Co Ltd	2248.47	514.22	424.83	5605.94	3335.76	119.18	572.07	388.14	1188.59	14397.20	8.71%
IFFCO-Tokio General Insurance Co Ltd	709.26	219.71	106.36	2503.99	1488.64	0.00	154.94	90.85	888.70	6162.45	3.73%
Kotak Mahindra General Insurance Co Ltd	47.22	12.65	5.15	320.88	241.36	0.00	0.73	36.04	22.81	686.83	0.42%
Liberty General Insurance Co. Ltd	61.35	27.13	22.54	869.53	220.74	0.00	13.76	15.82	45.87	1276.74	0.77%
Magma HDI General Insurance Co Ltd	186.22	16.55	2.99	1237.99	132.59	0.00	32.74	6.01	-0.74	1614.34	0.98%
National Insurance Co Ltd	844.74	169.19	217.71	3070.41	5323.02	30.30	118.62	368.13	283.04	10425.17	6.30%
Navi General Insurance Co. Ltd	-0.26	0.00	0.00	23.11	26.00	0.00	0.00	0.14	0.02	49.01	0.03%
Raheja QBE General Insurance Co Ltd	17.48	0.00	2.08	245.21	9.26	0.00	45.58	0.34	0.28	320.22	0.19%
Reliance General Insurance Co Ltd	837.33	102.29	154.45	2507.61	999.79	19.52	51.45	119.16	2430.37	7221.96	4.37%
Royal Sundaram General Insurance Co Ltd	214.50	35.79	38.89	1536.47	282.48	0.00	8.67	30.82	6.71	2154.33	1.30%
SBI General Insurance Co Ltd	1070.05	60.06	48.17	1493.34	1181.85	0.04	43.42	623.18	1711.84	6231.95	3.77%
Shriram General Insurance Co Ltd	51.38	1.41	9.91	1288.34	1.44	0.00	3.80	32.07	8.81	1397.16	0.84%
Tata AIG General Insurance Co Ltd	1321.51	428.06	106.12	3893.16	1455.52	59.38	355.38	363.83	226.09	8209.06	4.96%
The New India Assurance Co Ltd	2815.08	626.76	608.64	5547.10	11041.58	200.12	350.97	466.23	880.23	22536.71	13.63%
The Oriental Insurance Co Ltd	1190.02	320.41	230.47	2172.22	5558.11	84.99	99.00	284.78	319.19	10259.19	6.20%
United India Insurance Co Ltd	1348.58	272.94	273.47	3618.72	4637.00	42.26	179.89	339.70	807.52	11520.08	6.97%
Universal Sompo General Insurance Co Ltd	166.78	31.43	7.98	1309.68	210.42	0.00	15.05	91.15	940.72	2773.21	1.68%
General Insurers Sub Total	**16941.99**	**3380.00**	**2710.64**	**50336.99**	**43070.36**	**578.38**	**3537.99**	**4228.29**	**15274.22**	**140058.86**	**84.70%**
Previous Year Sub Total	15237.55	2798.03	2282.47	43008.72	35587.05	595.97	2777.72	3960.02	13921.46	120168.94	
% Growth	11.19%	20.80%	18.76%	17.04%	21.03%	-2.95%	27.37%	6.77%	9.72%	16.55%	
Health Insurers											
Niva bupa health insurance company limited	0.00	0.00	0.00	0.00	2289.49	0.00	0.00	46.67	0.00	2336.16	1.41%
Aditya Birla Health Insurance Co Ltd	0.00	0.00	0.00	0.00	1563.70	0.00	0.00	108.21	0.00	1671.91	1.01%
Care Health Insurance Ltd	0.00	0.00	0.00	0.00	2964.90	0.00	0.00	230.72	0.00	3195.62	1.93%
ManipalCigna Health Insurance Co Ltd	0.00	0.00	0.00	0.00	813.33	0.00	0.00	19.76	0.00	833.09	0.50%
Star Health & Allied Insurance Co Ltd	0.00	0.00	0.00	0.00	7474.56	0.00	0.00	114.91	0.00	7589.47	4.59%
Health sub Total	**0.00**	**0.00**	**0.00**	**0.00**	**15105.98**	**0.00**	**0.00**	**520.27**	**0.00**	**15626.25**	**9.45%**
Previous Year Sub Total	0.00	0.00	0.00	0.00	11890.13	0.00	0.00	431.58	0.00	12321.71	
% Growth	0.00	0.00	0.00	0.00	27.05%	0.00	0.00	20.55%	0.00	26.82%	
Specialised Insurers											
Agriculture Insurance Co Of India Ltd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8950.33	8950.33	5.41%
ECGC Ltd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	724.88	724.88	0.44%
Specialised sub Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**9675.21**	**9675.21**	**5.85%**
Industry Total	**16941.99**	**3380.00**	**2710.64**	**50336.99**	**58176.34**	**578.38**	**3537.99**	**4748.56**	**24949.43**	**165360.32**	**100.00%**
Previous Year Sub Total	15237.55	2798.03	2282.47	43008.72	47477.18	595.97	2777.72	4391.60	23422.86	141992.05	
% Growth	**11.19%**	**20.80%**	**18.76%**	**17.04%**	**22.54%**	**-2.95%**	**27.37%**	**8.13%**	**6.52%**	**16.46%**	
% Market Share	10.25%	2.04%	1.64%	30.44%	35.18%	0.35%	2.14%	2.87%	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 November-2022 (Provisional)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies and Schemes				
		Month of Nov-2022	Upto Nov-2022	Month of Nov-2021	Upto Nov-2021	YTD Variation in %	Month of Nov-2022	Upto Nov-2022	Month of Nov-2021	Upto Nov-2021	YTD Variation in %
1	Individual Single Premium	3900.04	26623.23	3478.67	24543.73	8.47%	106936	751634	100927	714640	5.18%
2	Individual Non Single Premium	7913.6	52636.98	6468.47	44797.23	17.50%	2041519	14858821	2072999	13913777	6.79%
3	Group Single Premium	22334.95	153059.09	16080.96	104577.89	46.36%	133	1290	132	851	51.59%
4	Group Non Single Premium	604.6	3818.94	488.47	1757.49	117.29%	512	3807	525	4488	-15.17%
5	Group Yearly Renewable Premium	705.61	6214.08	660.7	5089.07	22.11%	2984	20189	3488	17244	17.08%
6	**GRAND TOTAL**	**35458.8**	**242352.31**	**27177.26**	**180765.4**	**34.07%**	**2152084**	**15635741**	**2178071**	**14651000**	**6.72%**

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

Sl. No.	Particulars	Month of Nov-2022	Upto Nov-2022	Month of Nov-2021	Upto Nov-2021	YTD Variation in %	Month of Nov-2022	Upto Nov-2022	Month of Nov-2021	Upto Nov-2021	YTD Variation in %
1	Aditya Birla Sun Life Insurance Co. Ltd.	715.92	4626.28	545.02	3263.68	41.75%	21607	137796	15988	127833	7.79%
2	Aegon Life Insurance Co. Ltd.	0.63	2.89	0.72	14.14	-79.56%	61	1422	403	6410	-77.82%
3	Ageas Federal Life Insurance Co. Ltd.	80.8	512.57	71.54	445.39	15.08%	3844	27526	3636	25118	9.59%
4	Aviva Life Insurance Co. Ltd.	28.39	164.73	16.83	156.59	5.20%	2405	14554	1427	12014	21.14%
5	Bajaj Allianz Life Insurance Co. Ltd.	766.48	6512.16	703.98	4735.54	37.52%	47212	347261	36178	256145	35.57%
6	Bharti Axa Life Insurance Co. Ltd.	67.71	561.91	65.15	512.46	9.65%	8054	59242	8017	67158	-11.79%
7	Canara HSBC Life Insurance Co. Ltd.	154.03	1551.63	185.71	1694.68	-8.44%	14773	101238	15460	93648	8.10%
8	Edelweiss Tokio Life Insurance Co. Ltd.	30.3	250.54	30.78	243.58	2.86%	3520	30842	3937	33744	-8.60%
9	Exide Life Insurance Co. Ltd.	0	435.65	77.83	585.95	-25.65%	0	61374	9649	74221	-17.31%
10	Future Generali India Life Insurance Co. Ltd.	39.89	399.51	25.62	241.44	65.47%	3085	23110	3029	20067	15.16%
11	HDFC Life Insurance Co. Ltd.	2723.39	15695.62	1928.6	14214.63	10.42%	87623	529291	64394	542359	-2.41%
12	ICICI Prudential Life Insurance Co. Ltd.	1264.54	9832.11	1251.68	8866.62	10.89%	44041	351266	49380	388758	-9.64%
13	IndiaFirst Life Insurance Co. Ltd.	238.63	1718.28	328.29	1626.7	5.63%	27010	187401	25394	150512	24.51%
14	Kotak Mahindra Life Insurance Co. Ltd.	582.39	4013.03	437.56	3123.2	28.49%	24856	171422	23117	162722	5.35%
15	Max Life Insurance Co. Ltd.	693.88	4607.35	622.58	4272.42	7.84%	45934	320676	42941	342055	-6.25%
16	PNB Metlife Life Insurance Co. Ltd.	280.01	1790.91	196.36	1250.33	43.24%	22698	168276	20582	145459	15.69%
17	Pramerica Life Insurance Limited.	50.32	352.75	21.94	170.8	106.53%	2632	20472	2006	16696	22.62%
18	Reliance Nippon Life Insurance Co. Ltd.	82.38	643.15	104.21	657.57	-2.19%	11543	95105	9994	95100	0.01%
19	Sahara India Life Insurance Co. Ltd.	0	0	0	0	---	0	0	0	0	---
20	SBI Life Insurance Co. Ltd.	2641.71	17694.6	3874.01	15848.91	11.65%	192628	1278172	155296	1068954	19.57%
21	Shriram Life Insurance Co. Ltd.	88.5	643.31	64.03	510.59	25.99%	23862	175353	19148	146672	19.55%
22	Star Union Dai-Ichi Life Insurance Co. Ltd.	224.56	2010.55	198.11	1105.7	81.84%	20235	116894	12699	74128	57.69%
23	Tata AIA Life Insurance Co. Ltd.	672.27	4189.5	459.23	2643.59	58.48%	52211	370935	44997	275762	34.51%
	PRIVATE TOTAL	**11426.73**	**78209.04**	**11209.75**	**66184.52**	**18.17%**	**659834**	**4589628**	**567672**	**4125535**	**11.25%**
24	Life Insurance Corporation of India	24032.07	164143.27	15967.51	114580.89	43.26%	1492250	11046113	1610399	10525465	4.95%
	GRAND TOTAL	**35458.8**	**242352.31**	**27177.26**	**180765.4**	**34.07%**	**2152084**	**15635741**	**2178071**	**14651000**	**6.72%**

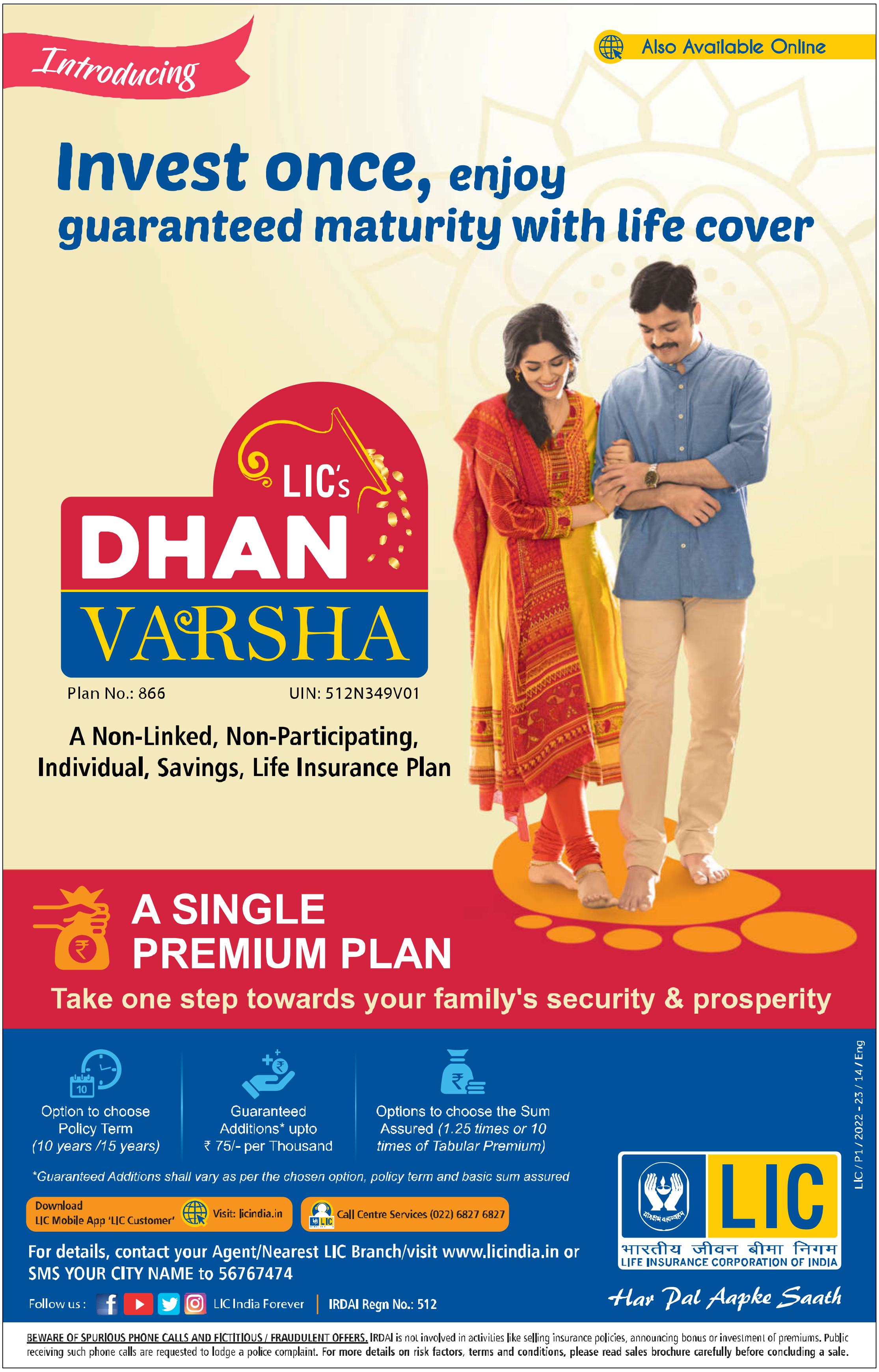
Index of Articles Published during the period *January 2022 to December 2022* in our Journal

"The Insurance Times"

IRDAI mulls longer-tenure general insurance products

IRDAI is said to be exploring general insurance products with longer tenures and has written to the general insurance companies in this regard and formed a working group as well with representatives from the industry.

"The insurance regulator is looking at whether the insurers can increase the tenure of the general insurance products such as motor, health, or property so that the customer benefits," said a senior private sector insurance executive aware of the development.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Source : INDIA TODAY Survey - 2022
16TH GOVERNMENT B-SCHOOLS ALL INDIA
Source : THE WEEK - Hansa Research Survey - 2022
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