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

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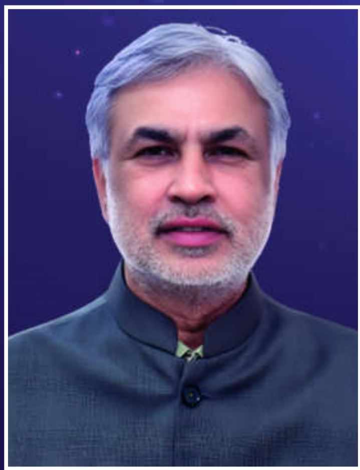

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"Customers /policyholders constitute the fulcrum around whom the dream of insurance for all needs to be woven. "

Prof. Abhijit K Chattoraj
Professor & Chairperson- PGDM-(IBM)
BIMTECH

"The current performance metric has outlived its utility - the way risks manifest, impact, get measured, priced, reported, regulated - all changes. With these threats come some of the biggest business opportunities. "

Praveen Gupta
Thinker & Thought Leader

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Sector-wise list of companies who recruited from 2020-22 Batch

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TOTAL	**51**	**16**

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Editor-in-Chief's Desk

Ram Gopal Agarwala
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IRDAI has directed general and standalone health insurers to offer specific health cover for persons with disabilities (PWD) as well as those with HIV/AIDS and mental illness. IRDAI has advised the insurance companies to mandatorily launch the product after having a board-approved underwriting policy towards ensuring that no proposal from such persons is denied on account of their disabilities or illness.

The policy tenure will be for one year and renewable as per regulatory framework in place. The pricing of the product can be determined by the insurers as per norms laid down in IRDAI (Health Insurance) Regulations, 2016.

IRDAI has also issued new guidelines for general insurers fixing obligations concerning Motor third-party insurance. In a circular, IRDAI said that every general insurer should "underwrite such minimum percentage of insurance business in third party risks of motor vehicles," as specified under Section 32D of the Insurance Act, 1938, after the commencement of the Insurance Laws (Amendment) Act, 2015. In addition, regarding co-insurance arrangement as part of the risk-sharing program, it has been clarified that "inward co-insurance" will not be considered for "reckoning compliance" to the referred rules.

According to the IRDAI Chairman Debasish Panda, India is moving towards personalised and instant insurance, with the use of modern technologies including ChatGPT, web 3.0 and public blockchain. He reiterated that the world is also becoming more and more digital with India being a pioneer in tech and digital. India stack, UPI, Aadhar, and the account aggregator, all put together are a base for financial services. What used to take days, is now being done in seconds.

Recently, InsuranceDekho raised $150 million in a Series A round funding, insurtech unicorn Acko too is in the process of raising around $100 million in an upcoming round and Digit heading for an IPO. Insurance Sector startups are having a good time and hopefully they will help to strengthen the insurance sector.

Recently Mr. Syed Moinuddin Ahmed, Additional Managing Director, Green Delta Insurance Company Limited, Bangladesh has joined as honorary Editorial Advisory Board member of The Insurance Times. We hope our journal will be further enriched with his valuable inputs and suggestions.

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From the Editors Desk

Insurance Education, Awareness and Training – Pillar for Success

Dr. Rakesh Agarwal

The insurance industry in India has witnessed significant growth in recent years, driven by increasing awareness and the growing need for financial protection. Further IRDAI has taken a new drive Insurance for All by 2047 where it is focussing upon bridging the protection gap and reaching out to the last mile to provide insurance coverage. The mission should be not just to bring people under the net of insurance but also to ensure that people have adequate insurance and they really get the benefit once any unforeseen event happens. Normally it has observed that people do not buy adequate cover or maybe they are not advised properly to cover risks they may face.

Similarly there is a need to bridge the gap in coverage of risks being faced by business enterprises. There has been lot of traditional products in market but with change in dynamics of risk and increasing business uncertainty, there will be need for innovative and tailor made insurance products curated according to the need of different entities. In many instances we see the businesses tend to take insurance for fulfilling the statutory requirement rather than the protection angle.

All these challenges can be overcome, if we focus on awareness, education and training for all the stakeholders of the Insurance industry. The level of awareness of consumers' needs a massive boost to make insurance a pull product and make them aware of risks around them so that they can take informed decisions. Some common jingle/theme must be coined by industry so that the message reaches out to all. In Mutual Fund the jingle "Mutual Fund Sahi hai" hit the right notes and the industry benefitted a lot due to it.

An Industry cannot grow unless it has skilled people. Insurance is a technical subject which needs technical skill as well as experience. As the sector grows further, there will be demand of skilled professionals in various areas. The important areas will include Actuarial, Underwriting, Claims, Risk Management, Sales and Marketing, Insurance technology, Consultancy and Advisory services.

Insurance Sector has huge potentials for providing employment opportunity to masses. We need to reach out to the young talents about the potential of Insurance Industry and the scope of employment that it offers. We need to catch them young by introducing financial inclusion subject very early in school life so that when they grow up, they understand the meaning of protection and they adequately protect themselves, their family and business. Government new education policy must take note of this and include it in the curriculum wherever possible. If the people are adequately protected the need for government dependence will reduce.

Currently training in not on prime agenda in Insurance Industry in India and it comes last in bouquet of priority. Insurance Industry as a whole needs to focus more on training and continuous professional development of its employees, Insurance agents, Intermediaries and all stakeholders in the value chain of the industry. An informed and educated work force will be an asset to the industry and will act as a catalyst in growth of the industry. Insurers/Intermediaries must have regular upskilling and reskilling programmes for existing workforce. In fact IRDAI must earmark a percentage from profit/turnover which needs to be mandatorily spent on education and training.

As the industry continues to evolve, all the stakeholders including the regulators must come together to chart out a future strategy to focus on education and training which may prove to be a game changer in providing better products and services and will help to reach out to the masses.

Guest Editorial

Prof. Abhijit K Chattoraj
PhD ; Chartered Insurer, ACII(UK),FIII,MBA,PGDHRM, CRICP(UK)
Professor & Chairperson- PGDM-(Insurance Business Management)
Birla Institute of Management Technology

Contract Uncertainty – The crippling blow to protect policyholders' interests

The regulator's mission statement (The IRDAI) proclaims to protect policyholders' interests and secure fair treatment. Similarly, the regulator's press note 'Insuring India by 2047 - New landscape for Insurance Sector' categorically articulates that by 2047 there will be 'Insurance for All.' The regulator wants to consolidate the needs and aspirations of insurance customers (policyholders) one of the three pillars of the entire insurance ecosystem to realise the above dream. The Protection of Policyholders' Interests Regulations 2017 categorically mentions that steps must be taken to ensure that during policy solicitation and sale stages, the prospects are fully informed and made aware of the benefits of the product being sold vis-a-vis the product features attached. It further adds the terms and conditions of the product so that the benefits /returns of the product are not misstated/misrepresented.

It is evident from the above assertions that customers /policyholders constitute the fulcrum around whom the dream of insurance for all needs to be woven. Insurance is a contract, and like any other contract, one of the parties has to make the offer, and the other party has to accept the terms of the offer before the contract is effected. It may be noted here that contract of insurance is not the written Policy, and it occurs independently of the Policy – the policy is just the evidence of the terms of the contract, which are called conditions. A breach of a condition allows an insurer to avoid a policy or a liability falling within the scope of the Policy, depending on its construction.

Unfortunately, in the Indian insurance market, understanding these conditions are highly flawed; as a result, unsuspecting insurance policyholders suffer a lot. There is an element of great distrust, compounded by the widely varying practices lacking clarity and, thus, capable of weird interpretations.

Four conditions apply to all contracts of insurance and are called implied conditions. They are as follows – 1) Insurable interest in the subject matter of insurance; 2) the existence of subject matter of insurance at the time the insurance is effected 3) Proper description of the subject matter so that it can be easily identified, and 4) observance of good faith all along towards one another right from the negotiation starts, leading up to the conclusion of the contract and throughout its existence.

Most of the implied conditions are Conditions Precedent of the Contract, which in the event of a breach, render the contract void ab initio. As we see, even mere misdescription can make the policy void right from the beginning and can be a significant deterrent to the growth of the insurance business. This condition is, therefore, modified and reproduced as condition No- 1 In fire policy to dilute its effect. The condition reads as 'THIS POLICY shall be voidable in the event of misrepresentation, mis-description or non-disclosure of any material particular."

In the absence of this express condition, the Policy has to be avoided if the misdescription goes to the root of the contract. But thanks to this express condition, the Policy becomes voidable at the insurer's option and only when the breach is material.

But insurers in India don't display the same generosity or business sense when it comes to a health insurance policy which maintains that a policy shall be void and all premium paid thereon shall be forfeited to the company in the event of misrepresentation, misdescription or non-disclosure of any material fact. The implication of this condition is very grave. Even at an innocent misrepresentation by the insured, the insurer can void the Policy itself. In health insurance, there are umpteen examples of innocent misrepresentations or non-disclosure.

A close look at condition no-8 of a Motor policy (private car) makes an exciting revelation. The condition states that due observance and fulfilment of the terms, conditions and endorsements of this policy in so far as they relate to anything to be done or complied with by the insured and the truth of the statements and answers in the said proposal shall be condition precedent to any liability of the Company to make any payment under this policy.

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General Insurance News

New India Assurance PAT up 27% in 9-month period

New India Assurance posted a net profit of Rs. 900 crore for the nine-month period ended December, up 27.2 per cent on year even as gross premium growth was muted at 1.9 per cent. The profit before tax increased by 33 per cent to Rs. 1,086 crore.

For the reporting quarter, the insurer posted profit after tax of Rs. 749 crore, up 52.4 per cent on year. "The muted growth in premium was due to the same period during the previous year recording significant revenues from the crop line of business and some government business, which were not there this year as also shedding certain loss-making businesses," said Chairperson and MD Neerja Kapur.

Property line of business performed well, and the health line of business showed improved results during the period. Adverse development of claims in crop line of business and severe competition in motor line of business adversely impacted the results during the period, she added.

PSU insurers to digitize motor policy settlement to stay in race

State-run general insurers Oriental Insurance, National Insurance, New India Assurance, and United India Insurance, are completely digitizing their motor insurance policies to prevent ceding market share to private sector rivals.

According to people aware of the development, these general insurers, who are part of General Insurance Public Sector Association (GIPSA), are empanelling digital service providers (DSPs) as their agents to process and manage motor insurance policies, with claims up to Rs. 50,000.

The four insurers are embracing a new digital approach to boost an essential part of their insurance operations and free up time to concentrate on more lucrative policies. With their market share in the motor insurance sector hovering around 34% and on the decline, the digital drive is expected to help reinvigorate this segment. Over the past decade, the four insurers saw their motor insurance business lose ground to private sector rivals who had less than half the market in 2009.

Top insurers compete to cover Air India fleet

Top insurance companies, are competing to provide insurance cover to Tata Group-owned Air India's fleet for the next financial year (2023-24). This includes insurance cover for new planes that would be delivered in the next financial year.

Insurance executives say a large number of multinational companies based in Europe have met Air India executives in London to discuss the contours of the insurance cover.

Last year, insurance companies jointly provided $12 billion insurance cover to Air India (for its 117 aircraft) and Air India Express (for its 24 aircraft). The airline had paid an insurance premium of about Rs. 300 crore.

5 PSU insurers have Rs. 347-cr exposure to Adani firms

Five state-run general insurance companies have a total exposure of Rs 347.64 crore, or 0.14 per cent of their total assets under management (AUM), in Adani group of companies, the Finance Ministry said.

In a written reply to a question by Congress' Manish Tewari, Minister of State for Finance Bhagwat Karad said Life Insurance Corp (LIC) held Rs 35,917.31 crore in debt and equity of Adani group of companies as on December 31, 2022. This is 0.97 per cent of its total assets under management (AUM) of Rs 41.66 trillion.

Karad also said that as per information received from state-owned general insurers, their exposure to Adani group of firms was even less.

Prosecution starts against e-insurance intermediary

Goods and services tax (GST) authorities have initiated prosecution against a leading online insurance intermediary for allegedly generating bogus invoices of around Rs. 100 crore in the name of marketing and sales service.

The intermediary, based in Bengaluru, got prosecution notice in January from the Directorate General of GST Intelligence (DGGI).Following this, the top management of the firm has been questioned.

"The intermediary has been asked to provide proof/evidence of the service (they claimed) against which invoices were raised. In the absence of proof, the owners could face rigorous punishment," a source in the DGGI said.

According to Section 122 of the Central GST Act, "issuing an invoice without supply" attracts a penalty and imprisonment up to five years if the amount involved is Rs. 5 crore or above. The offence is not bailable.

The move is to widen the investigation the DGGI has launched against insurance companies allegedly paying commissions as high as 70 per cent to intermediaries like these and even offline agents.

The limit is 15 per cent, prescribed by the Insurance Regulatory and Development Authority of India (IRDAI). Explaining the modus operandi, sources said insurance companies had formed an arrangement with intermediaries "to pass on ineligible input tax credit (ITC)" in the guise of marketing service and raising fake invoices.

These intermediaries generate two invoices, one under the pre-scribed limit and the rest as marketing- or sales-related spend, they said.

DGGI sources said these companies had been using this method to take ineligible ITC.

Gujarat HC tells oreva to pay Rs. 10 lakh each to kin of dead

The Gujarat high court ordered Oreva Group - managing the Morbi suspension bridge when it collapsed on October 30, 2022- to pay Rs 10 lakh to the next of kin of the 135 persons killed, and Rs 2 lakh to the 56 injured, as interim compensation.

The court perused compensation orders from cases such as the Bhopal gas tragedy and the Uphaar Cinema fire holding private companies liable for man-made calamities. The bench of Chief Justice Sonia Gokani and Justice Sandeep Bhatt then accepted 55% liability apportionment on the private player.

However, the bench only directed Oreva to match the compensation paid by the state government and Centre combined at this juncture, keeping the clock manufacturing company's liability at 50%

The state government has paid Rs 8 lakh and the Centre Rs 2 lakh as compensation for each death, while those injured have received Rs 2 lakh each.

Insurance Regulator Update

Insurance moving towards real time coverage

The Indian insurance industry is undergoing a transition led by the digital revolution and innovations in the payments sector in the country, and moving towards more real time coverage aided by technology and datasets, according to IRDAI Chairman Debasish Panda.

"For insurance, times are changing. We will be venturing into the world of continuous underwriting and seamless insurance," Panda said at the IVCA (Indian Private Equity and Venture Capital Association) Conclave.

Conventional insurance is being altered owing to which "highly tailored offerings" will be available on the table as insurers start handling massive data sets from various sources using quantum computing, he said, adding that this will revolutionize risk modeling and decision making.

Citing the example of motor insurance, he said drivers will be able to see how their insurance costs fluctuate every minute depending on the route they travel, the state of the roads and the way they drive - these will encourage them to drive more safely.

More insurance players, wider range of products key to achieve insurance for all goal by 2047: IRDA Chairman, Debasish Panda

India needs more number of insurance players, much wider range of products and also more distribution partners to achieve the insurance for all goal by 2047, IRDAI chairman Debasish Panda said here. The insurance sector was opened up more than two decades ago and the market has grown much bigger, but still there is too much scope for faster and deeper growth, he said addressing the annual summit of the Indian Private Equity and Venture Capital Association.

In the past five years, the sector has grown 10 per cent each year, still insurance penetration is too low at 4.2 per cent in 2021 and we need to cover much more, he said.

"We're a diverse nation of 1.4 billion people. We can't have a one-size-fits-all approach, instead we need more unique products that can meet the insurance needs of both the super rich as well as the very poor. And such unique products cannot be served by the limited number of players we have today at 70.

Come out with insurance products for persons with disabilities, mental illness: Irdai to insurers

Regulator Irdai has asked general and standalone health insurers to offer a specific cover for Persons with Disabilities (PWD), persons afflicted with HIV/ AIDS, and those with mental illness.

In a circular, the Insurance Regulatory and Development Authority of India (Irdai) asked the insurers to determine the price of the product in line with the IRDAI (Health Insurance) Regulations, 2016 (HIR, 2016).

The insurers have been directed to put in place a Board-approved underwriting policy that ensures that no proposal from these categories of population is denied insurance cover. The policy tenure of the product should be for one year and is renewable as per regulatory framework.

General and standalone health insurers, who have been issued a Certificate of Registration to transact General and/or Health Insurance Business, have been asked to mandatorily launch and offer their respective product immediately.

Irdai has been set up to bring about speedy and orderly growth of the insurance industry (including annuity and superannuation payments), for the benefit of the common man. ❑

Health Insurance News

Spread Covid awareness: IRDAI to insurers

IRDAI has asked insurance companies to reach out to people to increase awareness, given the resurgence of coronavirus in some parts of the world.

Insurance companies said that the regulator had asked them to run campaigns to communicate the importance of precautionary measures like wearing masks and getting vaccinated. IRDAI has also asked companies to push sales of health insurance plans, including the 'Corona Kavach', which was designed to cover the risk of Covid infection.

Last financial year, life insurers settled nearly 2.3 lakh death claims arising out of Covid in FY22 by paying out Rs 17,269 crore, and health insurers paid Rs 24,362 crore towards 26.5 lakh Covid claims. Overall in health insurance, companies received 2.4 crore claims for Rs 93,840 crore during the year. Of this, they paid out 2.2 crore claims for Rs 69,498 crore. They disallowed 15% of the claims as per the terms of the policy and repudiated 9% of the claims by value.

Industry persons said that the regulator had reached out to insurance companies and intermediaries. "This is only to increase awareness. There is no indication either from the companies or the government that the number of cases is going up," said a senior executive in the non-life company.

India's retail health insurance market can give 20% RoE annually

India's retail health insurance sector has the potential to give a 20% yearly return on equity (RoE), according to a report by Avendus Capital, even as the sector has seen a surge in demand fuelled by a rise in policy purchases by families and individuals post covid.

The retail health insurance segment covers only health insurance policies that are bought by individuals or families.

The report, "Retail Health Insurance: A Large Whitespace," has also forecast a market size of $25 billion for this space by FY27, a 5.3x jump from the $4 billion recorded in FY22.

"In India, the health retail health insurance segment is currently dominated by five standard health insurers (SAHIs): Religare-led Care Health Insurance, Niva (Max) Bupa Health Insurance, Aditya Birla Health Insurance, Star Health and Allied Insurance and ManipalCigna Health Insurance," the report by the investment banking firm further noted.

These entities have disrupted the market to capture over 50% share and are expected to be the biggest beneficiaries of growth within the segment, the study said, adding that these companies have received significant interest from global and domestic investors alike in the past.

For instance, last year, Aditya Birla Health Insurance bagged Rs. 665 crore from Abu Dhabi Investment Authority (ADIA) while Religare Enterprises Ltd was in the process of raising Rs. 300 for Care Health Insurance via a rights issue.

"SAHIs have established a presence in the retail health segment. Awareness of health insurance post-Covid has acted as a strong catalyst. Given that the distribution of retail health is primarily individual agent driven, SAHIs' single product focus and distribution arbitrage over multi-line insurers provide them with a competitive advantage," said Snigdha Khemka, director - consumer, financial institutions group (FIG) and business services, Avendus Capital.

For investors, retail health insurance will continue to be one of the most exciting segments within the overall non-life insurance or general insurance space. ❑

Life Insurance News

LIC's April-December profit surges to Rs 22,970 crore

LIC has reported a net profit of Rs 22,970 crore for the nine months ended December 2023 - a multifold increase over the net profit of Rs 1,672 crore in the year-ago period.

The current period profit has increased due to transfer of an amount of Rs 19,942 crore (net of tax), pertaining to the accretions on the available solvency margin, from non-participating (non-par - where profits are not shared with policyholders) account to shareholders' account.

LIC chairman M R Kumar said LIC was studying the impact of the Budget. He said high-value policies with annual premium of over Rs 5 lakh comprised only 0.12% of total policies and around 1.8% of premium. "We have sought clarification on how the tax would be applied if premium across multiple insurers is Rs 5 lakh in a year," said Kumar.

More than 50 million citizens subscribe to Atal Pension Yojana: PFRDA

Pension Fund Regulatory & Development Authority (PFRDA) said more than 5 crore people have enrolled under Atal Pension Yojana (APY), the fagship social security scheme of the central government.

The scheme has done very well in the calendar year 2022 by enrolling more than 1.25 crore new subscribers in comparison to 92 lakh new subscriber's enrolment in the calendar year 2021, PFRDA said in a statement.

Till date, 29 banks have already surpassed the annual target allocated by the government of India, it said.

In the public sector bank category, Bank of India, State Bank of India and Indian Bank have achieved the allocated targets, while in the Regional Rural Bank (RRB) category, 21 banks have achieved the allocated targets, with the highest achievement by Jharkhand Rajya Gramin Bank, Vidharbha Konkan Gramin Bank and Baroda UP Bank, it said.

PFRDA, in line with the saturation drive as announced by Prime Minister Narendra Modi in his Independence Day speech of 2021, took various initiatives for outreach of the scheme, it said.

Few positive trends have been noticed in the profile of the subscribers as currently enrolments of females in the scheme has grown to 45 per cent of total enrolments, in comparison to 38 per cent, as recorded in 2017.

Similarly, subscribers between age 18 and 25 years have grown to 45 per cent of total enrolments, in

M Jagannath, Tablesh pandey recommended for LIC MD posts

The Financial Services Institution Bureau screened the biodata of six candidates for the positions of Managing Directors in Life Insurance Corporation of India(LIC) and has recommended the name of M Jagannath for the first vacancy of Managing Director in LIC of India and Tablesh Pandey for the second vacancy of Managing Director in LIC of India. However, the final appointment needs to be approved by the Appointments Committee of Cabinet.

As of now, the LIC has four MDs and two of them are set to retire in the coming two months. The two directors of LIC who will retire include Raj Kumar and BC Patnaik. M Jagannath and Tablesh Pandey are most likely to fill the two positions after the two current MDs of LIC retire following the end of their term.

comparison to 32 per cent recorded in 2017. As on date, total assets under management (AUM) in APY is also more than Rs 25,000 crore, it said.

Under the scheme, a subscriber would receive a minimum guaranteed pension of Rs 1,000 to Rs 5,000 per month from the age of 60 years, depending on their contributions, which itself would vary based on the age of joining the APY, it said.

The same pension would be paid to the spouse of the subscriber after the demise of the subscriber and on the demise of both the subscriber and spouse, the pension wealth as accumulated till age 60 of the subscriber would be returned back to the nominee, it said.

Advantage Mutual Funds after tax blow on MLDs, insurance

The Rs 40-trillion mutual fund (MF) industry is expected to benefit from stripping tax advantages off high-ticket insurance products and market-linked debentures (MLDs) in the latest Budget.

"With the attractiveness of MLDs and big-ticket insurance investments diminished, HNIs may allocate more towards debt mutual funds," said N S Venkatesh, CEO of the Association of Mutual Funds in India (Amfi).

"Mutual funds would benefit from the change in the taxation of insurance products and MLDs. Limits on capital gains on real estate investment also augurs well for debt funds," said A Balasubramanian, managing director and chief executive officer, Aditya Birla Sun Life AMC.

In the latest Budget, the government has proposed higher taxes on MLDs by imposing a short-term capital gains tax, irrespective of the investment time frame. As of now, investments in MLDs for more than a year qualify for long-term capital gains tax at 10 per cent. With the change in taxation, investors will have to pay tax at their slab rate, which can be as high as 30 per cent.

However, this may not be the end of the road for MLDs, feel analysts. "MLDs may have lost the tax advantage but they remain a unique offering.

These are still one-of-a-kind quasi-equity products that come with downside protection," said Dhaval Kapadia, director, portfolio specialist, Morningstar Investment Adviser India.

In the case of insurance, the government has removed tax exemptions for insurance policies with premia of over Rs 5 lakh.

MLD is a structured product that provides returns based on the performance of an underlying index or security. Since most MLDs offer principal protection, they are deemed to be a fixed-income investment option. As MLDs require a minimum investment of Rs 10 lakh, their investors are mostly HNIs.

No plan to exit Adani stocks: LIC chairman

LIC chairman M R Kumar said that fluctuations in Adani Group stocks' prices would not impact the corporation's bottom line, and that the market value of LIC's investment in Adani shares is considerably higher than their book value. Kumar added that no provisioning was required in respect of Adani companies as the debt is a 'standard asset'. LIC makes provisions for diminution in the equity value on a portfolio basis and not for individual stocks, he said.

The chairman said that the corporation did not have plans to sell its stake in Adani Group companies. "At least two of the group companies, in which we were invested for decades, were later acquired by Adani Group. If some foreign or sovereign funds are exiting, that is how they do their business. We buy and hold for the long term. Why should we be selling ACC & Ambuja now?" said Kumar.

LIC had earlier sought a meeting with Adani Group in the wake of the rout in share prices. Kumar confirmed that LIC had sought a meeting but said there was no timeline. "We want to understand what's happening in the markets, why it is happening, and if they can throw some light on it. We want to know their business profile, what they are planning to do and how they will manage," said Kumar.

Kumar reiterated that LIC's exposure to Adani Group is 0.97% of its total assets under management, and its exposure to the group is Rs 35,917 crore. The book value of LIC's investment in equities is around Rs 6.9 lakh crore, and the book value of the investment in Adani Group is just 4.2% of that figure.

Kumar said that LIC's investment in Adani Group companies is well within limits prescribed by the insurance regulator.

Punjab National Bank to divest stake in Canara HSBC OBC Life Insurance

Punjab National Bank (PNB) will divest its stake in Canara HSBC OBC Life Insurance Co, the lender said.

PNB had acquired a stake in the life

insurer post amalgamation of the erstwhile Oriental Bank of Commerce (OBC) into itself last fiscal year.

"The bank intends to divest its stake in Canara HSBC OBC Life Insurance Co. Ltd, an associate of the bank, at an appropriate time depending upon market conditions and available options," PNB said in a regulatory filing.

The erstwhile OBC held 23 per cent stake in the life insurer, which by virtue of amalgamation has come to PNB.

Canara Bank owns 51 per cent stake, while HSBC Insurance (Asia Pacific) Holdings Ltd as a foreign partner owns 26 per cent.

Centre lost around Rs.84,000 crore due to the 80C deduction in FY22

In FY22, India is projected to have foregone Rs. 1.43-lakh crore by allowing incentives to income taxpayers. This is a 12 per cent increase from the revenue Impact of major income tax Incentives for in FY21, which was Rs. 12.82-lakh crore. However, it is much lower than the pre-pandemic figures of Rs. 1.55-lakh crore.

A major chunk of this money, 58.4 per cent of it, comes from deductions claimed on account of investments and payments under Section 80C of the Income Tax Act. This Section allows individuals and Hindu Undivided Families a maximum deduction of Rs. 1.5 lakh every year from the total income.

This includes investments made under Public Provident Fund (PPF), Employees' Provident Fund (EPF), LIC premia and equity. In FY22, the centre is projected to forego Rs. 84,080 crore, on account of this incentive. This is, however, not part of the new tax regime. This could also mean that in FY22, not many chose to move to the new income tax regime.

"The revenue impact for providing a tax incentive for investments in various saving instruments, repayment of housing loan and payment of tuition fees for children is the single largest tax expenditure in case of individual taxpayers followed by rebate on tax in case of resident individuals having income up to Rs. 5 lakh, deduction on account of health insurance premium and contribution to the new pension scheme," reads the receipt budget for FY24.

The next biggest contributor is Section 80D, which is around Rs. 7,231 crore. Every individual or HUF can claim a deduction from their total income for medical insurance premiums paid up to Rs. 25,000 in any financial year. In the case of senior citizens, the deduction limit allowed is Rs. 50,000.

The amount under this Section has been rising every year and in FY22, it is projected to have jumped by 12 per cent, compared with FY21, indicating that more people are taking up health insurance.

Life insurers to approach FinMin seeking clarity on Budget tax announcement

After the Union Budget for 2023-24 proved to be a dampener for the life insurance industry, sector players are now joining hands to approach the Finance Ministry likely to seek a rollback of or clarity on the tax announcement. The most crucial thing being sought is to increase the tax exemption limit to Rs. 10 lakh from Rs. 5 lakh announced in the Budget, and to make the cap applicable on single policies and not on the cumulative policies held by an individual.

According to sources instead of individual companies, life insurers are expected to make a representation via the Life Insurance Council or one of the CFO industry groups and that IRDAI will be kept in the loop.

The Budget proposed limiting tax exemption from proceeds of insurance policies with very high value. Effective April 2023, aggregate premium from policies other than ULIPs, of over Rs. 5

GST authorities summon insurance intermediaries

Widening its probe in the bogus invoicing case against insurance intermediaries and aggregators, the Goods and Services Tax (GST) authorities issued summons to several of them seeking extensive information.

The information sought includes their agreement and contract with insurance companies, total input tax credit passed to them since 2018-19, along with supporting documents proving rendering of services. The summons were issued in connection with the Directorate General of GST intelligence (DGGI) probe launched in 2022 against at least 16 insurance companies for allegedly availing input tax credit in a fraudulent manner.

These intermediaries allegedly generated bogus invoices in the guise of marketing and sales in collusion with insurance companies. "The summons have been issued under section 70 of the Central GST Act to some of the intermediaries," a source said.

"Some of them provided partial information, but in many cases they failed to prove the services rendered against which invoices were raised," the source added. The GST authorities recently launched prosecution proceedings against a listed e-intermediary. "The matter is still ongoing and the company concerned sought some time to furnish details," the source said.

InsuranceDekho raises $150 m in series a funding

InsuranceDekho, an insurtech platform owned by CarDekho Group, has raised $150 million in Series A funding consisting of a mix of equity and debt from Goldman Sachs Asset Management and TVS Capital Funds along with participation from Investcorp, Avataar Ventures and LeapFrog Investments.

InsuranceDekho was founded by Ankit Agrawal and Ish Babbar in 2016. Speaking about the fundraise, Agarwal said, "it is a good time to have capital in the bank. It just puts InsuranceDekho in a better place than a lot of other players. We would want to spend the money expanding into real Bharat, and focus on how can we go from 160 cities operations to 300-400 cities. We want to spend more on the tech products, and a couple of M&A opportunities that we have identified, among other things."

The latest funding will also be used by InsuranceDekho to launch new innovative products in the health and life categories, grow the company's micro, small & medium enterprise (MSME) insurance business, and strengthen its leadership team. The company aims to achieve annualised premium run-rate of Rs. 3,500 crore by March 2023. Agarwal also noted that the company's burn rate has always been low and he expects InsuranceDekho to become profitable in the next year.

lakh, will be taxable under 'Income from Other Sources'. Following the announcement, shares of listed life insurance companies fell 8-12 per cent.

Insurers have said that while the impact on their bottomline will be minimal due to the taxation being applicable only on high value policies, demand for such covers is likely to fall substantially in the absence of any tax benefit, as traditional products have largely been sold as stable, tax free return on investment.

60% life, health insurers see rapid rise in fraud

About 60 per cent of Indian insurance companies are seeing a rapid increase in insurance fraud, especially in the life and health insurance space, according to Deloitte's Insurance Fraud Survey 2023.

"An overwhelming majority of respondents across life and health insurance have indicated that they witnessed a significant increase in fraud over the last two years. Sixty percent indicated a significant increase while 10 percent showed a marginal increase in fraud incidents," the survey said.

Further, even as insurers consider mitigating fraud as a priority, only 60 per cent of the respondents plan to increase their budgets marginally whereas the rest are likely to keep investments at the same level, the survey showed.

The survey, conducted in Q2FY23, is based on qualitative interviews with key stakeholders/senior management across leading private insurers.

The major factors contributing to the rise in frauds include increased digitisation, remote working post the pandemic and weakened controls. The survey showed that the top five challenges faced by insurers include issues with data protection and privacy, lack of information sharing amongst insurers, problems with data quality, limited use of analytical tools in case of fraud detection and keeping up with the modern fraudster modus operandi.

LIC's M R Kumar likely to get another term as chairman

The chairman of LIC is likely to get another term in office. Highly placed sources said that MR Kumar, Chairman, LIC, may get another 6-12 months of additional term in office. Kumar is set to step down on March 13.

Finance Ministry looking into life insurers' tax relaxation plea

The relaxations sought by the life insurance industry on the Budget announcement of taxing high-value policies with premiums of Rs. 5 lakh and above are currently under examination by the finance ministry.

Although deliberations are going on with the industry, no final decision has been taken on this matter, a senior finance ministry official said. The Centre, in this year's Budget, proposed to tax proceeds from high-value life insurance policies (non-unit linked plans).

This is to plug the arbitrage that high net worth individuals (HNIs) are using to get tax-free returns on their high-value insurance policies through Section 10 (10D) of the Income Tax Act. Soon after the announcements, the life insurance industry agreed with the government's broad idea of taxing HNIs.

Further, instead of taxing the proceeds from these policies under income from other sources, which could result in negative returns for the policyholders (adjusted for inflation), the benefits of redefined super HNI should be taxed under long-term capital gains (LTCG) with indexation benefits. This is given the long-term nature of the products. ❑

International News

Asia-Pacific reinsurance growth to be hindered by natural hazard losses and inflation in 2023

With the Asia-Pacific (APAC) region's exposure to extreme weather events leading to unsustainable natural hazard losses and high inflation worsening them, reinsurers in the region will face challenges in their growth in 2023, says GlobalData, a leading data, and analytics company.

GlobalData's insight report, 'Reinsurance Market Size and Trends Analysis by Region, Business Lines, Top Markets, Regulatory Overview and Competitive Landscape, 2021-2026' reveals that APAC's reinsurance sector is set to grow at a compound annual growth rate (CAGR) of 7.6% from $171.4 billion in 2021 to $246.8 billion in 2026 in terms of ceded premiums.

APAC's top five reinsurance markets in terms of ceded premiums are – Japan, China, Australia, Hong Kong, and South Korea. They collectively held an 84% share of APAC's market in 2021.

Deblina Mitra, Senior Insurance Analyst at GlobalData, comments: "Increase in cost of claims due to the high inflation is adding pressure on reinsurers' profitability. To reduce this, reinsurers are limiting coverage on loss-making lines, raising premiums, and pushing for higher deductibles by insurers. This in turn will prompt insurers to increase premium prices and retention levels to make a reserve for higher deductibles. For instance, Australian insurer IAG, in its January 2023 renewal of catastrophe reinsurance programs increased retention by 75% compared to July 2022."

Aviation, marine, cyber, political violence, and trade credit insurance lines are anticipated to remain vulnerable to the ongoing Russia-Ukraine war losses in 2023. Insurers in the APAC region are also struggling to find suitable coverage for war risks for shipment of goods and natural gas supplies around the conflict zone as traditional reinsurers are exiting this line of business.

Mitra adds: "However, regulatory developments across the APAC region would have positive impact on reinsurance growth over the coming years."

For example, reinsurance in Japan will benefit from the planned implementation of higher capital standards for insurers in 2025. The regulation is expected to create demand for reinsurance as it will put pressure on life insurers to increase reinsurance to reduce asset risks. Japan accounted for 35.2% of Asia's ceded premiums in 2021 and is forecast to grow at a CAGR of 4.1% over 2021–26.

In China, reinsurers will benefit from the new regulation on reduced entry barriers. The regulation gives preferential treatment to foreign reinsurers if their solvency regulatory system is recognized in China. After this development, Mapfre Re established a subsidiary in China in 2022. China held a 25.6% share of the APAC's ceded premiums in 2021. The ceded premium in China is expected to grow at a CAGR of 12.4% over 2021–26.

Mitra concludes: "In 2023, reinsurers in APAC will focus on risk management and limit their loss exposure due to the ongoing Russia Ukraine conflict and high inflation. The long-term growth, however, will remain stable due to favorable regulatory developments which will create new business opportunities for reinsurers."

IoT Deciphered

Prof Pratik Priyadarshi
Associate Professor
Birla Institute of Management Technology, Greater Noida

This technology can be used in the insurance industry to improve risk assessment, claims processing, and preventive measures. For example, IoT devices such as smart home systems and wearable technology can gather data on a person's behavior and environment, which can be used to assess their risk of accidents or illnesses.

What is IoT ?

The Internet of Things (IoT) refers to the growing network of physical devices, appliances, vehicles, and other objects embedded with electronics, software, sensors, and connectivity which enables these objects to connect and exchange data. These connected devices can be remotely monitored and controlled through the internet, allowing for increased efficiency and automation in a variety of industries, such as manufacturing, transportation, and healthcare.

What is the relevance of IoT in our lives?

IoT has the potential to greatly impact and improve many aspects of our lives, including:

- **Smart homes:** IoT-enabled devices such as thermostats, lighting, and security systems can be controlled remotely and automatically, making it easier to manage and maintain a comfortable and secure living environment.
- **Smart cities:** IoT can help cities to become more efficient and livable by collecting and analyzing data on traffic, air and noise pollution, and other environmental factors.
- **Healthcare:** IoT devices can help individuals to better manage their health by tracking vital signs and providing reminders for taking medication. Wearable device can also help in Remote Monitoring, allowing doctors to track patient health remotely.
- **Industry 4.0:** IoT can help industries to improve efficiency and productivity by collecting and analyzing data on everything from machinery and equipment to inventory and supply chain logistics.
- **Transportation:** IoT can be used to improve traffic flow, optimize delivery routes, and reduce fuel consumption.
- **Agriculture:** IoT devices and sensor networks can be used to monitor soil conditions, water usage, and crop health, helping farmers to optimize yields and reduce waste.

Overall IoT has the potential to improve the quality of our lives and make many tasks more efficient and convenient, but it's also important to keep in mind that with the adoption of IoT, there are also new security, privacy and ethical concerns that need to be address properly.

What are the Challenges of IoT

This is a rapidly growing technology with many potential benefits, but it also poses a number of challenges that need to be addressed. Some of the main challenges of IoT include:

- **Security:** As IoT devices become increasingly connected and integrated into our daily lives, they also become more vulnerable to hacking and cyber-attacks. Ensuring the security of these devices and the data they collect and transmit is a major concern.
- **Privacy:** IoT devices collect and transmit large amounts of personal data, which raises concerns about how this data is used and protected. Ensuring that personal data is collected, stored, and used in a way that is compliant with privacy laws and regulations is an important challenge.
- **Interoperability:** IoT devices and systems are often developed by different manufacturers and use different communication protocols, making it difficult for them to work together seamlessly. Ensuring interoperability between different IoT devices and systems is a major challenge.
- **Scalability:** As the number of IoT devices continues to grow, it's becoming increasingly difficult to manage, store, and process the vast amount of data that these devices generate. This is a challenge for both manufacturers and users of IoT devices.
- **Reliability and Availability:** With a large number of IoT devices connected to the internet, the reliability and availability of the overall system becomes a challenge. Ensuring that the devices and systems are always working properly, and that there is minimal downtime, is crucial.
- **Battery Life:** IoT devices often rely on batteries and those batteries may have limited life. The devices need to be designed in such a way to extend the battery life, or they need to be designed to be power efficient.
- **Power sources:** Many IoT devices are designed to be portable and as a result, they are designed to rely on batteries as power source. However, relying on batteries may be impractical for some use cases, such as for large industrial scale sensors.

- **Cost:** Many IoT solution may be costlier than the traditional solutions. This can be a limiting factor for small and medium size businesses.

As with any new technology, it's important to weigh the benefits and risks of IoT and to work to address these challenges to ensure that the technology can be adopted and used safely and effectively.

What precautions can be taken for IoT usage - at home and at business

There are a number of precautions that can be taken to secure IoT devices and networks, both at home and in a business setting. Some of the most important include:

- Changing the default login credentials on the device, as these are often well-known and easy to guess.
- Using strong, unique passwords for each device and account.
- Keep the software and firmware of the device updated to ensure that any known vulnerabilities are patched.
- Using a firewall to protect the network from unauthorized access.
- Disable unneeded features such as remote management on the device, if not necessary for use.
- Regularly monitoring the network for any unauthorized access or suspicious activity.
- Using a virtual private network (VPN) to encrypt communications and protect data from eavesdropping.
- It's also crucial to be informed about how to disconnect the device from the network or factory reset it, in case of compromise.

In a business setting, it's also important to have clear policies and procedures in place for the use and management of IoT devices, and to ensure that all employees are trained on these policies. It's also essential to have regular security assessments to identify and mitigate any vulnerabilities.

Let us not forget and keep in mind that IoT security is a continuously evolving field, new vulnerabilities and threat are always being discovered, and new security measure can always be added to the above list.

Usage of IoT in the Insurance Industry

This technology can be used in the insurance industry to improve risk assessment, claims processing, and preventive measures. For example, IoT devices such as smart home systems and wearable technology can gather data on a person's behavior and environment, which can be used to assess their risk of accidents or illnesses. This information can also be used to detect and prevent potential problems, such as water leaks or fire hazards, before they occur. Additionally, IoT devices can be used to streamline the claims process by providing real-time data to insurance companies, which can speed up the process and reduce the need for in-person inspections.

The future of IoT

The future of the IoT is expected to involve a growing number of devices and objects that are connected to the internet and can communicate with each other. This is likely to include a wide range of devices, from home appliances and personal devices to industrial equipment and infrastructure. Some of the key trends that are expected to shape the future of IoT include the increasing use of artificial intelligence and machine learning, the continued growth of 5G networks, and the integration of blockchain technology for secure communication and data management. The increasing ubiquity of connected devices is also expected to drive the development of new technologies, such as edge computing, that can help to process and analyze data closer to the source, rather than relying on cloud-based infrastructure. Additionally, it is expected to have a big impact in areas such as Industry 4.0, Smart city, Healthcare and other important areas. ❑

India to set up expert teams to deal with health emergencies

The government is setting up 100 teams that will respond to health emergencies, including pandemics, along the lines of the National Disaster Management Authority (NDMA). fficials from the health ministry, AIIMS, National Centre for Disease Control, National Disaster Response Force (NDRF) and NDMA are devising a mechanism along with state governments to put it into action. We are going to create an emergency medical response team for states to deal with future pandemic and environmental disasters like cyclone, earthquake or for any disease outbreak," said a government official aware of the matter.

"During covid-19, we had set up central teams to manage the pandemic. At present, whenever any crisis occurs, the government deploys a team and sends them to the site. But once these teams are in place with the right training and knowledge to tackle any emergency then only a dedicated team will be deployed," the official added. he emergency medical response team will be a group of healthcare professionals who will provide direct clinical care to populations affected by outbreaks and emergencies to support the local healthcare system.

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Continued from Page 6 Guest Editorial Prof. Abhijit K Chattoraj

The motor policy is possibly the best-drafted policy available in India, for it extensively protects policyholders' interests. Unfortunately, most insurers don't understand the implication of the word 'Condition precedent to liability. It only prejudices the claim in question in the event of a breach and not the policy as a whole. It also doesn't affect claims paid before or to be paid after this claim that is free of violations.

Contract certainty is attained when the insured and insurers agree on all terms before inception. The agreement often remains flawed as both the insured and the insurer don't understand the terms, primarily because of the complex language used to describe the terms. The implications of specific policy terms are not explained to policyholders. In health policies,efforts have been made to define specific terms. Unfortunately, the word ' Treatment 'has not been defined even in health policies.

Two acts in English law – 1. Consumer Insurance (Disclosure and Representations) Act 2012 ('2012 Act') in consumer insurance and the Insurance Act 2015 (IA 2015) in non-consumer insurance made significant changes in keeping with the changing aspirations of the customers. In the past, insurance contracts were of Utmost Good Faith as per Section 17 of the Marine Insurance Act 1906. As a result,the insurer and insured needed to deal honestly during their contractual relationship. The remedy of this breach was the avoidance of the insurance contract itself. The 2012 Act introduced pre-contract and pre-variation information with the duty to take reasonable care not to make a misrepresentation. The duty, as mentioned above, replaces any duty relating to disclosure or representations by a consumer to an insurer that existed in the same circumstances before the enactment of this act. This section provides information about a consumer's disclosure and representations to an insurer before a consumer insurance contract is entered into or varied.

The act clarifies whether or not a consumer has taken reasonable care not to make a misrepresentation is to be determined in the light of all the relevant circumstances, e.g.how clear and how specific the insurer's questions were. The concept of qualifying misrepresentation has been introduced as a measure of remedy that the insurer has against the insured for misrepresentation.

A qualifying misrepresentation is either (a) deliberate or reckless - the remedy may be to avoid the contract and refuse all claims, and need not return any of the premiums paid, or b) careless. Any misrepresentation that is not deliberate or reckless is called careless or innocent negligence. Deliberate or reckless misrepresentation takes place when the consumer knows that the information furnished is untrue or misleading or doesn't not care whether or not it is untrue or misleading, and (b) knows that the matter to which the misrepresentation is related is relevant to the insurer, or doesn't care whether or not it is relevant to the insurer. However, the insurer has to prove that the qualifying misrepresentation is reckless or deliberate. The insurer's remedies have been laid down in schedule 1 of the act.

The insurer may void the contract and decline all claims in case of deliberate or reckless misrepresentations. It may even have to return the premium without being unfair to the consumer.

Incase of careless misrepresentation, the insurer may avoid the contract and decline all claims, If the insurer would not have entered into the consumer insurance contract on any terms. In such a case, they should return the premium paid. There has been significant relief given to consumers, and this is evident when the act mentions that If an insurer had entered into the consumer insurance contract irrespective of the terms relating to matters other than the premium would have been the same or different, and would have charged a higher premium, the insurer may reduce proportionately the amount to be paid on a claim.

Many claims declined in the Indian market today would have been paid due to the above clause. But such changes have not been incorporated in the amended Insurance laws (act 2015, leaving room for misleading interpretations. This harms the interests of the consumers also.

Contract Certainty' can be achieved by proper comprehensions of terms during pre-sale and can be consolidated by effective dispute resolution mechanisms' (post-sales servicing). Contract Certainty is also accomplished by aligning with fundamental Insurance Principles like insurable interest, good faith 'proximity cause', 'contribution', 'subrogation', and Indemnity. ❑

To stay sustainable: the insurance industry needs an urgent paradigm shift!

Praveen Gupta

Continues to pursue his passion of exploring, learning and sharing from the exciting inter-sections between Climate Crisis, Diversity, Governance, Risk and Tech. He essays his passionate views through his blog: www.thediversityblog.com.

The current performance metric has outlived its utility - the way risks manifest, impact, get measured, priced, reported, regulated - all changes. With these threats come some of the biggest business opportunities.

Introduction

Extracting the #insurance industry out of its comfort zone - the business as usual (BAU) mode and its silos - but for much of Europe remains a major challenge. The inertia percolates from top down. The International Association of Insurance Supervisors (IAIS) has 'outsourced' the climate challenge to the UNEP FI. As the climate jargon swells on a daily basis; #CO2 levels, #pollution and #biodiversity losses compound - the only assured outcome is tipping point for #planetaryboundaries.

With global temperatures rising, more and more of what can be insured becomes uninsurable. As risk carriers - insurers are also investors in physical assets (predominantly but not exclusively fossil fuels) face transition risk thereby likely to become stranded assets. Dreaming of profitable growth and delighting the customer - with this backdrop - will be a mirage.

I am thankful to the General Insurance Council of India for inviting me to pen a 'short piece' on the subject, for its maiden newsletter. Sincerely hoping that the messaging howsoever simplistic - will not fall on deaf ears. That India's economy must pursue a decarbonised trajectory is a foregone conclusion. The urgency is compelling if we must attain resilience to face existential climate threats - unleashed by our actions.

Here is a stark reminder from my friend - renowned conservationist Bittu Sahgal: "My generation has left you a world with fewer choices and greater risks. But it's still a beautiful planet...".

As global temperatures keep rising above the pre-industrial times, the stability that we took for granted is in a state of flux and headed for irreversible consequences. This is thanks to the over-exploitation of Nature - resulting in Climate Change together with biodiversity loss and pollution. Munich Re sees climate change and La Niña as two of the drivers for a US $120 billion annual disaster insured loss for 2022.US $100 billion or more is the "new normal" for the global insurance industry's annual natural disaster loss total.

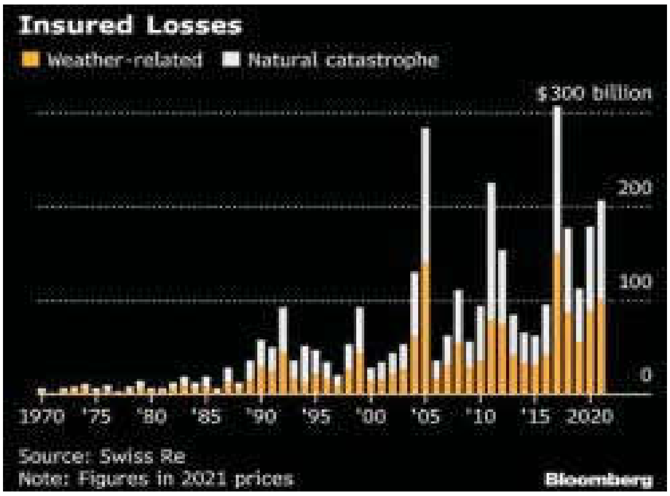
Insurers have a critical role in mitigation, adaptation and resilience. To stay sustainable they must, therefore, respond to the emerging order urgently. The current performance metric has outlived its utility - the way risks manifest, impact, get measured, priced, reported, regulated - all changes. With these threats come some of the biggest business opportunities.

Causa Proxima: Conventional risk silos demand urgent revisit. Climate risks manifest as physical, transition and liability risks.

Physical risk arises from physical impacts of climate-induced extreme weather events, transition risk relates to changes in regulatory and market expectations arising from the transition to a low-carbon economy. Liability risk emanates from mismanagement of physical and transition risk. Also, a new highly complex and destabilised domain of risk is emerging. It includes the risk of collapse of key social and economic systems at local and global levels. Not only are political boundaries being rendered irrelevant, but some of them have serious inter-generational implications.

Pricing externalities: Plastic may be a highly profitable product for its manufacturers but the environmental havoc it creates is before our eyes. Factoring costs of carbon emissions would render many businesses unviable. As underwriters and investors, insurers need to address this. The likes of AXA, Allianz, Aviva and Swiss Re, have pledged to decarbonise their underwriting portfolio as members of the Net-Zero Insurance Alliance. High frequency and severity losses have forced insurers to 'redline' losses due to forest fires in Australia and California.

Modelling: It is also important that insurers proactively build climate capabilities with forward-looking climate risk modelling instead of historic data. Weather-related losses are becoming a growing component of Nat Cat. With return periods shortening, the 100-200-year cycles are generally redundant. Uttarakhand being a shining example.



ESG: Together with environment and societal components, governance is about diversity of stakeholders. IFRS is in the process of embedding sustainability in its reporting protocol. Thereby, not only will the harm to insurer balance sheets from climate change be accounted for, but so will the damage caused by insurer actions to environment (under the proviso of double materiality). Insurers will also be reporting under The Taskforces on Nature-related Climate Disclosures (TNFD) and Climate Related Climate Disclosures (TCFD). The Dasgupta Review strongly reinforces that the economy is a wholly owned subsidiary of the environment.

South Asia's Hotspots: Impacts of Temperature and Precipitation Changes, a report by the World Bank, highlights economic impact climate change will have in South Asia. It is expected to reduce GDP by over 10 per cent. However, this does not take into account the increasing severity of storms, changes in water resources and sea level rise, climate-induced migration, biodiversity loss, pollution and the compounding impact multiple shocks can have. The report serves as a reality check for any South Asian insurer seeking mouth-watering growth.

India: With much of the developed world shutting out fossil fuel related insurance business, India would be vulnerable to inflow of 'dirty' reinsurance. As the third most polluting economy it would invite significant reputation risk. With some of the most polluted cities in the world, health and life products could become unaffordable or unavailable. Rapid transformation to renewable energy - risk fossil fuel assets turning stranded.

Opportunities: McKinsey expects voluntary carbon markets (VCM) to reach up to US $30 billion by 2030. Needless to mention, VCMs are currently mired in serious controversy and trust deficit. Annual global investments in decarbonisation technologies and renewables could account for USD 800 bn by 2030 corresponding to USD 10 bn to 15 bn in insurance premiums. Rise in extreme weather will render indemnity coverage less affordable and lead to greater demand for parametric offerings; income loss on renewable assets as well as the impacts of chronic weather shifts on climate-exposed sectors are expected to be the other growth drivers. However, the highest potential near-term target markets for insurers are likely in proven renewable-power assets and established green technologies including solar, on- and off-shore wind, electric-vehicle (EV) batteries, and EV charging infrastructure (EVCI).

Courtesy: *The Introduction in this writeup has been reproduced from the LinkedIn profile of Mr. Praveen Gupta. Rest part has been reproduced from writeup contributed by him for the newsletter of General Insurance Council: https://www.gicouncil.in/news-media/gic-in-the-news/to-stay-sustainable-the-insurance-industry-needs-an-urgent-paradigm-shift/.* ❑

The saptarishi Budget for 2023-24- from our insurance angle

R Venugopal
Retired Executive Director
LIC of India.

Proceeds from life insurance policies to be taxable if aggregate premium for policies issued on or after April 1 2023 exceeds Rs 5 lacs annually. Proceeds received by heirs on death of the insured to remain exempt from tax.

The Honourable Union Finance Minister presented the above Budget in the Parliament on February 1 2023 with emphasis on the following seven features:

- Inclusive Development
- Reaching the last mile
- Infrastructure & Investment
- Unleasing the Potential
- Green Growth
- Youth Power and
- Financial Sector.

Our main focus out of these seven areas is naturally on the last one- Financial Sector- although the all others too contribute their share in improving our insurance business and increasing insurance penetration.

For Taxpayers including Businessmen

- No tax for salary up to Rs 7.5 lacs under the New Tax regime. Standard Deduction of Rs 50000 available and rebate limit increased to Rs 7 lacs from Rs 5 lacs. Number of slabs reduced from 7 to 5.
- Maximum rate of surcharge under NTR cut to 25% from 37%. The highest effective tax rate now 39% from 42.7%. Only 5% tax on Individual's Annual income of Rs 9 lacs only to pay Rs 45000 as tax. Salaried class and Pensioners have their Standard deduction increased.
- Tax exemption limit for leave encashment on retirement for non-Government employees increased to Rs 25 lacs from Rs 3 lacs.
- TDS on EPF withdrawal cut to 20% from 30% for those without PAN.
- Deposit limit for Senior Citizens Savings Scheme doubled to Rs 30 lacs from Rs 15 lacs.
- Deposit limit for Monthly Income Account Scheme for Senior Citizens also enhanced to Rs 9 lacs from Rs 4.5 lacs for Single Accounts and to Rs 15 lacs from Rs 9 lacs for Joint Accounts.
- Mahila Samman Savings Certificate with 7.5% interest rate for Females. Up to Rs 2 lacs can be deposited until March 2025 for 2 years.
- Benefit of 100% deduction of profits for Start-ups incorporated by March 31 2024 extended by one year.

- Customs duty cut on goods/machinery for manufacture of lithium-ion cells used in Electric Vehicles.
- Start-ups can carry forward business loss on change of shareholding for 10 years from the year of incorporation, up from 7 years earlier.
- Customs duty cut on components may reduce domestic prices of phones/ TVs etc.

Where there are Gains, there are some Pains too

- Income tax refund for a year can be withheld if scrutiny assessment of reassessment for any other year/years pending.
- Capital Gains exemption on purchase of house now capped at Rs 10 crores.
- Proceeds from life insurance policies to be taxable if aggregate premium for policies issued on or after April 1 2023 exceeds Rs 5 lacs annually. Proceeds received by heirs on death of the insured to remain exempt from tax.
- Input tax credit restricted to GST paid by companies on CSR obligations.
- Deductions for expenditure incurred on payments made to MSMEs to be allowed only after payment to suppliers.
- Customs duty up on imitation jewellery, precious metal goods, electric kitchen chimney and vehicles including Electric vehicles.

There is a little disappointment that this Budget has not granted any increase in the amount to be saved under Section 80C nor any special treatment given to insurance premium under this Head as National Pension Scheme- NPS- has been given Rs 50000 for income tax purposes.

Our efforts to be increased in the following areas

- Our Field Force has to sell a lot of policies of annualized premium of more than Rs 5 lacs up to 31-03-2023 so that the policyholders can get the benefit of Section 10 (10D) because after 1-4-2023 the customers shall not get this benefit even if the annualized premium is equal to or one tenth of the Sum Assured.
- Our Agents should persuade the public to save the amount saved by the Gains of this Budget through life insurance policies for their different needs in the future especially the following sectors-
- 38800 Teachers to be employed in 3.5 lac Eklavya tribal schools.
- 50 New Airports and Heliports to be made.
- Rs 75000 crores earmarked for 100 transport infra projects.
- 10000 bio input research centres to be set up.
- 30 Skill India International Centres to be set up.
- Our sales people should now pay more attention on India's Middle Class people who have received huge concessions and benefits in this Budget and transform this excess amount in their hands in to insurance policies.

As insurance people we have to grab whatever little benefit is given or a leeway is provided and convert the same to our advantage and enhance our new business potential.

I am sanguine that our agents will rise to the occasion in this last and most crucial quarter of the financial year. ❑

IIT Madras partners with General Insurance Corporation of India to develop Urine-based TB diagnosis tech

The IIT Madras is partnering with the General Insurance Corporation of India (GIC Re) to develop a urine-based tuberculosis diagnosis or screening. The envisaged product is anticipated to be faster and far more affordable than the existing point-of-care diagnostic kits available for various diseases such as blood glucose monitors, said a press release.

The know-how and the relevant technologies will be made available to start-ups or diagnostic kit manufacturers. The key beneficiaries of this project, which is getting CSR funding from the GIC Re, will be primary, secondary, and tertiary healthcare centres besides the Health departments in State and Central governments.

An MoU towards this corporate social responsibility (CSR) partnership was signed on February 10 by Mahesh Panchagnula, Dean (Alumni and Corporate Relations), IIT Madras, and Madhulika Bhaskar, Director and General Manager, GIC Re. Tuberculosis is among the most prevalent infectious diseases in the country and the government of India has set itself a goal to ‘end TB’ by 2025. However, these efforts have been hampered by the Covid-19 pandemic. Timely, easier, and accessible means of TB diagnosis is key to gaining control over the spread of the disease.

Insurers and Regulator Collaborate on Sustainable Anti-money Laundring Strategy

Jagendra Kumar
Ex. CEO,
Pearl Insurance Brokers

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

Anti-money laundering (AML) has been a hot topic, and an intensifying regulatory pain point, for financial institutions for decades. Money laundering is a type of financial crime. It involves taking criminally obtained proceeds (dirty money) and disguising their origins so they appear to be from a legitimate source. Anti-money laundering (AML) refers to the activities financial institutions perform to achieve compliance with legal requirements to actively monitor for and report suspicious activities. The United States was one of the first nations to enact anti-money laundering legislation when it established the Bank Secrecy Act (BSA) in 1970. An early effort to detect and prevent money laundering, the BSA has since been amended and strengthened by additional anti-money laundering laws.

The Financial Crimes Enforcement Network is now the designated administrator of the BSA - with a mission to "safeguard the financial system from the abuses of financial crime, including terrorist financing, money laundering and other illicit activity The estimated amount of money laundered globally in one year is 2% to 5% of global GDP, or US$800 billion to US$2 trillion - and that's a low estimate. Money laundering often accompanies activities like smuggling, illegal arms sales, embezzlement, insider trading, bribery and computer fraud schemes. It's also common with organized crime including human, arms or drug trafficking, and prostitution rings.

Anti-money laundering is closely related to counter-financing of terrorism (CFT), which financial institutions use to combat terrorist financing. AML regulations combine money laundering (source of funds) with terrorism financing (destination of funds). Beyond the moral imperative to fight money laundering and terrorist financing, financial institutions also use AML tactics. In 1989, multiple countries and organizations formed the global Financial Action Task Force (FATF). Its mission is to devise and promote international standards to prevent money laundering. Shortly after the 9/11 attacks on the US, FATF expanded its mandate to include AML and combating terrorist financing.

The International Monetary Fund (IMF) is another important organization. With 189 member countries, its primary purpose is to ensure stability of the international monetary system. The IMF is concerned about the consequences money laundering and related crimes can have on the integrity and stability of the financial sector and the broader economy. In

India, the Insurance Regulatory and Development Authority (IRDAI) on August 01, 2022, issued Master Guidelines on AML/CFT for General insurers and Life insurers in 2013 and 2015 respectively. Subsequently, multiple circulars had been issued on the subject. In order to consolidate and update guidelines on AML/CFT, a single Master Guidelines covering provisions of the PML Act, Rules, and other applicable norms (as amended from time to time) is issued. The guidelines are applicable to all classes of Life, General, or Health insurance business and will come into force from 1st November 2022.

Money Laundering Activity

Money Laundering is a process or activity of moving illegally acquired money through financial systems so that it appears to be legally acquired. Section 3 of PMLA specifies the Offence of Money Laundering. In terms of the provisions of Prevention of Money Laundering Act, 2002 (PMLA/PML Act/Act and the Prevention of Money- Laundering (Maintenance of records) Rules, 2005 (PML Rule as amended from time to time), insurers are required to follow Customer Identification Procedures while undertaking a transaction at the time of establishing an account based relationship/ client based relationship and monitor their transactions on-going basis.

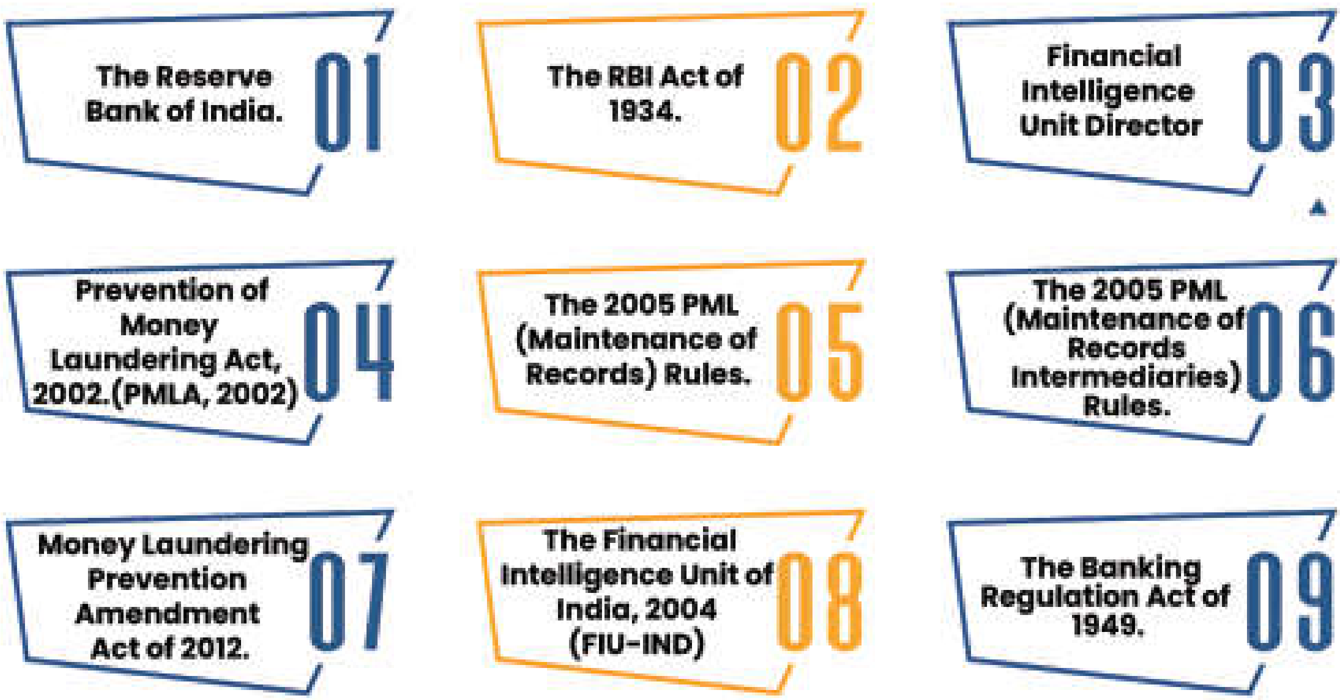
The obligation to establish an anti-money laundering program applies to insurers as per provisions of clause (ii) and (iii) sub rule (14) of Rule 9 of the PML Rules. Insurers have responsibility for guarding against insurance products and services being used to launder unlawfully derived funds or to finance terrorist acts. These guidelines shall be called as Master Guidelines on Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) for all the insurers. These guidelines have been issued by exercising the power enshrined under Section 34 of Insurance Act, 1938, Section 14(1) of Insurance Regulatory and Development Authority Act 1999 and provisions 4,5,7,9, 9A & 10 of the PML Rules.

Every Insurer has to establish and implement policies, procedures, and internal controls that effectively serve to prevent and impede Money Laundering (ML) and Terrorist Financing (TF).The guidelines place the responsibility of a robust AML/CFT program on the insurers. As most part of the insurance business is through intermediaries /representative of insurers, the selection process of intermediaries / representative of insurer should be monitored scrupulously in view of set AML/CFT measures.

Process of Money Laundering

To identify and report potential money laundering and address compliance requirements, financial institutions must have a deep understanding of how the crime works. Money laundering involves three stages: placement, layering and integration. These are a complex series of transactions that

Legal bodies governing Anti Money Laundering



start with depositing funds, then gradually moving them into what appear to be legitimate assets.

- Placement refers to how and where illegally obtained funds are placed. Money is often placed via: Payments to cash-based businesses; payments for false invoices; "smurfing," which means putting small amounts of money (below the AML threshold) into bank accounts or credit cards; moving money into trusts and offshore companies that hide beneficial owners' identities; using foreign bank accounts; and aborting transactions shortly after funds are lodged with a lawyer or accountant.
- Layering refers to separating criminal funds from their source. It involves converting the illicit proceeds into another form and creating complex layers of financial transactions to disguise the funds' origin and ownership. Criminals do this to obfuscate the trail of their illicit funds so it will be hard for AML investigators to trace the transactions.
- Integration refers to re-entry of the laundered funds into the economy in what appears to be normal, legitimate business or personal transactions. This is sometimes done by investing in real estate or luxury assets. It gives launderers and criminals an opportunity to increase their wealth.

Policy to impede Money Laundering

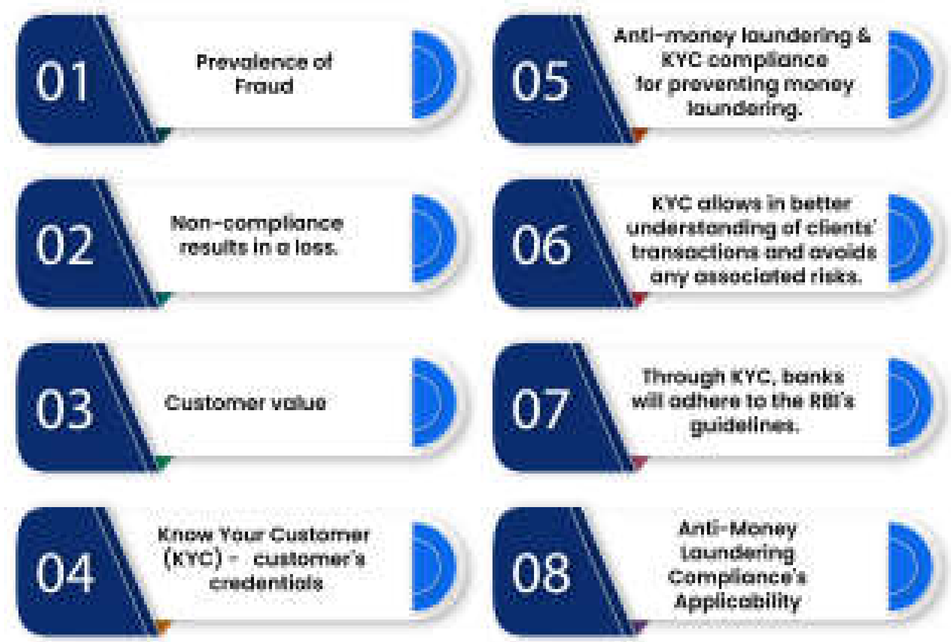
Every Insurer has to establish and implement policies, procedures, and internal controls that effectively serve to prevent and impede Money Laundering (ML) and Terrorist Financing (TF).To be in compliance with these obligations, the senior management of insurers has to be fully committed to establishing appropriate policies and procedures for the

prevention of ML and TF and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. The guidelines place the responsibility of a robust AML/CFT program on the insurers. Nonetheless, it is necessary that the required steps are taken to strengthen the level of control on the intermediaries/representative of insurer engaged by the insurers.

Internal audit/inspection department of insurers shall periodically verify compliance with the extant policies, procedures and controls related to money laundering activities on the basis of overall risk assessment. Insurers shall also upgrade its questionnaire and system from time-to-time in accordance with the extant PMLA and PML Rules. The reports should specifically comment on the robustness of the internal policies and processes in this regard and make constructive suggestions where necessary, to strengthen the policy and implementation aspects.

A "Designated Director", who has to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the PML Rules, shall be appointed or designated by the insurers. A Principal Officer (PO) at a senior level has to be appointed to ensure compliance with the obligations imposed under chapter IV of the Act and the Rules. In terms of Section 13 of the PMLA, the Director, FIU-IND can take appropriate action, including imposing a monetary penalty on insurers or its Designated Director or any of its employees for failure to comply with any of its AML/CFT obligations. Adequate screening mechanism as an integral part of their personnel recruitment/hiring process shall be put in place.

Need for AML Compliance



Know Your Customer (KYC) Norms

While implementing the KYC norms on juridical persons, insurers have to identify and verify their legal status through various documents. Considering the potential threat of usage of the insurance services by a money launderers, insurers should make best efforts to determine the true identity of customer(s). Special care has to be exercised to ensure that the contracts are not under anonymous or fictitious names. While implementing the KYC norms on juridical persons, insurers have to identify and verify their legal status through various documents (indicated, but not limited to, at sub-rule (6) to (9) of rule 9 of the PML Rules).

Where a client is an individual person, insurers shall verify the identity, address and recent photograph in order to comply with provision as specified in sub rule (4) of Rule 9 of the PML Rules. Under all kinds of Group Insurance (Life /General/ Health), KYC of Master Policyholders / Juridical Person / Legal Entity and the respective Beneficial Owners (BO) needs to be collected. However, the Master Policyholders under the group insurance have to maintain the details of all the individual members covered, which will also be made available to the insurer as and when required.

At any point of time, where insurers are no longer satisfied about the true identity and the transaction made by the customer, a Suspicious Transaction Report (STR) should be filed with Financial Intelligence UnitIndia (FIU-IND) if it is satisfied that the transaction meets the criteria specified in sub clause (g) of clause (1) of Rule 2 of the PML Rules and any guidelines / indicators issued by IRDAI or FIU-IND. Government of India has notified the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification dated November 26, 2015.

For the purposes of KYC norms under clause 8, while insurers are ultimately responsible for customer due diligence and undertaking enhanced due diligence measures, as applicable, insurers may rely on a KYC done by a third party subject to the conditions -specified under sub-rule (2) of rule (9) of the Rules. This announcement will also help ensure complete KYC for all retail insurance customers across India, understand them to serve them better, and ensure that insurance companies are not subjected to any money laundering activities.

This announcement will help ensure complete KYC for all retail insurance customers across India. Earlier, KYC was mandatory only for those paying a single premium of Rs 50,000 and above. Now, in case of every new customer relationship, KYC will be required.

Contracts with Politically Exposed Persons (PEPs)

It is emphasized that proposals of Politically Exposed Persons (PEPs) in particular requires examination by senior management. Insurers are directed to lay down appropriate on-going risk management procedures for identifying and applying enhanced due diligence measures on an on-going basis to PEPs and customers who are close relatives of PEPs. These measures are also to be applied to insurance contracts of which a PEP is the ultimate beneficial owner (s).

If the on-going risk management procedures indicate that the customer or beneficial owner(s) is found to be PEP, or subsequently becomes PEP, the senior management should be informed on this business relationship and apply enhanced due diligence measures on such relationship.

Unlawful Activities (Prevention) Act, 1967 (UAPA)

Section 51A of the Unlawful Activities (Prevention) Act, 1967(UAPA), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. Then the Central Government issued an Order dated 2nd February 2021 detailing the procedure for the implementation of Section 51A of the UAPA. The insurers should not enter into a contract with a customer whose identity matches with any person in the UN sanction list or with banned entities and those reported to have links with terrorists or terrorist organizations. Insurers needs to periodically check MHA website for updated list of banned entities.

A list of individuals and entities subject to UN sanction measures under UNSC Resolutions (hereinafter referred to as "designated individuals/ entities?) would be circulated to the insurers through Life/ General Insurance Council, on receipt of the same from the Ministry of External Affairs (MEA). This is in addition to the list of banned entities compiled by Ministry of Home Affairs (MHA) that have been circulated to the insurers till date. Insurers have to maintain an updated list of designated individuals/entities in electronic form and run a check on the given parameters on a regular basis to verify whether designated individuals/entities are holding any insurance policies with the insurers.

An updated list of individuals and entities which are subject to various sanction measures as approved by Security Council Committee established pursuant to UNSC 1267 can be accessed regularly from the United Nations website. By virtue of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA), the Central Government is empowered to freeze, seize or attach funds of and/or prevent entry into or transit through India any individual or entities that are suspected to be engaged in terrorism.

Regulatory guidelines:

Money launderers often buy insurance then submit claims to retrieve funds. Sometimes they use products structured as investments, such as variable annuities and life insurance policies. By overfunding and moving money in and out of policies, they establish a stream of "innocent" wire transfers or checks - all for the low cost of early withdrawal penalties. The insurance sector is undergoing radical change, driven by ever-higher customer service expectations and opportunities presented by digital innovation. To stay relevant, insurers must become hyper intelligent, AI-driven organizations. They must provide personalized, trusted customer experiences and innovative risk solutions while managing costs and meeting compliance requirements.

Digital transformation has created opportunities for criminal organizations, drug dealers and terror group operatives to run complex money laundering and financing schemes. At the same time, anti-money laundering (AML) investigators' capacities are stretched to the limit. Effectively battling dynamic financial crime threats requires new capabilities for AML defense - such as artificial intelligence, machine learning, intelligent automation and advanced visualization. Based on decades of analytics expertise and proven AML techniques, SAS can dramatically change your game plan for fighting financial crimes. IRDAI has issued master guidelines on anti-money laundering (AML) in order to consolidate and update the guidelines.

The guidelines will be applicable to all classes of life, general or health insurance business. The guidelines said in terms of the provisions of Prevention of Money Laundering Act, 2002, and the Prevention of Money- Laundering (Maintenance of records) Rules, 2005, insurers are required to follow customer identification procedures while undertaking a transaction at the time of establishing an account based relationship/ client based relationship and monitor their transactions on-going basis. Insurers will also have to take steps to implement provisions of PML Act and the PML Rules, as amended from time to time, including operational instructions issued in pursuance of such amendments.

Types of Money Laundering

IRDAI's guidelines on Anti-Money Laundering/ Counter Financing of Terrorism (AML/CFT), 2022 covers the potential aspects related to the kind of exposures the insurance industry has had with relation to money laundering and related activities which will be substantially reduced. With these new guidelines, the quantum of unaccounted money will go down drastically. There could be four types of money laundering cases:

1. **Trade-based money laundering -** Moving criminal funds through trade transactions (import/export of goods) to disguise their origins is known as trade-based money laundering (TBML). Some criminals carry out TBML by over- or under-invoicing for shipments. Other methods involve multiple invoicing (for the same shipment), misrepresenting the quality of the shipped goods, or shipping more - or fewer - goods than agreed.
2. **Crypto/virtual currency and money laundering -** Crypto and virtual currencies have opened the door to

new methods of laundering funds. For example, bitcoin ATMs can have "holes" with their AML compliance methods. And the degree of regulatory compliance by online crypto currency trading markets (exchanges) varies. Criminals use other methods too, such as "tumblers." Tumblers are mixing services that split up dirty crypto currency, sending it through a series of different addresses and eventually recombining it into clean funds - for a hefty fee.

3. **Drug trafficking and money laundering -** The illicit drug trade funds large, powerful and often violent criminal organizations. Drug traffickers must launder money to hide its origins, hide their identity, and prevent confiscation. Illegal drug transactions are sometimes done through avenues like dark web marketplaces. Some of the tactics drug traffickers use involves bulk cash smuggling, structured deposits, and money service businesses and currency exchanges.

4. **Terrorist financing -** Terrorists financing their acts raise money and clean it through various methods. They hide the funds by preying on weaknesses in the financial system. Spotting these funds is challenging, unless a known terrorist or organization opens an account. Banks that spot an unusual or suspicious transaction are advised to file a report with the financial intelligence unit, which then undertakes a money laundering investigation.

In terms of the provisions of Prevention of Money Laundering Act, 2002, and the Prevention of Money- Laundering (Maintenance of records) Rules, 2005, insurers are required to follow customer identification procedures while undertaking a transaction at the time of establishing an account based relationship/ client based relationship and monitor their transactions on-going basis. Insurers will also have to take steps to implement provisions of PML Act and the PML Rules, as amended from time to time, including operational instructions issued in pursuance of such amendments.

Enforcement Directorate (ED) has conducted over 1,758 raids and special investigations between 2011 and 2020 under the provisions of Prevention of Money Laundering Act, 2002 (PMLA) the Ministry of Finance told the Parliament. The government in its response said that between July 2005 and February 2022, ED has been able to secure only 23 convicts for the offence of money laundering and one was discharged on the basis of merit.

Between April 2011 to March 2020, ED conducted 1,027 searches and raids under and Foreign Exchange Management Act 1999 (FEMA) and 1,758 searches under PMLA. During the same period, Enforcement Case Information Report (ECIR) were recorded for 1,999 cases under PMLA. On the other hand, 18,003 investigations were initiated under FEMA.

Client Due Diligence (CDD)

In case of every new customer, necessary Client due diligence with valid KYC documents of the customer/ client has to be done at the time of commencement of account based relationship. The AML/ CFT requirements are applicable for all the existing customers/ clients. Hence, necessary Client due diligence with KYC (as per extant PML Rules) has to be done for the existing customers from time to time basis the adequacy of the data previously obtained.

In case of non- availability of KYC of the existing clients as per the extant PML Rules, the same is required to be collected within 2 years for low risk customers and within 1 year for other customers (including high risk customers). For continued operation of accounts of existing customers having insurance policy of not more than aggregate premium of Rs. 50,000/- in a financial year, PAN/Form 60 may be obtained by such date as may be notified by the Central Government.

Ongoing Due Diligence

Besides verification of identity of the customer at the time of initial issuance of contract, Risk Assessment and ongoing due diligence should also be carried out (if so required) at times when additional/ subsequent remittances are made. Any change which is inconsistent with the normal and expected activity of the customer should attract the attention of the insurers for further ongoing due diligence processes and action as considered necessary. Necessary due diligence become more important in case the policy has been assigned by the policyholder to a third party not related to him (except where insurance policy is assigned to Banks/ FIs/ Capital market insurers are required to ensure that no vulnerable cases go undetected, especially, where there is suspicion of money- laundering or terrorist financing, or where there are factors to indicate a higher risk, necessary due diligence will have to be carried out on such assignments and STR should be filed with FIU-IND, if necessary.

Insurers have to carry out ML and TF Risk Assessment exercise as provided in sub rule (13) of Rule 9 of PML Rules periodically based on risk exposure to identify, assess, document and take effective measures to mitigate its ML and TF risk for clients/ customers or geographic areas, products, services, nature and volume of transactions or delivery channels etc. While assessing the ML/TF risk, the insurers are required to take cognizance of the overall sector specific and country specific vulnerabilities, if any, that the Government of India / IRDAI may share with them from time to time. Further, the internal risk assessment carried out by insurer should be commensurate to its size, geographical presence, complexity or activities/ structure etc.

Simplified Due Diligence (SDD)

Simplified measures as provided under sub clause (d) of clause (1) of Rule 2 of PML Rules are to be applied by the insurer in case of individual policies, where the aggregate insurance premium is not more than Rs 10000/ - per annum. However, Simplified Client Due Diligence measures are not acceptable whenever there is a suspicion of money laundering or terrorist financing or where specific high risk scenarios apply, based on the Risk Assessment/ categorization policy of the insurers. Based on the robust risk assessment, insurers may apply Simplified Due Diligence measures only in respect of customers that are classified as 'low risk'.

Enhanced Due Diligence (EDD)

Enhanced Due Diligence as mentioned in Section 12AA of PML Act, will be conducted for high risk categories of clients. Insurers should examine, as far as reasonably possible, the background and purpose of all complex, unusual patterns of transactions, which have no apparent economic or lawful purpose. Where the risks of money laundering or terrorist financing are higher, insurers are required to conduct enhanced due diligence measures, consistent with the risks identified. Insurers have to verify the identity of the clients preferably using Aadhaar subject to the consent of customer or; verify the client through other modes/ methods of KYC as specified in these guidelines. Insurers have to examine the ownership and financial position, including client's source of funds commensurate with the assessed risk of customer and product profile.

Monitoring of Transactions

Regular monitoring of transactions is vital for ensuring effectiveness of the AML/CFT procedures. This is possible only if the insurers have an understanding of the normal activity of the client so that it can identify deviations in transactions/ activities. Insurers need to pay special attention to all complex large transactions/ patterns which appear to have no economic purpose. The insurers may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. The background including all documents/ office records/ memorandums/ clarifications sought Master Guidelines on AML/CFT pertaining to such transactions and purpose thereof will also be examined carefully and findings will be recorded in writing.

Further such findings, records and related documents will be made available to auditors and also to IRDAI/ FIU-IND/ other relevant Authorities, during audit, inspection or as and when required. These records are required to be maintained and preserved for a period of five years from the date of transaction between the client and insurers. The Principal Officer of the insurers has to monitor and ensure that suspicious transactions are regularly reported to the Director, FIU- IND. Further, the compliance cell of insurers will randomly examine a sample of transactions undertaken by clients to comment on their nature i.e. whether they are in nature of suspicious transactions or not.

The Financial Action Task Force

The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. The FATF monitors the progress of its members in implementing necessary measures, reviews money laundering / terrorist financing techniques and counter-measures, as well as promotes the adoption and implementation of appropriate measures globally.

The FATF's decision making body, the FATF Plenary, meets three times a year and updates these statements. FATF had earlier identified the following jurisdictions as having strategic deficiencies which have developed an action plan with the FATF to deal with them. These jurisdictions are: Albania, Barbados, Burkina Faso, Cambodia, Cayman Islands, Haiti, Jamaica, Jordan, Mali, Malta, Morocco, Myanmar, Nicaragua, Pakistan, Panama, Philippines, Senegal, South Sudan, Syria, Turkey, Uganda, United Arab Emirates and

Yemen. As per the public statement, 'Jurisdictions under Increased Monitoring' dated June 17, 2022, Gibraltar has now been added and Malta has been removed from this list based on the decision made at the June 17, 2022, FATF plenary. FATF plenary releases documents titled 'High-Risk jurisdictions subject to a Call for Action' and 'Jurisdictions under Increased Monitoring' with respect to jurisdictions that have strategic AML/CFT deficiencies as part of the ongoing efforts to identify and work with jurisdictions with strategic AML/ Combating of Financing of Terrorism (CFT) deficiencies. Such advice, however, does not preclude the regulated entities from legitimate trade and business transactions with the countries and jurisdictions mentioned therein.

Technology & Anti-Money Laundering

A successful anti-money laundering program involves using data and analytics to detect unusual activities. This is done by monitoring transactions, customers and entire networks of behaviors. As artificial intelligence technologies like machine learning become more prevalent, these next-gen AML technologies will automate many manual processes - helping to effectively identify financial crimes risks. Financial crimes solutions include embedded machine learning and other advanced analytics techniques to drastically bolster anti-money laundering efforts. Techniques include deep learning, neural networks, natural language generation and processing, unsupervised learning and clustering, robotic process automation and more.

Insurers should implement specific procedures for retaining internal records of transactions both domestic or international, to enable them to comply swiftly with information requests from the competent authorities. Such records must be sufficient to permit reconstruction of individual transactions (including the amounts and types of currency involved (if any) so as to provide, if necessary, evidence for prosecution of criminal activity. Insurers should retain the records of those contracts, which have been settled by claim or cancelled, for a period of at least five years after that settlement. In situations, where the records relate to ongoing investigations, or transactions which have been the subject of a disclosure, they should be retained until it is confirmed that the case has been closed.

Wherever practicable, insurers are required to seek and retain relevant identification documents for all such transactions and report such transactions of suspicious funds. In view of Rule 5 of the PML rules, the insurers, its Designated Director, Principal Officer, employees are required to maintain the information/records of types of all transactions [as mentioned under Rules 3 and 4 of PML Rules 2005] as well as those relating to the verification of identity of clients for a period of five years. Insurers are also required to conduct enhanced due diligence while taking insurance risk exposure to individuals/entities connected with countries identified by FATF as having deficiencies in their AML/CFT regime. Pay Special attention to business relationships and transactions, especially those which do not have apparent economic or visible lawful purpose.

In all such cases, the background and purpose of such transactions will as far as possible, have to be examined and written findings have to be maintained for assisting competent authorities. Agents/intermediaries/ employees to be appropriately informed to ensure compliance with this stipulation.. Go beyond the FATF statements and consider publicly available information when identifying countries which do not or insufficiently apply the FATF Recommendations while using the FATF Public Statements, being circulated through the Life/ General Insurance Council.

Insurers are facing persistent money laundering challenges. Insurers have to take similar measures on countries considered as high risk from terrorist financing or money laundering perspective based on prior experiences, transaction history or other factors (e.g., legal considerations, or allegations of official corruption). Insurers should have in place procedures to manage specific increased risks associated with such relationships e.g. verification of details of the customer through on-site visits. Few financial institutions are truly ready.

There's a lot of talk about advancing the AML arsenal to the next level, drawing on advances such as robotics, semantic analysis and artificial intelligence (AI). It's about making AML processes more automated, efficient and effective. And it's about augmenting traditional rules-based approaches to drive down the rate of false positives and more accurately detect and predict activity worth investigating. Much recent work has been done to apply AI to some low-hanging fruit, such as using robotic process automation to investigate and prepare cases more quickly.

However, companies are starting to see adoption of machine learning not just for process automation, scoring and hibernation, but to supplement or even replace traditional logic for detecting potentially suspicious activity. This will help insurers in ensuring they are not subjected to any money laundering activities and help understand the customer better, to serve them better. This should pave way for insurtech innovations around KYC and customer on-boarding.

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Variou Sources.

The General Insurance Market in India - Changes Vs Challenges

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In this move the industry will get much wider products and the customers will get ample opportunity to select the products as per their requirements but the relative challenges towards this move is that there will again be confusion and chaos in the market with respect to the products and will further lead to service failure in the market.

Introduction:

The outlook for the General Insurance Market seems very positive. The industry has picked up well post pandemic and it is expected that the growth trend will continue. The Insurance penetration continues to remain a challenge for the industry. While low awareness is one part, trust deficit is a major issue. The key to attempting to solve this by having an empathic approach is the clarion call of the time. The technological transformation will continue to play a vital role in business transformation in the coming years to come.

While technology continues to play a pivotal role, the industry needs to deploy digital solutions to collectively work towards improving penetration of insurance in the country by adapting to customer requirements in a best suitable manner. The various changes that the Regulator and market has thrown on the Insurers and its related challenges is the theme which will be highlighted in the present narration.

The Use and File mode of Product filings:

The Product approval was a time taking affair and the Companies were supposed to take IRDAI approval before launching the products and in entirety it was a delay process for the Insurers. The Companies now can introduce a product in the market and then file with the Insurance Regulatory and Development Authority of India (IRDAI) for approval. This move will facilitate the insurance companies to design and launch innovative products under all segments in a timely manner and expand the choices available to the policyholders. The rationale behind introducing the "use & file" procedure for all the products is that the industry has matured hence it does not make any sense to get the regulator's prior approval before launching every product.

The Product Management Committee is empowered to monitor the wordings and ratings of the products filed under Use and File mode. The new guidelines will help the industry to lunch the products in a faster manner side by side it requires all the Insurers to act in a more responsible manner. In this move the industry will get much wider products and the customers will get ample opportunity to select the products as per their requirements but the relative challenges towards this move is that there will again be confusion and chaos in the market with respect to the products and will further lead to service failure in the market.

The Standardization of General Insurance Products:

Sustainable growth in the insurance industry primarily relies on consumers making informed choices by picking the right insurance products. But in many scenarios, consumers do face trouble in understanding the product rightly. The standardization of insurance products will make it easier for consumers to select the products correctly and suitably as per the best requirements of the clients.

One of the most promising solutions that the regulator has introduced is the Standardisation of Insurance products. With this move of standardising complex insurance policies, IRDAI has enhanced consumer buying in today's time. The health insurance penetration in India got a boast with the introduction of Arogya Sanjeevani policy which is a standard product in the health line of business.

There are several new standard insurance products under the same lines are namely Corona Rakshak, Corona Kavach, Saral Jeevan Bima and Standard Personal Accident Cover etc. The dismantling of the Standard Fire products associated with the erstwhile Fire tariff and the introduction of three standard products under Fire line of business such as Bharat Griha Raksha, Bharat Sookshma Udyam Suraksha and Bharat Laghu Udyam Suraksha. Has also brought about a revolution in the General Insurance market.

The regulator has introduced Policy seekers do resolve challenges in several scenarios be it while comparing products or while making a choice from the plethora of options available in the market. Often these difficulties end up with customers having to delay their buying decisions. During such situations, providing clear, transparent information to the consumers is of utmost priority. Simplifying the available options can turn out to be an excellent attempt to enhance the trust between consumers and the insurance eco-system.

The Scrapping of Burning Cost model of Pricing:

There was time when it was decided to accept Insurance as well as reinsurance placement only for clients where the risk was priced at premium rate on burning cost basis as arrived by IIB. In simple, the burning cost rate is arrived at by dividing claims paid by sum insured. Now the Insurance Regulatory and Development Authority of India (IRDAI) has advised all non-life insurers and reinsurers to ensure that the Insurance Information Bureau (IIB) published premium rates for fire and engineering policies are not embedded as the minimum rates within the reinsurance treaty agreements for the risks commencing on and after April 1, 2023. This attempt of the regulator again puts the Insurer in suicidal competition and the treaty arrangement with the national reinsurer becomes a very tight job.

The business of the GIC Re is expected to be impacted in the coming years as the sectoral regulator scrapped the `burning cost` model of pricing by reinsurers. The policyholders were being led to believe that the burning cost released by IIB is a minimum mandated rate. Thus the buring cost model gave to the insurer a feeling of Tariff like atmosphere and suddenly there was revamping of the same which again gave a detariffing scenario in the market for all the players.

The revamp of testing time under Sand Box regime in General Insurance Market:

The initiatives of Sand Box will help in furthering the goal of insurance penetration and reaching out to more and more people in the country. The Regulatory sandbox refers to live testing of new products or services in a controlled regulatory environment. It acts as a "safe space" for business as the regulators may or may not permit certain relaxations for the limited purpose of testing. Regulatory sandboxes enable in a real-life environment the testing of innovative technologies, products, services or approaches, which are not fully compliant with the existing legal and regulatory framework.

They are operated for a limited time period of 6 months and now the same stands revised to 36 months or 3 years. One of the major challenge was that the applicants under the regulatory sandbox mechanism could apply through cohorts. By this move the Insuretech companies and the insurers with a passion to grow through technology mode will be the one marching ahead in the competitive system. The sandbox mechanism will nurture the niche players those who have the technology backbone and insurtech and have motive to cater to those areas which are still unserved in the country.

The State Insurance Plan- Insurance for All:

Proliferation of insurance in every nook and corner of the country by focusing on each state/UT is the primary objective of the Regulator under the same project and aims towards Insurance for All.

The proposed State Insurance Plan is intended to accelerate last mile delivery of insurance services while utilizing the unique opportunities offered by each state. A joint effort from insurance companies, state authorities and direct participation of officials from IRDAI is envisaged to drive the agenda of the plan. State specific insurance profiles based on a proposed set of parameters may help bridge the gap between the insured and uninsured population while improving the overall quality of insurance services offered. All the stakeholders involved in this proposed approach are envisaged to have vital roles to bring about effective implementation of the plan.

The approach may be implemented in phases starting with creation of individual state insurance profiles and developing an insurance inclusion plan in accordance to the profile. Each state/ region of India offers a unique set of opportunities as well as poses certain challenges when it comes to insurance inclusion. The intent of this initiative is to have a focused approach towards tapping into those opportunities and addressing the underlying challenges. Each Insurer is allocated with a specific state or Union territory to nurture and expand the insurance penetration and deliver the insurance products to the last mile individual.

The Changes which are on the cards:

Tax Incentives for Insurance products: All financial purchases are currently clubbed under the same IT deduction section (80C), capped at Rs 1,50,000. It is expected that creating a separate section for a tax deduction on premiums paid towards life and health insurance will further help in boasting up the insurance sector of the country. This will effectively segregate customers' funds into long-term and short-term kitties. Considering the low single-digit penetration of life and Non-life insurance in India, tax incentives can be expected to focus on first-time life insurers and the principal component of annuity income. Special incentives may also be announced for women who currently account for barely more than one-third of the country's life insurance covers.

GST rate relaxation: GST rate relaxation from the current rate of 18 per cent on all insurance products may also help make it more affordable for the masses, who are keen on buying protection-oriented products like life insurance, health insurance and the allied.

Composite Licence for Insurers: The Regulator is set in all moods for granting of composite licences to the Insurers of the country. This move will help the Insurers to sell different financial products including mutual funds which in other words can be cited as the Insures are allowed to operate in multi lines like General, Life and Health lines. 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. 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.

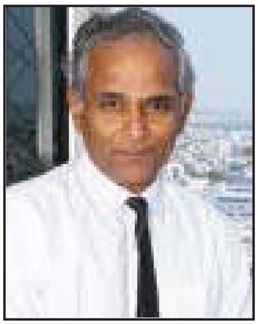
Revising the Capital requirements for Insurers: The rigid requirements of capital for setting up an insurance company is of Rs 100 crore is required for setting up a life, general, or health insurance business and for reinsurance it is Rs 200 crore. Now very soon the insurance company be allowed to commence 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.

The concept of Captive Insurers: The captive insurer is an insurance company that is owned by the insured itself. In India, like large corporations and cooperatives, the government too can benefit from the use of insurance captives for public programmes like the Pradhan Mantri Fasal Bima Yojana (PMFBY) and Pradhan Mantri Jan Arogya Yojana (PMJAY). The captives have tremendous growth potential if they register within low-tax jurisdictions such as the GIFT City (Gujarat International Finance Tec-City). Given its tax incentives, GIFT City can emerge as a hub for captives for the entire Indian subcontinent. The introduction of the insurance captive concept is a winning proposition as it widens the choices for insureds providing greater flexibility and coverage for nicherisks and also has the potential to revamp the implementation of self-insured government welfare schemes. The captive insurance industry emerged to address deficiencies and inefficiencies of traditional pooled insurance programs.

Conclusions:

The General or NonLife insurance industry has undergone numerous transformations in terms of new developments, modified regulations, proposals for amendments and growth. The mission of the Regulator 'Insurance for All by 2047' is very aggressive and the same seems visible in all the attempts which the Regulator is taking in the present days. The Insurance sector is embracing cutting-edge technologies such as machine learning in the automation of claim management, personalized insurance pricing with the Internet of Things, and Telematics for Motor insurance. The initiative of Bima Bharosa and Bima Sugam is a very path breaking attempt by the Regulator which will boast the ultimate aim of Insurance penetration and Insurance for All.

Time is Happiness



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

As insurance brokers we say that well invested money or some level of life insurance brings happiness. But it is not that easy! Some studies find there is a relationship between basic income and one's self-ascribed level of happiness.

Much is written on Happiness. Does money lead to or buy happiness? Google identifies over 400 million results when queried for "happiness."This article will lead us all to towards an elusive destination called "durable happiness."

Why 'durable happiness'? Because, we value happiness! We want our clients and country to experience durable happiness. This is not dependent on "attractive" life circumstances. Happiness is contagious. Our colleagues, children, parents, friends will all join us when we find "happiness" in the wake of our challenges, defeats, pressures and expectations and our losses.

As insurance brokers we say that well invested money or some level of life insurance brings happiness. But it is not that easy! Some studies find there is a relationship between basic income and one's self-ascribed level of happiness.

"Life Rox" : A couple of months ago, as I was waiting at the red traffic signal, a beautiful sports car stopped next to my vehicle. Itsdriver was happy...I know this because it is written on his car! 'Life Rox' it read. On a side note, have you ever noticed that cars are a great place to philosophize? I am not sure why that is the case.

Happiness in Money: We place the hope for happiness in money or some level of financial security or a bigger balance sheet; or in good health. Kindly note that wealth and resources are neither necessary nor sufficient for genuine happiness. Hundreds of years and millions of lives provide ample evidence of what will not bring happiness.

The list is extensive: Money. Fame. Power. Influence. Success. Possessions. Experiences.Are the happiest people being the wealthiest or the most famous or powerful? No, of course not! So, if THESE accomplishments do not secure "happiness," what secures it? Where do we find it?

The Ingredient of Happiness: Our lives are filled with ups and downs, successes and failures, gains and losses. To be clear, we all regularly experience losses. Some of our losses are more serious. How we confront these losseshas everything to do with finding happiness.

We lose our job or experience betrayal or the destruction of a personal relationship, or fail a critical mission- all these generate frustration and anger. These moments may continue for weeks, months or years or our lifetime.When left untended anger will remain forever.

If we are not diligent in how we handle these situations, the manner we relate it to our "present" and "future" then our life will be compromised. We will feel lost and insecure in our present circumstances, and when we think of future, we will be fearful or anxious.We all experience these emotions regularly. Anger, frustration, insecurity, anxiety. It is no wonder that happiness is so elusive. How do we get there?

We engage with our pain and grieve our disappointments, failures and losses. As we grieve, we find our anger turns to acceptance; our insecurity to contentment; our fear of the future turns to optimism. This facilitates our steps forward.

Finding Happiness: Acceptance, contentment and optimism: These are the roots that form in the fertile ground of life's losses and disappointments. But happiness is more than acceptance and contentment.

If we can give ourselves more time, and our loved ones an extra dose of patience, the questions we ask ourselves may change. How we think about "what we deserve" or "best for our family" or "life is not fair" may change. We might find that our anger turned to acceptance. Acceptance blossoms into REVERENCE for our past. Our insecurity becomes contentment ultimately bringing us JOY in our present. Our fear turned optimism matures into HOPE for the future.Reverence for past circumstances. Joy today. Hope for our future: Happiness worth pursuing.

Through loss, we ask ourselves the big questions. We express emotions. We give ourselves time. We catch glimpses of purpose. We seek significance. We find happiness. This is exactly what we at insurancepe doto help people find happiness. ❏

New India Assurance Launches Drone Protection Plan

New India Assurance said it has launched a product to offer insurance cover to drones, becoming the first public sector player to enter the segment. The unmanned aircraft system (UAS/UAV/RPAS/drone) insurance will cover large aircraft to solo flying gliders. Coverage will be offered to drone owners, operators and manufacturers, the company said in a statement. Its private sector peers like HDFC Ergo, ICICI Lombard, Tata AIG General and Bajaj Allianz General already have such plans.

While HDFC Ergo pioneered this segment way back in June 2020, ICICI Lombard launched its drone cover in August 2021, Tata AIG General in October 2021 and Bajaj Allianz General in November 2021. All these insurers offer a comprehensive insurance wherein an operator can opt for both hull and liability covers, for any commercial usage permitted by the aviation watchdog DGCA. The drone insurance product will cover damage to the drone and payload it carries, third-party liability along with additional covers for beyond the visual line of sight (BVLOS) endorsement and night flying endorsement.

New India Assurance said its product provides over 15 different add-on covers which are designed as per the drone industry's requirements, including physical damages, theft and accidental physical injury to the third party and/or damage to their property among others. Neerja Kapur, the chairman and managing director of the company, quoting the aviation ministry forecast, said the drone manufacturing industry is expected to touch Rs 900 crore by FY24, up from Rs 60 crore in FY21. The ministry also foresees an investment of over Rs 5,000 crore in the drone manufacturing industry over the next three years. New India Assurance Company has operations in 26 countries.

IOA to provide medical insurance to athletes

The executive council of Indian Olympic Association (IOA) has decided to provide medical insurance to the players who have won laurels for the country. It was noticed that several former players who won medals for the country lack access to basic health care. After deliberating on this issue on Feb 21, the committee decided to provide health insurance.

Not only former players, but current players and those with potential to win medals for the country will also be able to avail this benefit. To introduce this facility and identify sportspersons, IOA will coordinate with various National Sports Federations (NSFs). IOA will also recruit skilled professionals for different departments and put a system in place to handle all requirements.

Appraisal of Life Insurance Market

Life Insurance Premium

Life insurance industry recorded a premium income of Rs. 6.93 lakh crore during 2021-22 as against Rs. 6.29 lakh crore in the previous financial year, registering growth of 10.16 per cent. While private sector insurers posted 17.36 per cent growth in premium, LIC recorded 6.13 per cent growth. The market share of LIC decreased by 2.34 per cent to 61.80 per cent in 2021-22 while market share of private insurers has increased to 38.20 per cent.

In 2021-22, new business and renewal premium accounted for 45.46 per cent and 54.54 per cent of the total premium received by life insurers respectively. New business premium recorded 12.98 per cent growth while renewal business had a growth of 7.92 per cent. Single premium products continue to play a major role for LIC as they contributed 37.91 per cent of total premium while it was 15.87 per cent for private life insurers. LIC continued to have a higher market share at 63.18 per cent in new business and 60.65 per cent in renewal business premium.

Insurance company-wise life insurance premium is provided in Statement 3.

LIC of India is the only Indian insurer underwriting life insurance business outside India. The total premium underwritten outside the country by LIC stood at ?419.70 crore in 2021-22 as against ?400.34 crore in 2020-21 registering a growth of 4.83 per cent against growth of 5.84 per cent in 2020-21.

Segment-wise Life Insurance Premium

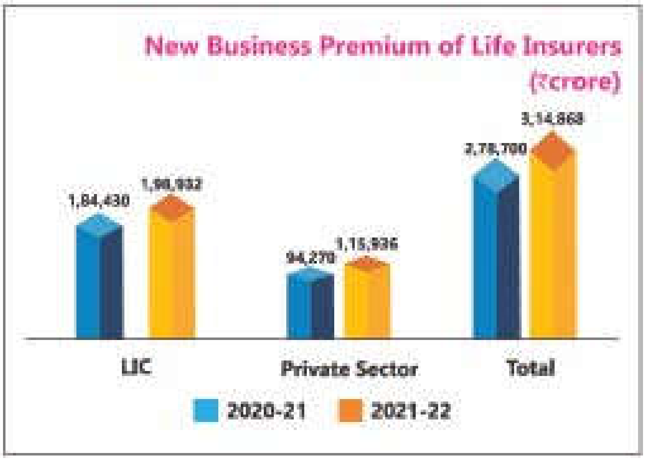
The traditional products registered a growth of 10.15 per cent in 2021-22, with premium of Rs. 5.92 lakh crore as against Rs. 5.38 lakh crore in previous year. On the other hand, Unit-linked products (ULIPs) registered a growth of

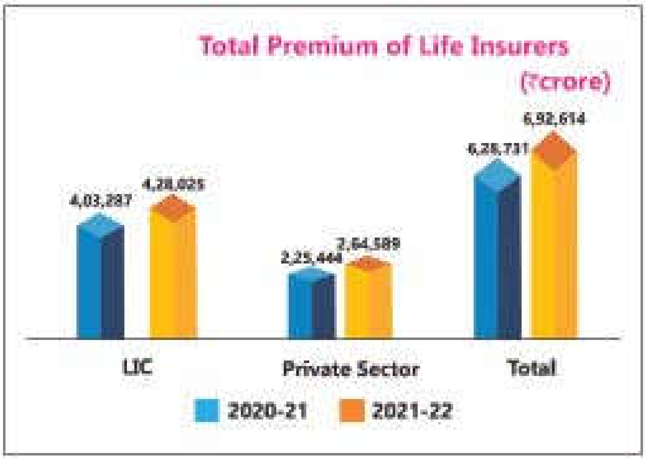
Premium Underwritten by Life Insurers

(Rs. crore)

Premium	LIC		Private Sector		Total	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
First Year (FY)	33,930.86 (-41.46)	36,649.35 (8.01)	46,869.16 (5.74)	73,943.39 (57.77)	80,800.02 (-21.01)	1,10,592.74 (36.87)
Single	1,50,498.69 (25.08)	1,62,282.83 (7.83)	47,401.21 (29.30)	41,992.25 (-11.41)	1,97,899.90 (26.07)	2,04,275.08 (3.22)
New Business (FY+ Single)	**1,84,429.55 (3.45)**	**1,98,932.18 (7.86)**	**94,270.37 (16.40)**	**1,15,935.64 (22.98)**	**2,78,699.92 (7.50)**	**3,14,867.82 (12.98)**
Renewal	2,18,857.00 (8.82)	2,29,092.80 (4.68)	1,31,174.11 (16.56)	1,48,653.53 (13.33)	3,50,031.11 (11.60)	3,77,746.32 (7.92)
Total (New + Renewal)	**4,03,286.55 (6.30)**	**4,28,024.97 (6.13)**	**2,25,444.48 (16.50)**	**2,64,589.17 (17.36)**	**6,28,731.04 (9.74)**	**6,92,614.14 (10.16)**

Note: Figures in bracket indicates growth (in per cent) over previous year.





10.24 per cent with increase in premium from ?0.91 lakh crore in 2020-21 to Rs. 1.00 lakh crore in 2021-22. The share of unit-linked products in total premium was 14.48 per cent.

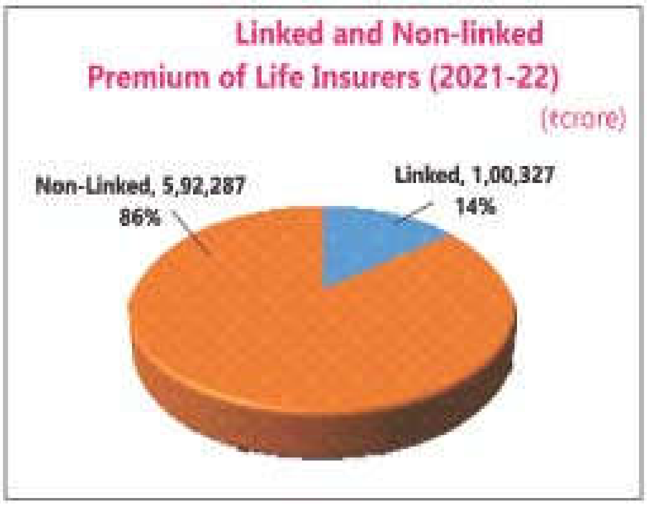
Life insurance segment constitutes 77 per cent of total life insurance premium followed by pension and annuity segments together about 22 per cent in 2021-22. Life, pension and variable segment recorded growth of 10.70 per cent, 13.38 per cent and 34.66 per cent respectively while annuity and health segment witnessed decline of 11.83 per cent and 2.68 per cent respectively during 2021-22.

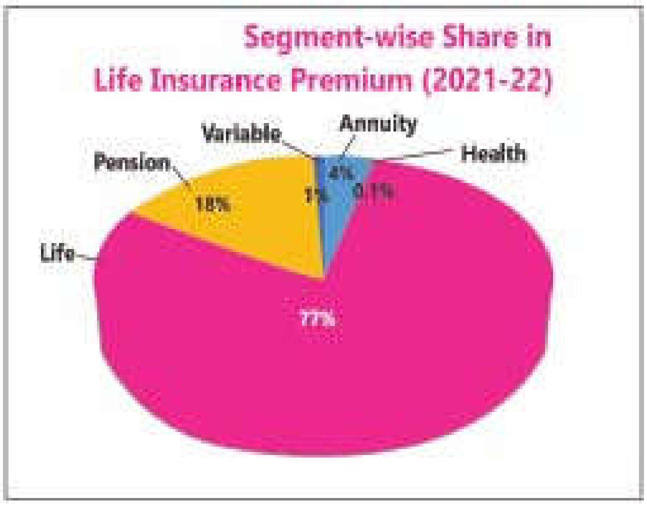
Segment-wise life insurance premium details are provided in Statement 4 and Statement 5.

Segment-wise Premium Underwritten by Life Insurers

(Rs. crore)

Segment	Linked Premium		Non-Linked Premium		Total Premium	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
Annuity	---	---	31,594.43	27,855.71	31,594.43	27,855.71
Health	185.22	163.64	634.43	634.04	819.65	797.68
Life	82,150.38	88,625.45	4,00,526.24	4,45,678.26	4,82,676.61	5,34,303.71
Pension	8,671.04	11,537.61	1,01,158.54	1,12,987.92	1,09,829.58	1,24,525.52
Variable	---	---	3,810.77	5,131.51	3,810.77	5,131.51
Total	**91,006.64**	**1,00,326.69**	**5,37,724.41**	**5,92,287.45**	**6,28,731.04**	**6,92,614.14**





Policies Issued by Life Insurers

During 2021-22, the life insurance industry registered a growth of 3.51 per cent in the number of new policies issued against the previous year. LIC registered a growth of 3.54 per cent and contributed 74.60 per cent of the policies issued. The private sector registered a growth of 3.38 per cent and contributed 25.40 per cent of the policies issued.

New Individual Policies issued by Life Insurers

(in lakh)

Insurer	2020-21	2021-22
LIC	209.75 (-4.21)	217.19 (3.54)
Private Sector	71.52 (2.89)	73.94 (3.38)
Total	**281.27 (-2.49)**	**291.13 (3.51)**

Note : Figures in bracket indicates the growth (in per cent) over the previous year.

Paid-up capital of Life Insurers

Total capital of the life insurers increased by 25.40 per cent to Rs. 35,547 crore as on March 31, 2022. During 2021-22, an additional capital of ?7200 crore was brought in the life insurance industry and about 86 per cent of this was by LIC. Insurance company wise details of equity share capital are provided in Statement 6.

Paid up Capital of Life Insurers

(Rs. Crore)

Insurer	As at March 31, 2021	Additions during 2021-22	As at March 31, 2022
LIC	100.00	6,225.00	6,325.00
Private Sector	28,246.37	975.38	29,221.75
Total	**28,346.37**	**7,200.38**	**35,546.75**

Note: Paid up Capital excludes Share premium and Share application money.

Other Forms of Capital of Life Insurers

Under the provisions of IRDAI (Other Forms of Capital) Regulations, 2016, six private life insurers have raised Other Forms of Capital amounting to Rs. 1,984 crore during 2021-22 i.e. Rs. 350 crore by Aditya Birla Sun Life Insurance Co. Ltd., Rs. 125 crore by IndiaFirst Life Insurance Co. Ltd., Rs. 496 crore by Max Life Insurance Co. Ltd., Rs. 400 crore by PNB MetLife India Insurance Co. Ltd., Rs. 125 crore by Star Union Dai-ichi Life Insurance Co. Ltd., and Rs. 488 crore by Tata AIA Life Insurance Co. Ltd.

Total Other Forms of Capital of life insurers as on March 31, 2022 was Rs. 4,194 crore (Rs. 2,210 crore as on March 31, 2021).

Expenses of Life Insurers

IRDAI (Expenses of Management of Insurers transacting life insurance business) Regulations, 2016 prescribe the allowable limits of expenses of management taking into account, inter alia the type and nature of product, premium paying term and duration of insurance business. During the year 2021-22, out of 24 life insurers, 16 were compliant with the above regulations. Eight life insurers had exceeded the limits of expenses on an overall basis or segmental basis and the same are under examination and consideration for grant of forbearance.

The life insurance industry reported gross expenses of management of Rs. 1.07 lakh crore during 2021-22 which was 15.50 per cent of total gross premium.

The commission expenses ratio (commission expenses as a percentage of premium) decreased marginally to 5.18 per cent in 2021-22 from 5.25 per cent in 2020-21. However, total commission increased by 8.77 per cent (total premium growth 10.16 per cent) during 2021-22.

The operating expenses of the life insurers increased by 17.93 per cent to Rs. 71,435 crore in 2021-22 and operating expenses ratio (operating expenses as a per cent of gross premium underwritten) increased from 9.77 per cent in 2020-21 to 10.31 per cent in 2021-22.

Operating Expenses of Life Insurers

(Rs. crore)

Insurer	2020-21	2021-22
LIC	34,989.52 (8.68)	38,890.68 (9.09)
Private Sector	26,432.76 (11.72)	32,544.34 (14.44)
Total	**61,422.29 (9.77)**	**71,435.02 (10.31)**

Note: Figures in bracket are Operating Expense Ratio in per cent.

Commission Expenses (and Rewards) of Life Insurers

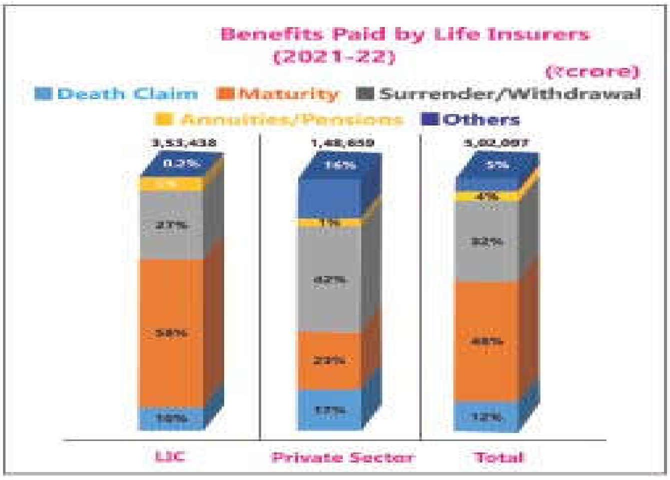
(Rs. crore)

S. No.	Segment	LIC		Private Sector		Total	
		2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
1	First Year Commission	8,969.83 (26.44)	9,730.97 (26.55)	6,845.72 (14.60)	8,088.84 (10.94)	15,815.56 (19.57)	17,819.80 (16.11)
2	Commission on Single Premium	564.67 (0.37)	490.27 (0.30)	580.22 (1.22)	829.73 (1.98)	1,144.89 (0.58)	1,320.01 (0.65)
3	Rewards on New Business Commission	1,201.39 (0.65)	1,099.57 (0.55)	378.06 (0.40)	441.61 (0.38)	1,579.45 (0.57)	1,541.18 (0.49)
4	**New Business Commission (1+2+3)**	**10,735.90 (5.82)**	**11,320.81 (5.69)**	**7,804.00 (8.28)**	**9,360.18 (8.07)**	**18,539.89 (6.65)**	**20,680.99 (6.57)**
5	Renewal Commission	11,434.74 (5.23)	11,850.65 (5.17)	3,019.45 (2.30)	3,355.68 (2.26)	14,454.19 (4.13)	15,206.33 (4.03)
6	**Total Commission (4+5)**	**22,170.64 (5.50)**	**23,171.46 (5.41)**	**10,823.44 (4.80)**	**12,715.86 (4.81)**	**32,994.08 (5.25)**	**35,887.31 (5.18)**

Note: Figures in bracket are Commission Expense Ratio in per cent.

Benefits Paid by Life Insurers

The life insurance industry paid benefits of ?5.02 lakh crore in 2021-22 which constitutes 73.10 per cent of the net premium. LIC accounted for 70.39 per cent of total benefits paid and remaining 29.61 per cent by private insurers. The benefits paid on account of surrenders / withdrawals increased to Rs. 1.58 lakh crore in 2021-22 of which LIC accounted for 60.09 per cent and the remaining by private insurers. In the current year, out of the total surrender benefits, ULIP policies accounted for 1.96 per cent for LIC and 78.29 per cent for private insurers.



Benefits Paid by Life Insurers

(Rs. crore)

Benefit	LIC		Private Sector		Total	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
Death Claim	23,878.62	35,720.29	18,079.81	25,101.57	41,958.43	60,821.86
Maturity	1,65,659.20	2,05,526.54	25,845.12	34,129.53	1,91,504.32	2,39,656.07
Surrender/ Withdrawal	80,101.00	95,118.04	49,315.89	63,166.90	1,29,416.88	1,58,284.94
Annuities/ Pensions	14,571.36	16,257.21	1,406.32	1,990.77	15,977.68	18,247.97
Others	911.63	815.51	19,003.52	24,270.57	19,915.15	25,086.08
Total	**2,85,121.81**	**3,53,437.58**	**1,13,650.66**	**1,48,659.34**	**3,98,772.47**	**5,02,096.92**

Note: 1. Claims include terminal bonus as a part of benefits paid.
2. Death claim is net of reinsurance.

Death Claims

In case of individual life insurance business, the life industry's death claim settlement ratio increased to 98.64 per cent in 2021-22 from 98.39 per cent in the previous year and the repudiation/rejection ratio decreased to 1.02 per cent from 1.14 per cent.

In case of group life insurance business, life insurance companies settled 98.77 per cent claims during 2021-22 against 98.62 per cent in the previous year.

Insurer-wise claim details of individual and group life insurance business are provided in Statement 7 and Statement 8 respectively.

Actual Death Claims of Life Insurers

(Amount in Rs. crore)

Total Claims		Claims paid		Claims Repudiated		Claims rejected		Claims Unclaimed		Claims pending at the end of the period	
NOP	Amount	NOP	Amount	NOP	Amount	NOP	Amount	NOP	Amount	NOP	Amount
Individual Life Insurance Business											
16,08,924 (100.00)	48,080.54 (100.00)	15,87,110 (98.64)	45,817.57 (95.29)	12,609 (0.78)	1,099.12 (2.29)	3,900 (0.24)	192.45 (0.40)	2,727 (0.17)	482.36 (1.00)	2,578 (0.16)	489.03 (1.02)
Group Life Insurance Business											
14,36,081 (100.00)	26,923.79 (100.00)	14,18,442 (98.77)	26,043.24 (96.73)	9,087 (0.63)	549.27 (2.04)	2,062 (0.14)	51.61 (0.19)	134 (0.01)	2.10 (0.01)	6,356 (0.44)	277.57 (1.03)

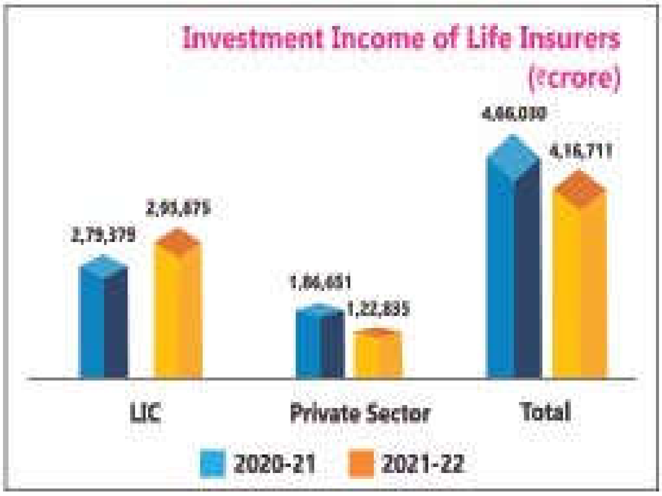
NOP – No. of Policies

Note:

1. *Figures in brackets are percentage to total.*
2. *For Individual life insurance business, the count is in terms of NOP and in case of group life insurance business, the count is terms of number of lives*

Investment Income of Life Insurers

Investment income (Policyholder's and Shareholder's) including capital gains and other income of life insurance industry declined by 10.58 per cent to ?4.17 lakh crore in 2021-22. While LIC recorded 5.19 per cent growth, private insurers experienced 34.19 per cent decline in investment income in the year 2021-22.

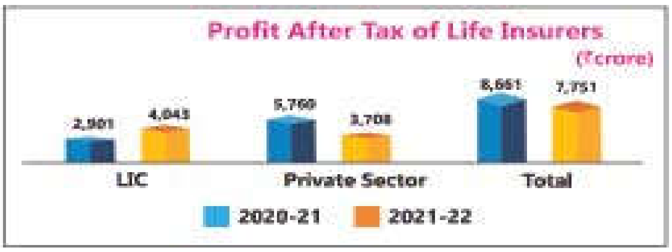


Life Reinsurance

During 2021-22, ?605.76 crore was ceded as reinsurance premium by LIC (?442.21 crore in 2020-21). The private insurers together ceded ?5,190.21 crore (?3908.92 crore in 2020-21) as premium towards reinsurance. Retention ratio of Life insurers was 99.16 per cent for 2021-22 as against 99.31 per cent for 2020-21.

Profits of Life Insurers

Profits of life insurance industry declined by 10.50 per cent in 2021-22 with profit after tax (PAT) of Rs. 7,751 crore as against Rs. 8,661 crore in 2020-21. Out of the 24 life insurers in operation during 2021-22, 15 companies reported profits. LIC reported increase in profits by 39.39 per cent while private insurers together reported a loss of 35.62 per cent in 2021-22.



Returns to Shareholders of Life Insurers

Three private life insurers viz. Bajaj Allianz Life Insurance Co. Ltd., SBI Life Insurance Co. Ltd. and Shriram Life Insurance Co. Ltd. paid interim dividend of Rs. 137.15 crore, Rs. 200.07 crore and Rs. 44.31 crore respectively for the FY 2021-22. LIC has not proposed to pay dividend to shareholder i.e. Government of India for the year 2021-22.

Dividend paid by Life Insurers

(Rs. Crore)

Insurer	2020-21	2021-22
LIC	0.00	0.00
Private Sector	615.35	381.53
Total	**615.35**	**381.53**

Note: Excludes dividend distribution tax

Offices of Life Insurers

The number of life insurance offices stood at 11,060 as on March 31, 2022 same as previous year. Around 60 per cent of life insurance offices are located in Tier I centers where the population is one lakh and above. About 0.75 per cent of life insurance offices are in Tier VI centers with a population of less than 5,000.

State/UT-wise distribution of life insurance offices are provided in Statement 9.

As at March 31, 2022, LIC of India has offices in 688 districts out of 750 districts in the country, covering 92 per cent of all districts in the country, whereas the private sector insurers have offices in 596 districts covering 79 per cent of all districts in the country. LIC and private insurers together have covered 92 per cent of all districts in the country. All the districts were covered through life insurance offices in 24 out of 36 states/UTs of the country.

The number of districts without a life insurance office stood at 59 in the country, out of which 48 districts belong to the north eastern states.

Offices of Life Insurers

(Number of Offices)

Location	As on March 31, 2021			As on March 31, 2022		
	LIC	Private sector	Total	LIC	Private sector	Total
Tier I	1,844	4,717	6,561	1,848	4,746	6,594
Tier II	559	735	1,294	561	706	1,267
Tier III	1,353	476	1,829	1,357	458	1,815
Tier IV	1,037	107	1,144	1,042	106	1,148
Tier V	123	29	152	123	30	153
Tier VI	54	26	80	54	29	83
Total	4,970	6,090	11,060	4,985	6,075	11,060

Note: Tier I - Population 1,00,000 & Above

Tier II - Population of 50,000 to 99,999

Tier III - Population of 20,000 to 49,999

Tier IV - Population of 10,000 to 19,999

Tier V - Population of 5,000 to 9,999

Tier VI - Population less than 5,000

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Know how to buy the right term insurance plan

Insurance products currently available in the market can be broadly categorized into two types-a pure vanilla term insurance plan and others. All 'other' insurance products would either be market-linked or provide guaranteed returns which are generally equivalent to the level of fixed-deposit rate of returns.

A simple rule should be followed when buying an insurance product-keep it separate and don't mix investment or retirement planning with it. This will enable you to reap the maximum benefits of insurance as a product, one that has a higher life cover amount and ultimately lower the premiums. Buying the right term insurance may not be an easy process and your decision should be based on a combination of multiple factors.

Cover amount:

The maximum life cover than can be taken is 20-25 times of your annual gross salary income. However, in order to determine the right cover amount, a good starting point is to estimate the amount of annual expenditure required by your family based on your standards of living and lifestyles.

Policy duration:

The ultimate objective of buying an insurance policy is to ensure that your dependents are covered financially after your death. So, for example, if you are a family of two and your spouse is financially independent, then buying insurance does not make sense. However, if your family comprises more than two members, then your children would be financially dependent on you till they attain the age of at least 25 years. And, that should be the ideal duration of your insurance product.

Amount settlement ratio:

Many insurance companies harp on their claim settlement ratio but an equally important metric should be the amount settlement ratio. For instance, if an insurer settles 99 of the 100 claims it receives, then its claim settlement ratio is 99%. In case a company settles Rs. 95 crore of the total Rs. 100 crore claims it receives, then its amount settlement ratio is 95%. So, there is a high possibility that the company settles 99% of the claims it receives but might reject one claim that entails a higher amount to be settled, thereby reducing its amount settlement ratio. Therefore, it becomes important to check both the metrics in tandem before finalizing on any specific insurance company. The amount settlement ratio can be directly checked from the annual report of the Insurance Regulatory and Development Authority of India.

Riders:

There are typically four riders associated with a policy: waiver of premium, accidental death benefit, critical illness rider, and terminal illness rider. The waiver of premium is one of the most important riders-it waives of the premium in case you are identified with any pre-defined illness and comes at an additional minimal cost. All other riders may be chosen as per your specific requirements, but can be ignored if you have a comprehensive health insurance plan and keep a sufficient emergency fund.

Prepayment:

Once you have decided with all the above factors, the final decision should be regarding the payment methodology-whether you a want to pay the premium for the next five years, 10 years, till retirement or till the policy duration. Its normally recommended not to go beyond retirement as the constant cash flow in terms of salary stops thereafter. The early prepayment option (five years, 10 years, etc.) may seem more attractive as the amount paid in absolute terms would be lower compared to the amount paid till policy duration or retirement (at the age of 60 years) but it is important to consider time value of money as well before drawing any conclusions. It is advised to calculate the current value of future payments that you would be making under different scenarios and then take a decision that would be more financially viable.

Some of the other important criteria should include how smooth the claim settlement process is as you don't want your family members to be burdened with operational inefficiencies of any company. This means that you have to ensure that you are dealing with a big company, in terms of the number of claims it deals with, and whether it has good paid-up capital which would ensure its smooth functioning in the long run.

Finally, in this era of systematic investment plans and equity investing, buying the right term insurance product is more important than before you actually start making other investments as it is the mitigation to the risk of your life which would offer a sense of peace and freedom. *(Source: Mint)*

Tax on high-premium policy may hit life insurers' top line

The Budget proposal to tax income from traditional insurance policies, other than unit-linked products (ULIPs), having premia above Rs 5 lakh in a year is likely to impact growth of life insurance companies and their margins. There, on the other hand, could be demand for high-value policies now to avail tax benefits, which only go away from April 1.

Through this decision, the government is aiming to plug the arbitrage, which high-net-worth individuals (HNIs) are using to get tax-free returns on their high-value insurance policies through Section 10(10D).

The stocks of life insurance companies reacted sharply to the announcement of the finance minister, with most scrip witnessing around 10 per cent fall in a day. However, of the five life insurance companies that are listed on the bourses, only two -- HDFC Life Insurance and Max Financial Services -- ended in the red. The rest -- Life Insurance Corporation (LIC), ICICI Prudential Life Insurance, and SBI Life Insurance -- witnessed marginal gains in the share price.

According to disclosures, ICICI Prudential Life Insurance's share of the business of non-unit linked policies with an annual premium of above Rs 5 lakh is approximately 6 per cent of total annualised premium equivalent for M9FY23. For Max Life, the same ratio stands at 9 per cent; for HDFC Life, it is over 10 per cent. However, for SBI Life, the impact could be as less as 1 per cent.

HDFC Life's management has indicated the likely impact on their company would be 10-12 per cent on the top line and less on the bottom line. And, the insurer will now strive to sell more to middle-class customers.

"We don't expect this sale to completely disappear as among many levers, such as shifting to lower ticket size and alternative products, we are confident of retaining a significant portion of the sale. The VNB (value of new business) impact will be marginally lower than sales impact as such high-ticket size policies do operate at lower margins," said Prashant Tripathy, CEO & MD of Max Life.

For IndiaFirst Life, non-ULIP policies exceeding Rs 5 Lakh of premium have a single-digit contribution to our overall business and the impact is expected to be muted, said Rushabh Gandhi, deputy CEO, IndiaFirst Life Insurance.

The impact of this decision by the central government will be most felt in the guaranteed return products segment, as the rest of the non-ULIP products would fall below the Rs 5-lakh ticket size threshold proposed for taxation. The government had earlier removed the tax exemption on ULIP proceeds received on maturity for the policies having premia over Rs 2.5 lakh.

"There is no indexation benefit and the entire gains will be taxed at a marginal tax-rate irrespective of the policy tenure, which typically stands at 15 years. This will reduce the attractiveness of non-par policies and with the proposed tax treatment, they will broadly come at par with bank-term deposits," analysts at Motilal Oswal said in their report.

To sweeten the deal for customers, insurers may look to sacrifice their margins and offer competitive rates in this segment so that the flow of funds from high-net-worth individuals may not drop significantly.

According to analysts at Emkay Research, it can be argued that the segments at risk generally have lower profitability, but the impact on growth will also compel insurers to compromise a bit on margins. In the immediate term, non-par guaranteed products could see a fire sale over the next two months. "Overall, it would be interesting to see how insurers deal with distribution cost and opex (operating expense), as they attempt to keep their products competitive. On net, we see a 10-12 per cent reduction in the medium-term margins, coupled with moderated terminal growth and higher cost of equity," they pointed out.

Meanwhile, analysts reckon there has been a structural shift in the government's stance when it comes to exemptions provided to insurance. The big push towards the new simplified tax structure, which is devoid of any exemption, in this year's Budget is also expected to have a negative impact on the insurance sector. Over the years, the dependence of life insurers on the exemption provided under 80C of the Income Tax Act has reduced, owing to a shift in the customer segment, but LIC's dependence on this has remained fairly high.

"LIC's ticket size is one-fifth of that of the private sector at around Rs 15,000 and hence, LIC could have a target segment buying a policy for 80C exemption benefits and could get impacted a bit more," said Suresh Ganapathy, associate director, Macquarie Capital in his report.

"We don't agree with the argument that the new taxation regime is more lucrative than the old taxation regime, which allowed purchase of insurance products and claim 80C taxation exemptions. We believe many people buy insurance because of taxation benefits at maturity which aren't withdrawn except for high-ticket policies. Also, there are several other items in 80C and insurance exemption is not the main aspect driving the purchase," he further said.

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

BIMTECH awarded the Most Inclusive B-School in India.

Birla Institute of Management Technology was awarded the 'Most Inclusive B-School in India' during the Industry Academia Conference 2023 held at Hotel Shangri-La, New Delhi on 16-17 February, 2023.

The judgement was done on various parameters and followed long deliberations. Our contributions stood out in areas of societal impact, accessibility, diversity-linked initiatives, supporting merit impartially, and encouraging gender diversity.

For nearly 15 years, BIMTECH has dedicated itself to developing the business school as a responsible, social, and inclusive business school in India.

The award was given by Mr. Harish Bhat, Brand Custodian, Tata Sons, and Mr. Rajeev Dubey, Group President (HR & Corporate Services) & Chief Executive Officer (After-Market & Corporate Services) of Mahindra & Mahindra Limited.

Placement Highlights for 2023

Top 10% Average Salary: Rs. 15.86 lakhs per annum; Top 25% Average Salary: Rs. 14.31 lakhs per annum; Top 50% Average Salary: Rs. 12.80 lakhs per annum.

This impressive feat speaks volumes about the reputation and quality of education offered at BIMTECH. BIMTECH's commitment to provide students with the latest industry knowledge, practical skills, and professional training has made us a preferred choice for employers, leading to high-paying job opportunities for our graduates.

Talk on Union Budget

BIMTECH hosted a "Talk on UnionBudget2023" with Shri Sushil Kumar Modi, Member of Parliament and former Dy. Chief Minister of Bihar, on February 11, 2023, at the campus, where he highlighted the key points in the budget2023 and how they will benefit the citizens of the country.

BIMTECH Business Literature Festival

After the resounding success of two virtual editions of BIMTECH Business Literature Festival in 2021 and 2022, the Business Communication Area organised the Third offline edition of BIMTECH Business Literature Festival (BBLF3) on the 10th and 11th of February 2023.

The event started with the gracious presence of Shri Bhupender Yadav, honourable Union Minister of Labour and Employment and Minister of Environment, Forest and Climate Change, also the author of the famous book "The Rise of The BJP", as our Chief Guest for the event. He shared wisdom from ancient sutras, including those of Patanjali, and emphasized the significance of literature in life.

The Festival provided an opportunity to all attendees, particularly the students, to learn from the best of business leaders and global authors, and their words of wisdom were immensely valuable to everyone.

The event had panel discussions with authors, book reviews, competitions and masterclass on publishing and writing books. Students of Insurance Business Management(IBM) interacted with Mr. Kapil Mehta Co-Founder of Secure Now Brokers who shared insights from his book titled 'Happily Insured: Guide to Understanding Insurance and Leading a Stress-free Life'. Students asked him questions about his journey in the insurance sector and his motivations for writing the book.

MDP Programme on Campus

A Management Development Programme (MDP) was conducted under the guidance of Centre for Management Development and Consultancy(CMDC), BIMTECH the subject being "Non-Life lines of Business" from 20th February - 1st March, 2023 the institute. The training was conducted for employees of Green Delta Insurance Company Ltd, Bangladesh on Non-Life products.The participants attending the 10 day programme were senior executives from Green Delta Insurance from various functional areas. It was a residential programme where they stayed on campus at the institute's Vikramshila Leadership Centre (VLC). The faculty who were part of the programme and took classroom sessions were Prof. (Dr.) Abhijit Chattoraj, Prof. Manoj Kumar Pandey, Prof. Pratik Priyadarshi, and Dr. Manoj Pareek.

Legal Update

Commission orders to pay expenses of flying man's remains to India, insurer told

Insurer has to pay repatriation expenses if the insured person dies while travelling abroad even if he/she didn't reveal their pre-existing medical condition while taking the insurance.

The Vadodara district consumer disputes redressal commission (additional) has ordered an insurance firm to pay Singaporean $3,978 (roughly Rs 2.5 lakh) to the family of the deceased towards the expenses of flying his remains to India.

The family of Mafatlal Chauhan had filed a complaint against Oriental Insurance Company Ltd and a travel firm after the insurer rejected their claim. Chauhan had taken overseas travel insurance while travelling to Singapore in March 2010. During his stay there, Chauhan died of ischemic heart disease. His remains were flown to India for the final rites.

Chauhan's family then filed a claim for the expenses of bringing his body back to the country. The insurance firm, however, rejected the claim stating that Chauhan had a preexisting heart condition and it wasn't revealed while taking the travel insurance cover.

The firm said that the policy carries specific exclusion of all medical expenses incurred directly due to past history ailments and consequences attributable to accelerated by or arising therefrom as per medical history. Chauhan's wife Sudha and son Vikramsinh then filed a complaint at the consumer forum in 2012. They sought $ 25,000 towards personal accident cover and $ 3,978 towards repatriation expenses.

The insurance firm and other opponents then produced cashless process papers for the deceased's mediclaim from another insurer regarding the percutaneous transluminal coronary angioplasty (PTCA) to prove that the deceased had a pre-existing heart condition. But the deceased's son said in his reply that he wasn't aware of any such mediclaim policy or the alleged treatment of PTCA.

The forum observed that for the repatriation benefits, only the death of the insured outside India and proof of expenses are relevant. Finding the reasons for repudiation of the claim unjust and arbitrary, the forum ordered the insurance firm to pay $ 3,978 along with nine percent interest from the date when the complaint was filed till the date of payment.

The insurance firm will also have to pay Rs 10,000 towards the litigation cost and another Rs 10,000 for mental harassment to the complainant.

The complainant had also sought $ 25,000 for personal accident claim but the forum didn't accept it by saying that Chauhan died of ischemic heart disease and it cannot be treated as an accidental death. ❑

IIISLA organises three day All India Seminar for Insurance Surveyors at Jaipur

A three day All India Technical Seminar of Insurance Surveyors was organized by IIISLA Rajasthan Chapter from 24th to 26th February at Hotel Sunrise Resort. IIISLA 's National President Mr. Lalit Gupta presided over the seminar. Mr. Raghunath Singh Meena, Deputy General Manager, United India Insurance and Mr. Man Mohan Singh Thakur, Deputy General Manager, Oriental Insurance were present in the seminar as special guests. In the seminar, new techniques related to insurance claims inspection and loss assessment were discussed in detail for 3 days. Rajasthan chapter chairman Tilak Raj Verma, informed that IIISLA members from different states took part in the seminar.

From LHS Shri Ravindra Kumar Sharma, Patron Rajasthan Chapter, Shri Manmohan Singh, DGM, Oriental Insurance Co, Jaipur Regional Office, Shri Lalit Gupta, President IIISLA' Shri Raghunath Singh Meena, DGM, United India Insurance Co, Jaipur Regional Office, Shri Tilak Raj Verma, Rajasthan Chapter Chairman, IIISLA, Shri Ashok Arora, Seminar Convener and Coordinator Jaipur Unit

According to the Program director Ashwani Aggarwal, national level expert trainers P C Shukla, A K Sinha, O P Aggarwal, Rakesh Soni, Manohar Senani and Vishal Gupta participated in the seminar and they gave detailed information on the modern techniques of survey and loss assessment.

IIISLA Rajasthan Chapter Chairman Tilak Raj Verma was awarded the Best Chapter Chairman by IIISLA President Lalit Gupta for his excellent work. According to Program coordinator, Mr. Ashok Arora all the office bearers of Rajasthan Council were present in this seminar.

Mr. R K Sharma, Patron, Rajasthan Chapter of IIISLA informed that the Rajasthan Chapter is very active and keeps on organising regular technical training programmes for the benefit of members and upgrading their technical skills. According to Mr Sharma, the holy Gita keeps them guiding about the right path to be followed to achieve success in life and profession.

Insurance Caselaws

As business operations seek to attain pre-pandemic levels of growth, insurance is one sector which could prove to be the pivot to sustainability.

Recent judicial interpretation rendered by Supreme Court to various principles of insurance law would prove to be a useful guide for both, Insurers/Insureds in matters relating to coverage.

What is the extent of jurisdiction of a Consumer Forum to examine a surveyor's report?

Khatema Fibres Ltd.
v.
New India Assurance Company Ltd. and Ors.
IV(2021)CPJ1(SC)

Policy type- Standard Fire and Special Perils

In the instant case, the Supreme Court observed that in cases where the insurance company admitted the insured's claim, to the extent of the loss as assessed by the surveyor, the jurisdiction of the special forum constituted under the Consumer Protection Act, 1986 is limited. To establish deficiency, the insured should be able to establish, that the surveyor did not comply with the code of conduct in respect of his duties, responsibilities and other professional requirements as specified by the Regulations made under the Insurance Act, 1938.

The Court finally held that a Consumer Forum which is primarily concerned with an allegation of deficiency in service cannot subject the surveyor's report to forensic examination of its anatomy. Once it is found that there was no inadequacy in the quality, nature and manner of performance of the duties and responsibilities of the surveyor, in a manner prescribed by the Regulations as to their code of conduct and once it is found that the report is not based on ad hocism or vitiated by arbitrariness, then the jurisdiction of the Consumer Forum to go further would stop.

Ingredients of a Marine Insurance Policy?

United India Insurance Co. Ltd.
v.
Levis Strauss (India) Pvt. Ltd.
Civil Appeal No. 2955 of 2022

Policy type- Standard Fire & Special Perils Policy, Stock Throughout Policy, All Risks Policy

The Supreme Court in the course of its judgment, inter-alia, examined expressions under the Marine Insurance Act, 1973 ("MI Act"), namely, marine adventure, maritime peril referred to in marine adventure and marine policy. It was observed that Section 4 of the MI Act, deals with mixed marine and land risks.

It inter-alia, enables coverage - through express terms, or by usage of trade - extension of marine policies so as to protect the assured against losses on inland waters or on any land risk which may be incidental to any sea voyage. The Supreme Court relied on its earlier judgment in New India Assurance Co. Ltd. v. Hira Lal Ramesh Chand and Ors. 2008 (10) SCC 626, where it was held that an insurance cover extending 'warehouse to warehouse' meant that the consignments are covered by insurance not only during the sea journey, but beyond as stated in the policy i.e. during transit from the time it leaves the consignor's warehouse till it reaches the consignee's warehouse.

In the instant case, since there was a warehouse-to-warehouse transit clause and certain other stipulations, which stated that the policy covers both marine and other risks, the policy was held to be a marine insurance policy which comprehensively covered voyage, transit, transportation and warehouse perils. What is material is not whether the insurable event occurred during the voyage; rather, the focus is on the nature of the cover.

Role of exceptions in an insurance policy?

Shivram Chandra Jagarnath Cold Storage and Ors.
v.
New India Assurance Company Limited and Ors.
I(2022)CPJ138(SC)

Policy type- Deterioration of Stock Policy

In this case, the insurance claim of the Insured arose under a deterioration of stock policy which covered the stock of potatoes stored by the insured in cold storage. The surveyor observed that the claim should be rejected in view of exceptions to the policy. Thus, the insurer disclaimed any liability. The Supreme Court discussed the role of exceptions in an insurance policy, wherein it was opined that an insurer seeks to indemnify the insured only against such losses that are caused by certain perils arising under normal conditions whose effects are statistically estimated.

The Court observed that exceptions are inserted to exempt the liability of the insurer for which it would be otherwise liable. Excepted clauses are inserted ex abundanti cautela in insurance policies to inform the insured that losses attributable to excepted causes will not be indemnifiable. Since the exception, in this case, was neither too wide nor in conflict with the main purpose of the insurance policy, the claim was held to be correctly repudiated by the insurer, having regard to the specific exceptions in the policy.

What is the rule of contra proferentem?

Haris Marine Products
v.
Export Credit Guarantee Corporation (ECGC) Limited
Civil Appeal No. 4139/2020

Policy type- Single Buyer Exposure Policy

The Supreme Court delved into the term business common sense to interpret terms of a credit risk insurance policy. The Court relied on the UK Supreme Court's judgment in Arnold v. Britton [2015] UKSC 36 and observed that the business common sense was a decisive method was suggested to construe the ambiguity of a term used in a commercial contract. On contra proferentem, the Court observed that an ambiguous term in an insurance contract is to be construed harmoniously by reading the contract in its entirety.

If after that, no clarity emerges, then the term must be interpreted in favour of the insured, i.e., against the drafter of the policy. The Rule of contra proferentem thus protects the insured from the vagaries of an unfavourable interpretation of an ambiguous term to which it did not agree. Importantly, the Court emphasized the role of contra proferentem in standard form insurance policies, called contract d' adhesion or boilerplate contracts, in which the insured has little to no countervailing bargaining power. Accordingly, ECGC was held to have incorrectly interpreted an ambiguous term and was directed to pay the claim amount to the insured since the parties had transacted on several previous occasions.

Can reliance be placed on definition of words in specific statutes when the insurance policy itself defines those words?

Narsingh Ispat Ltd.
v.
Oriental Insurance Company Ltd. and Ors.
Civil Appeal No. 10671 of 2016

Policy type- Standard Fire and Special Perils Policy

The insured had taken a Standard Fire and Special Perils Policy from the insurer. The policy covered the loss caused to the property of the insured on account of fire, lightning, explosion, riots, strike etc. A claim was lodged by the insured on account of 50-60 antisocial people with arms and ammunition, who entered the factory premises of the insured and caused substantial damage to factory, machinery and other equipment. According to the insured, the object of the incident was to terrorise the management of the insured. Insurer repudiated the insured's claim by placing reliance on the exclusion clause in the policy regarding loss or damage caused by the acts of terrorism, which was defined under the policy.

The Supreme Court held that the insurer had failed to discharge the burden of bringing the case within the four corners of the exclusion. When the policy itself defines the acts of terrorism in the exclusion clause, the terms of the policy being a concluded contract will govern the rights and liabilities of the parties.

Therefore, the parties cannot rely upon the definitions of 'terrorism' in various penal statutes since the exclusion clause contains an exhaustive definition of acts of terrorism. Since the policy covers explicitly a liability arising out of the damage to the property of the insured due to riots or the use of violent means, therefore, there was no warrant for applying the Exclusion Clause. Accordingly, the Insurer's decision to repudiate the policy was held to be unsustainable. ❑

GROSS DIRECT PREMIUM INCOME UNDERWRITTEN BY NON-LIFE INSURERS WITHIN INDIA (SEGMENT WISE) : FOR THE PERIOD UPTO January 2023 (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	#REF!	0.00	#REF!	578.79	0.00	66.44	5.08	25.35	#REF!	#REF!
Bajaj Allianz General Insurance Co Ltd	1881.42	#REF!	249.88	#REF!	2732.55	10.78	453.12	193.39	3245.37	#REF!	#REF!
Cholamandalam MS General Insurance Co Ltd	552.88	#REF!	23.90	#REF!	475.78	0.00	21.19	257.06	68.53	#REF!	#REF!
Zuno General Insurance Limited $	21.97	#REF!	4.61	#REF!	141.47	0.00	0.05	25.63	2.70	#REF!	#REF!
Future Generali India Insurance Co Ltd	418.74	#REF!	59.52	#REF!	660.72	0.37	54.58	83.57	970.73	#REF!	#REF!
Go Digit General Insurance Ltd	379.55	#REF!	47.89	#REF!	628.06	0.00	633.77	134.09	45.87	#REF!	#REF!
HDFC Ergo General Insurance Co Ltd	1476.45	#REF!	171.43	#REF!	3852.13	17.86	483.65	522.80	2598.14	#REF!	#REF!
ICICI Lombard General Insurance Co Ltd	2778.72	#REF!	549.84	#REF!	4259.25	160.67	729.05	489.07	1303.02	#REF!	#REF!
IFFCO-Tokio General Insurance Co Ltd	832.08	#REF!	130.91	#REF!	1841.47	0.00	196.12	108.39	1395.03	#REF!	#REF!
Kotak Mahindra General Insurance Co Ltd	57.63	#REF!	6.83	#REF!	320.57	0.00	0.94	46.26	29.02	#REF!	#REF!
Liberty General Insurance Co. Ltd	71.89	#REF!	27.02	#REF!	264.49	0.00	16.42	17.80	55.19	#REF!	#REF!
Magma HDI General Insurance Co Ltd	279.89	#REF!	8.75	#REF!	192.69	0.00	58.06	8.08	-0.68	#REF!	#REF!
National Insurance Co Ltd	977.69	#REF!	272.64	#REF!	6150.97	36.69	148.02	410.48	455.36	#REF!	#REF!
Navi General Insurance Co. Ltd	-0.52	#REF!	0.00	#REF!	34.83	0.00	0.00	0.13	0.02	#REF!	#REF!
Raheja QBE General Insurance Co Ltd	20.78	#REF!	2.36	#REF!	11.62	0.00	56.99	0.42	0.31	#REF!	#REF!
Reliance General Insurance Co Ltd	956.48	#REF!	181.50	#REF!	1215.45	21.17	68.25	146.79	2861.76	#REF!	#REF!
Royal Sundaram General Insurance Co Ltd	259.57	#REF!	48.82	#REF!	363.60	0.00	12.11	37.53	9.06	#REF!	#REF!
SBI General Insurance Co Ltd	1331.06	#REF!	62.88	#REF!	1719.15	-0.09	51.71	791.11	2208.44	#REF!	#REF!
Shriram General Insurance Co Ltd	64.26	#REF!	13.33	#REF!	2.21	0.00	4.92	42.41	11.10	#REF!	#REF!
Tata AIG General Insurance Co Ltd	1677.00	#REF!	137.81	#REF!	1861.43	64.36	467.03	398.97	299.98	#REF!	#REF!
The New India Assurance Co Ltd	3643.13	#REF!	745.51	#REF!	14584.97	287.11	425.59	517.06	994.63	#REF!	#REF!
The Oriental Insurance Co Ltd	1387.90	#REF!	288.58	#REF!	7048.08	103.30	120.33	479.04	393.45	#REF!	#REF!
United India Insurance Co Ltd	1592.89	#REF!	353.92	#REF!	6143.07	47.54	210.82	382.38	911.99	#REF!	#REF!
Universal Sompo General Insurance Co Ltd	187.49	#REF!	9.31	#REF!	239.46	0.00	16.37	156.36	1458.74	#REF!	#REF!
General Insurers Sub Total	**20848.95**	**#REF!**	**3397.24**	**#REF!**	**55322.81**	**749.76**	**4295.53**	**5253.90**	**19343.11**	**#REF!**	**#REF!**
Previous Year Sub Total	18856.43	#REF!	2913.09	#REF!	45210.99	767.23	3555.18	4929.92	16737.56	#REF!	
% Growth	10.57%	#REF!	16.62%	#REF!	22.37%	-2.28%	20.82%	6.57%	15.57%	#REF!	
Health Insurers											
Niva Bupa Health Insurance Co ltd	0.00	0.00	0.00	0.00	3086.41	0.00	0.00	61.32	0.00	3147.73	#REF!
Aditya Birla Health Insurance Co Ltd	0.00	0.00	0.00	0.00	2053.62	0.00	0.00	134.52	0.00	2188.14	#REF!
Care Health Insurance Ltd	0.00	0.00	0.00	0.00	3855.51	0.00	0.00	283.23	0.00	4138.74	#REF!
ManipalCigna Health Insurance Co Ltd	0.00	0.00	0.00	0.00	1047.54	0.00	0.00	25.25	0.00	1072.79	#REF!
Star Health & Allied Insurance Co Ltd	0.00	0.00	0.00	0.00	9797.64	0.00	0.00	149.09	0.00	9946.73	#REF!
Health Insurers sub Total	**0.00**	**0.00**	**0.00**	**0.00**	**19840.72**	**0.00**	**0.00**	**653.41**	**0.00**	**20494.13**	**#REF!**
Previous Year Sub Total	0.00	0.00	0.00	0.00	15616.94	0.00	0.00	591.46	0.00	16208.40	
% Growth					27.05%			10.47%		26.44%	
Specialised Insurers											
Agriculture Insurance Co Of India Ltd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12439.08	12439.08	#REF!
ECGC Ltd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	928.30	928.30	#REF!
Specialised sub Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**13367.38**	**13367.38**	**#REF!**
Industry Total	**20848.95**	**#REF!**	**3397.24**	**#REF!**	**75163.53**	**749.76**	**4295.53**	**5907.31**	**32710.49**	**#REF!**	**#REF!**
Previous Year Sub Total	18856.43	3557.34	2913.09	56365.66	60827.93	767.23	3555.18	5521.38	30109.47	182473.69	
% Growth	10.57%	#REF!	16.62%	#REF!	23.57%	-2.28%	20.82%	6.99%	8.64%	#REF!	
% Market Share	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	

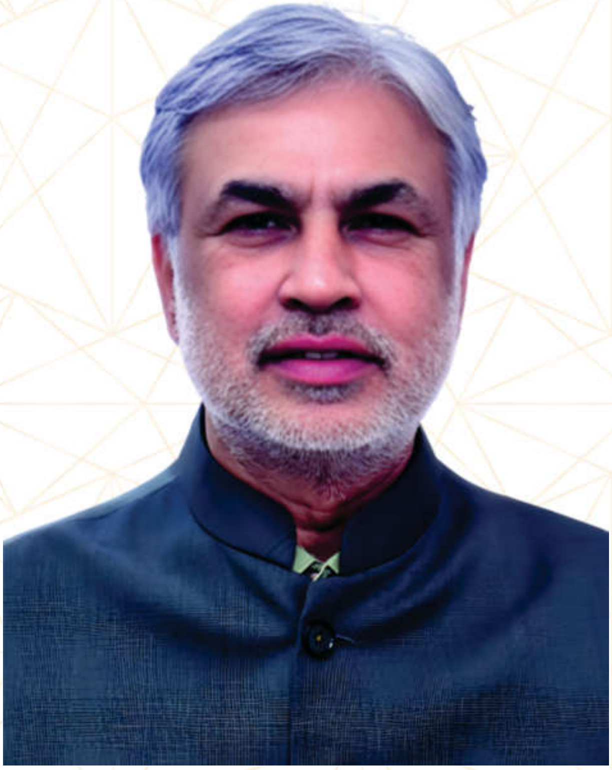
Note: Compiled on the basis of data uploaded by member insurers on Online Portal. $ Zuno General Insurance Limited formerly known as Edelweiss General Insurance Company Limited.

Summary of New Business Performance of Life Insurers for the Period ended January-2023 (Provisional)

Sl. No.	Particulars	Premium in Rs. Crores					No. of Policies and Schemes				
		Month of Jan-2023	Upto Jan-2023	Month of Jan-2022	Upto Jan-2022	YTD Variation in %	Month of Jan-2023	Upto Jan-2023	Month of Jan-2022	Upto Jan-2022	YTD Variation in %
1	Individual Single Premium	3923.28	35099.95	3281.29	31726.37	10.63 %	104285	977704	112707	944567	3.51 %
2	Individual Non Single Premium	8271.08	71797.79	7555.23	62098.69	15.62 %	2430436	19917543	2669669	19442904	2.44 %
3	Group Single Premium	13107.74	176378.84	10268.08	124671.55	41.47 %	131	1545	196	1322	16.87 %
4	Group Non Single Premium	225.48	4494.21	2.21	24.06	86.82 %	408	4687	541	5771	-18.78 %
5	Group Yearly Renewable Premium	896.07	7843.47	6.32	62.87	24.76 %	3906	27739	3429	25410	9.17 %
6	**Grand Total**	**26423.65**	**295614.25**	**21957.04**	**227188.90**	**30.12 %**	**2539166**	**20929218**	**2786542**	**20419974**	**2.49 %**

Detailed New Business Performance of Life Insurers for the Period ended January-2023 (Provisional)

Sl. No.	Particulars	Month of Jan-2023	Upto Jan-2023	Month of Jan-2022	Upto Jan-2022	YTD Variation in %	Month of Jan-2023	Upto Jan-2023	Month of Jan-2022	Upto Jan-2022	YTD Variation in %
1	Aditya Birla Sun Life Insurance Co. Ltd.	585.35	5828.76	402.28	4210.16	38.44 %	19367	183301	18769	171501	6.88 %
2	Aegon Life Insurance Co. Ltd.	1.15	4.99	0.58	16.02	-68.82 %	192	1726	1588	8489	-79.67 %
3	Ageas Federal Life Insurance Co. Ltd.	93.11	702.73	73.89	614.70	14.32 %	4272	36681	3739	33637	9.05 %
4	Aviva Life Insurance Co. Ltd.	26.59	222.64	19.97	203.72	9.28 %	2626	20449	1578	15495	31.97 %
5	Bajaj Allianz Life Insurance Co. Ltd.	690.00	8130.95	684.01	6584.10	23.49 %	55481	464364	45759	353975	31.19 %
6	Bharti AXA Life Insurance Co. Ltd.	72.51	739.39	76.89	694.84	6.41 %	8305	78494	10404	89858	-12.65 %
7	Canara Hsbc Life Insurance Co. Ltd.	173.25	2946.84	228.11	2149.02	37.12 %	13926	135045	14552	129332	4.42 %
8	Edelweiss Tokio Life Insurance Co. Ltd.	36.67	337.68	36.94	328.78	2.71 %	4240	37144	5640	45326	-18.05 %
9	Exide Life Insurance Co. Ltd.	0.00	435.65	94.28	761.75	-42.81 %	0	61374	10676	96302	-36.27 %
10	Future Generali India Life Insurance Co. Ltd.	66.05	509.28	32.43	321.41	58.45 %	3217	30757	3147	27737	10.89 %
11	HDFC Life Insurance Co. Ltd.	2350.06	20798.72	1871.88	19060.25	9.12 %	91380	731735	74245	713681	2.53 %
12	ICICI Prudential Life Insurance Co. Ltd.	1439.22	12726.55	1257.00	11504.54	10.62 %	49524	455775	55477	507782	-10.24 %
13	IndiaFirst Life Insurance Co. Ltd.	200.86	2172.03	176.73	2096.95	3.58 %	26344	246924	21189	201621	22.47 %
14	Kotak Mahindra Life Insurance Co. Ltd.	783.27	5488.19	510.82	4197.96	30.73 %	29189	235030	29887	230916	1.78 %
15	Max Life Insurance Co. Ltd.	606.51	6246.06	529.90	5815.40	7.41 %	45598	428455	46909	458589	-6.57 %
16	PNB Metlife Life Insurance Co. Ltd.	295.04	2413.09	230.70	1763.70	36.82 %	25862	223162	21591	194396	14.80 %
17	Pramerica Life Insurance Limited.	69.45	488.71	31.65	229.36	113.08 %	2541	26929	1965	21963	22.61 %
18	Reliance Nippon Life Insurance Co. Ltd.	81.55	843.27	96.52	984.50	-14.35 %	11091	121056	12796	123511	-1.99 %
19	Sahara India Life Insurance Co. Ltd.	0.00	0.00	0.00	0.00	---	0	0	0	0	---
20	SBI Life Insurance Co. Ltd.	2572.14	24082.44	1949.63	20741.63	16.11 %	181772	1749338	183393	1494388	17.06 %
21	Shriram Life Insurance Co. Ltd.	86.73	848.66	71.96	700.68	21.12 %	20828	222417	21002	193543	14.92 %
22	Star Union Dai-Ichi Life Insurance Co. Ltd.	221.25	2560.47	128.76	1438.08	78.05 %	14234	152380	9988	99252	53.53 %
23	Tata Aia Life Insurance Co. Ltd.	671.20	5783.72	515.83	3820.07	51.40 %	52999	494081	47940	391018	26.36 %
	PRIVATE TOTAL	**11121.98**	**104310.81**	**9020.75**	**88237.60**	**18.22 %**	**662988**	**6136617**	**642234**	**5602312**	**9.54 %**
24	Life Insurance Corporation of India	15301.67	191303.44	12936.29	138951.30	37.68 %	1876178	14792601	2144308	14817662	-0.17 %
	GRAND TOTAL	**26423.65**	**295614.25**	**21957.04**	**227188.90**	**30.12 %**	**2539166**	**20929218**	**2786542**	**20419974**	**2.49 %**



"III works with practically all the public and private sector insurers and reinsurers as well as all the intermediaries to build internal academic and professional competencies for them. We do this both within and outside the country."

Shri S. N. Satpathy
Secretary General
Insurance Institute of India

About Mr. Satpathy

Shri S N Satpathy had joined Insurance Institute of India as Secretary General on 19th September 2022 on deputation from Life Insurance Corporation of India. Prior to the current assignment, he was Additional Director of LIC Management Development Centre (MDC), Mumbai, the apex training centre for middle to senior level executives of LIC.

He has 33 years of service experience in LIC, the major and only PSU life insurer of the country, having joined LIC as 17th batch Direct Recruit officer in September 1989. During this more than three decades experience in Life Insurance Corporation, he had successfully handled life insurance marketing and operations spread over 6 states falling under 7 Divisions and 4 Zones of LIC of India, both at operational level of Branches, Divisions and Zones. He has the experience of conventional marketing of life insurance, marketing through alternative channels of distribution including Bancassurance and Direct Marketing. He was also in-charge of Pension & Group business operation in Mumbai.

He had effectively performed as National Relationship Manager to promote the Bancassurance business through three PSU Bank partners, headquartered at Mumbai and Pune.

He is a Post Graduate in Agriculture Science, having Fellow of Insurance Institute of India (FIII) and specialized diploma in Health Insurance.

Q. IRDAI has been very proactive under its new Chairman and it has taken the pledge of Insurance for all by 2047. In its backdrop, how do you foresee growth of Insurance Sector in coming years.

A: Under the visionary leadership of IRDAI Chairman who has initiated a series of regulatory reforms in the sector, the growth of Insurance sector is very well poised to maintain a healthy growth while increasing the insurance penetration and density to catch up with the world average within next 5 years. As the country is looking forward to its Amrut Kal and moving towards to become fourth largest economy in the world, the development in Insurance sector is paramount.

Q. How does the Insurance Institute of India work with insurance companies, regulators, and other industry stakeholders to drive growth and development in the industry?

A: III works with the Regulator for conducting pre-licensing training and examinations of marketing intermediaries, surveyors and TPAs working in the health space. Being a membership based organization, we use the wide network of Associate Institutes and Fellow Members across the country to support the insurance industry's endeavors for creating insurance awareness and insurance literacy through academic engagements with many schools and colleges.

Q. Can you discuss some of the initiatives and programs that the Insurance Institute of India has undertaken in recent years to support the industry and its professionals?

A: III could play a proactive role during the pandemic period and reach out to multiple stakeholders. During this period, we could give online training to a large number of doctors and administrative professionals across India on the Pradhan Mantri Jan Arogya Bima Yojana, popularly known as Ayushman Bharat as part of a World Bank Scheme. We have collaborated with the National Institute of Disaster Management (NIDM) and delivered a series of monthly online lectures to create awareness on the importance of insurance in disaster mitigation. We do conduct online lectures for teachers of the schools affiliated with the Central Board of Secondary Education (CBSE) to build their capabilities for teaching insurance.

Q. Do you think Insurance Industry must focus more in the area of Insurance education and awareness for its employees and consumers to achieve the growth objective?

A: Insurance is essentially a knowledge based industry and both the buyers and sellers of insurance need to know what they are buying and selling, to make the insurance mechanism meaningful. III works with practically all the public and private sector insurers and reinsurers as well as all the intermediaries to build internal academic and professional competencies for them. We do this both within and outside the country. Talking about training the insured, actually, the first training that we conducted in the College of Insurance at Mumbai after the pandemic period was for a Power generation and distribution company utility from the Republic ofZambia.

Q. How does the Insurance Institute of India stay up to date with changes and developments in the insurance industry and ensure that its curriculum remains relevant and effective?

A: III has a system of revising its course material periodically. The courses are authored and reviewed by industry professionals. No doubt, it is a tedious job because the authors/ reviewers should be abreast with the latest regulatory changes and the changing market practices, as well as the necessary writing skills to communicate clearly in the written medium. As the course material is in the Self Instructional Methodology (SIM) format, we are able to give quite some precision through the course material.

Q. Can you talk about the challenges faced by the insurance industry in India and how the Insurance Institute of India can help the industry to address them?

A: As I said earlier, we are in a knowledge based industry and we try to help every single stakeholder of the insurance value chain in being more knowledgeable. Knowledgeable insurers can deliver better products and better services, while knowledgeable customers can make the industry provide better value of the insurance services delivered to them. When we look from that point of view, we do not find challenges or even competition for that matter.

Q. How does the Insurance Institute of India support the professional development of its members and help them advance their careers in the insurance industry?

A: III has a system of Life Membership for its Fellows, Associates and ordinary Members. Professional development for our members keeps happening all the while. For instance, as most of the members are busy professionals, we compile the important news about the industry over the week from all the leading publications, and send it across to our members as weekly newsletters called 'III Insu-News'in digital form. This complimentary value-add was started in 2011 and despite the Covid-19 difficulties, we have published more than 600 issues by now. Similarly, we have been publishing the III Journal since 1974 as a service for our Members. I am happy to share that this research based Journal has been approved by UGC Care from January 2013 onwards. In addition, we conduct a number of Seminars and Webinars free of cost to empower our members academically and professionally with the latest happenings in other markets.

Q. Please tell us about the Ph. D. programme being offered by your Institute and who are eligible to enroll.

A: III has a Research Department approved by the University of Mumbai for Ph. D. Research under the Faculty of Commerce. As of now, we are having only one Research Guide and there are 3 research scholars registered under him. We are augmenting the Department's capacity by recruiting additional faculty.

Q. Do you have any plans of expansion in any other cities in India?

A: As an institution, we exist for the needs of the insurance industry. The Institute and its College of Insurance have been operating from Mumbai from 1955 and 1966 respectively. During the last decade we opened the Kolkatacampus of the College to cater to the needs of the Eastern part of the country and neighboring countries like Bangladesh, Bhutan, Nepal, and Myanmar. As I mentioned earlier, we use digital platforms extensively to stay connected with the industry. We are not aggressive on expansion, but we are not averse to expansion as well. We rather believe in organic growth along with the industry's needs.

Q. Insurance Industry in India is adopting technology at a fast pace. Do you plan to launch any courses integrating technological developments, AI, Blockchain etc.?

A: We use technology to be connected and to perform the roles expected from us, including eLearning, virtual classrooms, online seminars, remote proctored examinations, etc. We are aware that our expertise is in the core domain area of insurance,along with its multiple lines and multiple functions. We do not have plans to get into the core technical aspects of AI and Blockchain. However, we do integrate functional aspects of technology into our training programs such as digital marketing, data analytics, social media fraud, etc. to the extent the industry needs them.

Q. What is your current membership strength and what growth numbers do you expect in coming years.

A: We have 42825 Fellows,48200Associates and 160255 Ordinary Life Members. We keep getting new members through our Associate Institutes; they keep coming from the industry, colleges and schools. We look at growth in an organic manner.

Mr. Syed Moinuddin Ahmed joins as Editorial Advisory Board (Hon) member of The Insurance Times

Mr. Ahmed is the Additional Managing Director, Green Delta Insurance Company Limited. He is also the Managing Director of GD Assist Limited and acting as Director, Professional Advancement Bangladesh Limited.

Spanning more than 23 years, Mr. Ahmed possesses an extensive career in the banking and finance industry. Majoring in Finance from the University of Dhaka, he started his career at Southeast Bank where he was responsible for the credit-relatedactivities of the bank. Starting his career as a management trainee, Mr. Ahmed worked in various roles with several reputed commercial banks in Bangladesh for significant periods of his career prior to joining the GDIC Group in 2009 and subsequently taking over the role as an Additional Managing Director and Company Secretary. Mr. Ahmed's contribution in evolving the GDIC Group into its present exalted status has been a highlight of his long and illustrious career.

Mr. Ahmed's core competence have been the highlight of his career at Green Delta Insurance, including board affairs, business development, business process optimization, structuring of credit facilities, studying the capital markets, managing strategic alliances, HR supervision and project management that have collectively ensured strong and consistent growth for the Company over the years. Mr. Ahmed also plays a role as strategic leader and envisions the outcome of the Agriculture Insurance portfolio of GDIC since its inception. Besides Agriculture Insurance, his knowledge and experience in conceiving, developing, strategizing and implementing GDIC's micro insurance initiatives i.e; Shashthya Shurakhkha Karmashuchi (SSK) Project, a micro-health insurance scheme which continues to contribute to the economic development of the country through ensuring insurance for all.

During his long career, Mr. Ahmed has participated in a number of workshops that have enabled him to gain a more holistic and globalized viewpoint and inspired him to attain greater heights. Today, Mr. Ahmed continues to lead and inspire his team through his experience and foresight. Having travelled throughout the world for work and having being exposed to several workshops and seminars globally, Mr. Ahmed is passionate about implementing global best practices in Bangladesh, thereby contributing to the country's advancement at the best of his capacities.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