Insurance Institute of India
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INSUNEWS
- Weekly e-Newsletter
9th – 15th Sept 2017

● Quote for the Week ●

"There are three constants in life... change, choice and principles."
Stephen Covey

INSIDE THE ISSUE

Insurance Industry

India: Insurance corporate agency market gets more competitive – Asia Insurance Review

Competition has heated up in the insurance corporate agency segment as payment bank Paytm can now sell life, health and general insurance products. This follows the IRDAI granting a corporate agency licence to One97 Communications, the parent of Paytm.

The Chinese e-commerce giant Alibaba-backed Paytm, a leading player in the mobile payments and e-commerce platform, claims a registered user base of over 250 million, has been granted a composite licence, reported *Times of India.* Paytm received final approval from the Reserve Bank of India (RBI) to set up a payments bank in January this year. Paytm will face competition from banks who dominate the corporate agency business.

Payments banks such as Reliance Payment Solutions and Airtel Payments Bank have already received a composite corporate agency licences from IRDAI. These banks have however yet to sign up officially with insurers, IRDAI filings showed. While Reliance received the approval in August last year, Airtel received it last November. According to IRDAI rules, a corporate agent (including banks, small finance banks and payments banks) can tie up with three life, three nonlife and three standalone health insurance companies.

Banks act as corporate agents through bancassurance agreements with insurance companies. Currently, over 400 corporate agents have registered with IRDAI to sell insurance products.

Source

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Life Insurance

Life insurers' new premium grows 23 percent to Rs 17,513 crore in Aug – The Pioneer – 15th Sept 2017

Life insurers registered a growth of 22.6 per cent in new premium at Rs 17,513.44 crore for August this fiscal. This compares with Rs 14,282.45 crore as new business premium during August of 2016-17. India's largest and the only public life insurer Life Insurance Corporation (LIC) recorded a jump of 25 per cent in its new premium collection at Rs 13,382.30 crore during the month as against Rs 10,713.55 crore in the same period year ago, data from Irdai showed.

There are 24 life insurance firms in India, of which 23 are from the private sector. The private life insurance companies' collective new business premium in August rose 15.8 per cent to Rs 4,131.15 crore, from Rs 3,568.90 crore a year earlier. Among major private players, SBI Life logged a fall in its new premium collection at Rs 820.33 crore, from Rs 822.28 crore in August 2016, according to the numbers from the Irdai.

Source

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In India, insurance savings product is the original SIP: Satyan Jambunathan, ICICI Prudential Life Insurance - The Economic Times – 13th Sept 2017

Insurance is becoming a key force in Indian economy. Life insurance is evolving into a big challenger to banks and mutual funds in channelising financial savings. **Satyan Jambunathan** , CFO at ICICI Prudential Life

Insurance, in a conversation with ET journalists talks about the opportunities & challenges in the sector. Edited excerpts –

Is this insurance industry's time under the sun? Is it on way to becoming as prominent as it is in the West for the investing community?

The insurance industry comes in three shapes — reinsurance, life insurance and general insurance or property and casualty business. Many countries permit a single entity to do both life and non-life business. For example, Ping An (Chinese insurance giant) does life, nonlife, asset management, investments in interim businesses, becoming a conglomerate in itself. Asia did not have too many listings, except for China. A decade back, China Life was sitting on a $100-billion valuation. It came off sharply. Ping An used to be $75 billion.

In rest of Asia, insurance businesses are run by European or American conglomerates. Therefore, they are not listed specifically. AIA created a huge novelty value when they listed on the Hong Kong exchange. Today, pure-play insurance business in Asia is AIA. SBI Life and HDFC Life are likely to list. GIC is talking about listing, which has a net worth of `45,000 crore. We are looking at `3-lakh crore valuation just from these few companies in market cap. It is not a small number even in the Indian market perspective. Most indices will have insurance

Is it the new tech?
I don't think so. Fundamentally, if you see where insurance business operates — it operates on two big needs. One, saving for a goal, where it is competing with any asset manager. Other is a tool to financial security. It is true in life, health, motor, travel or in business-related areas like marine, fire, business continuity insurance. It is a first step to financial risk management for everything. If the fundamental hypothesis is that the economy is on the growth trajectory, then it is quite logical that these will be driven by the growth of economy. The need for insurance is permanent in nature. It is not for a service need or for a product created for a limited time.

The government has come up with many schemes. Does private sector participate in a big way?
Public sector does a lot of this business and so does private sector. But at one level, they are talking about the need for consumer which is not adequately utilised. As long as individuals have their coverage, burden on state is less. The language of the government has been crop insurance. Crop has been the fastest growing segment for general insurers last year. So far, the burden was borne by government. Now, it will be paid by insurance companies. They are using good times to prepare for bad times. The other is simplicity of government products. We create fancy products which are complex in nature. The government is focusing not just on simplicity of products but also on simplicity of the delivery of products.

Source

Back

The conditions that control partial withdrawal from Ulips – Mint – 11th Sept 2017

Unit linked insurance policies (Ulips) come with a 5-year lock-in, after which you can surrender your policy and make full withdrawal without any exit load or surrender charges. But what happens if you don't want to close your policy, but need to withdraw some amount? Ulips give you the flexibility to make partial withdrawals. However, there are certain conditions around this.

Limits on withdrawal
Ulips comes with a lock-in period of 5 years. This means, you can't make any withdrawals at this time. In fact even if you choose to surrender or discontinue your policy, the money is made available to you only after the 5-year lock-in period.

Partial withdrawals can only be made after 5 years; however, keep in mind that you can't make a partial withdrawal from a unit linked pension plan. Also, in case a minor's life is insured in the policy, partial withdrawals can be made only when the life insured attains 18 years of age.

If you have made top-ups payments to your policy, then as per the rule, the partial withdrawal request will first have to be met from the eligible top-up funds. A top-up premium is the amount paid at irregular intervals over and above the basic premium that is specified in the insurance contract. Subsequently you can make partial withdrawals from the base policy. Also, keep in mind that even top-up premiums come with a lock-in of 5 years. So in case the top-up is still under the lock-in, then the partial withdrawal will happen from the base fund value.

Withdrawal limit

There are no rules around how much a policyholder can withdraw. The big picture idea laid down by the regulations is that the policyholder shouldn't withdraw so much that it might lead to termination of the policy contract: a situation when there aren't enough funds to pay for the costs in the policy.

However, policies will have specified their own limits. For instance, a regular premium Ulip that we looked at specified that the fund value should not fall below three times the annual premium after a partial withdrawal and that a single partial withdrawal request only allows you to withdraw up to 10% of the total premiums paid. Also, a policyholder can make partial withdrawals only in the gap of 3 months and overall (that is, over the course of the policy) the withdrawals can't exceed 50% of the total premiums paid, including any top-up premiums paid.

Another policy allows unlimited number of partial withdrawals, with the minimum partial withdrawal at Rs500 and a maximum to an extent such that the remaining fund value is at least 105% of total premiums (including top-up premiums) paid. Partial withdrawals are paid by cancelling the units on the day the insurer receives the withdrawal request.

However, if the request is received after 3pm, then the net asset value (NAV) of the next working day is taken while cancelling the units.

Insurance cover

Remember that partial withdrawals have a bearing on the insurance cover in the base policy as well. So, the sum assured payable on death stands reduced to the extent of the partial withdrawals made, during the 2-year period immediately preceding the death of the life assured. If a partial withdrawal was made before that, then it has no bearing on the sum assured. But if death occurs after 60 years of age, then all the partial withdrawals made within 2 years before attaining age 60 and all the partial withdrawals made after can be used to adjust from the sum assured.

Source

Back

Health Insurance

Bank retirees may have to pay more for renewal of mediclaim policy with domiciliary cover - The Hindu Business Line – 11th Sept 2017

Utilisation status during current year as on July 31, 2017

	With domiciliary benefit	Without domiciliary benefit
Retired employees/officers	89,400	1,04,400
Total lives/persons covered	1,74,600	2,00,300
Premium paid	₹149 cr	₹134 cr
Claims paid/under process up to end of July, 2017	₹215 cr	₹125 cr

Premium for mediclaim policies with domiciliary benefits for bank retirees may go up when renewal is due in November.

The existing mediclaim insurance policy for retired employees and officers will end on October 10, 2017, and has to be renewed from November 1.

A communication to this effect has been conveyed to Indian Banks' Association (IBA) by United India Insurance, said CH Venkatachalam, General Secretary, All India Bank Employees Association.

The insurance company has arrived at a decision to revise/enhance the applicable premium based on the trend of claims settled so far as well as the anticipated Incurred Claim Ratio (see box).

However, the premium for retirees for policies without domiciliary coverage will not undergo any change and will remain the same as last year.

New top-up policy
United India Insurance has now come up with an additional Super Top-Up policy for retirees offering Rs 4 lakh for award staff retirees and Rs 5 lakh for officer retirees.

The additional coverage under the top-up policy would be without the domiciliary coverage. It will commence from November 1, 2017, to coincide with the renewal of the main policy.

The premium should be paid along with the payment of the premium for the main policy. Third Party Administrators would be the same as the ones dealing with the main policy.

Source

Since the additional premium sum assured is substantial compared to the reasonable additional premium payable, Venkatachalam expected that the retirees would welcome this and get covered accordingly.

Back

General Insurance

General insurers clock 32 percent jump in Aug premium – The Pioneer – 14th Sept 2017

India's general insurers clocked over 32 per cent jump in premium collection at Rs 11,931.01 crore in August this fiscal, Irdai data showed. The non-life insurers of the country had underwritten a gross premium of Rs 9,013.43 crore in August 2016-17. In a break-up of the data, regulator Irdai said there was a rise of 40 per cent in public general insurers' premium at Rs 6,279.31 crore in August, from Rs 4,489.63 crore in the same month a year ago.

There are only four public sector general insurers in the country - New India Assurance Co, National Insurance Company, United India Insurance and Oriental Insurance -- which collectively own the majority of the market share. Specialised public sector insurers ECGC and AIC -- reported a more than two-fold jump in their gross direct premium at Rs 1,776.83 crore against Rs 664.46 crore in August 2016, showed the Insurance Regulatory and Development Authority of India (Irdai).

Source

Agriculture Insurance Company of India Ltd (AIC) takes care of farm-related insurance needs while Export Credit Guarantee Corporation of India (ECGC) is meant for export credit insurance support for Indian exporters. For private general insurers, gross premium grew 25 per cent to Rs 5,651.70 crore in August, from Rs 4,523.8 crore in the same month a year earlier.

Back

Car insurance: Good news; Select insurer of your choice at showroom while buying car - The Financial Express – 13th Sept 2017

Car-owners can select their insurance cover from the dealer itself as the insurance regulator has allowed all non-life insurers to sell motor cover through auto dealer networks. The move will benefit customers because of the differential pricing and multiple choice. At present, a customer has to buy an auto insurance from only that insurer with whom the dealer has a tie-up. As a result, customers do not have any choice on the insurance company at the time of purchasing the vehicle.

Eligibility of MISP
The guidelines issued by Insurance Regulatory and Development Authority of India underlines that Motor Insurance Service Provider (MISP) will be sponsored by either an insurance company or an insurance intermediary. The sponsoring entity will be responsible for all acts of omission and commission of the MISP. The designated person distributing motor insurance policies will have to undergo training and examination of Point of Sales.

The MISP will have to maintain records for a period of at least seven years from the date of issuance of a policy. A periodic review of the controls, procedures and safeguards put in place by the MISP will be carried out at least once a year by the sponsoring entity.

The new norms came after Irdai set up a committee to study motor dealer payouts. The committee submitted its report in May last year. Based on the report and interactions with insurers and other stakeholders, Irdai has now framed the new norms.

Code of MISP
The regulator has mandated that every MISP will have to offer a choice of motor insurance policies of different insurers and inform the customer of the premium rates of different insurers. The MISP will have to issue a receipt of the insurer after receiving the premium and the details of the customers with the insurer. The MISP will not deny the customer his rights and options to seek motor insurance policy or renewal of motor insurance policy from any insurer.

The MISP will have to ensure that only those features of the motor insurance policies which are approved by the insurance regulator under product filing procedure are shared with policyholders. Any information which is detrimental to the interests of the policyholder or is misleading and is not approved by the regulator will never be used by the MISP.

The MISP will facilitate the creation of e-insurance account of the customer and will also be responsible for compliance of the directions issued by the insurance regulator. The pricing of every motor insurance policy will be decided by the insurer and it will be the responsibility of the insurer to ensure that motor insurance policy pricing is in compliance with that approved by insurance regulator.

The regulator has also allowed higher commission for the auto dealers which would be paid by the insurer. For own damage cover, these dealers will be paid 19.5% for cars, and 22.5% for two-wheeler covers.

Cashless service
The MISP will cover policyholders' insurance claim, cashless service and repairs. Moreover, it cannot discriminate between policyholders who have bought motor insurance policies through it and others.

The premium to be charged by the insurers will be based on each insurer's own risk factors, its own rating parameters and its own claim experience under product filing procedure. The appointment of surveyors and loss assessors for claims assessment will be as per extent norms.

The insurer will directly intimate the policyholder the initial estimate of the loss and the final amount for which the claim was settled, preferably through electronic mode.

In all existing arrangements, automobile dealers holding any insurance intermediary licence cannot distribute and service motor insurance policies. They will have to first surrender the existing license or certificate of registration and become a MISP in order to distribute and service motor insurance policies. In case the regulator feels that the operations of the MISP are not in the interests of the insurance market or policyholders, it can suspend or cancel the appointment of MISP.

Source

Back

Modi asks Niti Aayog to assess, improve crop insurance scheme – Hindustan Times – 7 sept 2017

Prime Minister Narendra Modi has asked the Niti Aayog to suggest ways to improve the government's flagship farm insurance scheme that has faced criticism for tardy implementation and being skewed in favour of the insurers.

At a recent meeting, Modi asked the officials of the government think tank to spearhead a "review and assessment exercise" across ministries and draft a plan to improve the Pradhan Mantri Fasal Bima Yojana (PMFBY), sources told Hindustan Times on Wednesday. Officials from agriculture ministry and prime minister's office were also in the meeting held on August 21.

"It is the best crop insurance scheme we have had," Ramesh Chand, member (agriculture) Niti Aayog, told HT. "But the Prime Minister wants us to constantly monitor it and improve it. We are scouting technology and looking at the experience of other countries."

Launched on August 5, 2016, the scheme, a first of its kind in the country, seeks to provide farmers with uniformly low premium that would help them sustain agriculture even if the yield is damaged.

But it has been criticised for gaps in implementation and for the amount of premium collected by insurers far exceeding the claims they paid out to farmers in 2016-17.

Insurance companies collected more than Rs 25,000 crore in premium and only paid out a fourth in claims. A study by the Centre for Science and Environment (CSE) released in July pointed out that the insurance companies had made "profits" of more than Rs 10,000 crore within 10 months of the launch.

The insurers said the low payouts were due to a good monsoon. The higher premium collected was on the back of insurance cover rising from Rs 1,15,000 crore in 2015-16 to Rs 2,04,000 in 2016-17, government sources said.

The think tank is now studying similar schemes in 86 countries to improve PMFBY.

Assessing damage through crop-cutting method was faulty, the CSE study said of the assessment done on the basis of samples collected from a handful of farms.

The think tank was looking at a technology-based model that uses Nasa data, developed by a Bengaluru-based entrepreneur to improve assessment.

Satellite images would give a more accurate picture of the damage caused to crops, sources said.

The Aayog would keep improving the scheme but for a complete evaluation, the PMFBY would have to be studied for four years, Chand said.

"Roughly in a four-year cycle, we are able to see both good monsoon and bad monsoon years. The test of the scheme will lie in a drought year," he said.

The farm sector in the country is under pressure with rising costs of inputs, failing crops and falling prices adding to farmers' debt burden.

Source

Many states have seen farmer unrest and suicides, forcing governments to waive loans but critics say it is a stop-gap arrangement and not a solution.

Back

Insure your home against natural calamities - Business Standard – 9th Sept 2017

According to news reports, floods have affected more than 34 million people across 280 districts and caused more than a thousand deaths over the past year. Such devastation happens during the monsoon in parts of the country almost every year. These calamities not only take a toll on life and health but also cause mammoth financial loss. It is estimated that 800,000 homes were destroyed by floods this year. Given the scale and regularity of these events, purchasing a home insurance cover has become imperative.

Structure, content and third-party cover

Home insurance is a nascent product in India, with very low penetration. But, it can minimise financial losses to a great extent in a natural calamity. It consists of two parts: Structure and content. Home insurance for the structure protects the fabric of a building, permanent fixtures, and built-in items like air vents or chimney. Content insurance provides cover for personal belongings such as furniture, jewellery, electrical appliances and other collectible items. A comprehensive home insurance plan is a blend of both types of cover that provides risk coverage to both the structure and the contents of a home.

Apart from structure and content, home insurance also protects you against third-party liabilities. A third-party liability cover protects you against any lawsuits for property damage or bodily injury that your family member, pet or you might cause to other people. If your dog accidentally bites anyone in your premises, you are covered from lawsuits.

Before buying a home insurance cover, make a list of requirements. If you own a house, you must buy a comprehensive all-risk plan. All-risk plans cover risks against all types of natural and man-made disasters, including flood, storm, terrorist attack, and even malicious damage by an outsider. If you are a paying guest or live in a rented house, you need to cover only your belongings under content home insurance. Structure insurance is the responsibility of the owner.

Once you know what you need, buying home insurance is not cumbersome. You can do so online by filling the required details. Choose your plan and add-ons carefully, and disclose all your belongings honestly. Non-disclosed belongings will not be covered in case of damage.

A wide-ambit cover

The coverage offered by your insurance depends on the type of property you own. The valuation of your house takes into account three broad things: Cost of land, cost of reconstruction, and geographical cost. Geographical cost in this context means the cost of construction and of land differs from one locality to another. This is always factored in while calculating the value of a house. For an independent house, insurer only covers the cost of construction, as the policy is for the structure only.

HOW MUCH DOES A HOME INSURANCE COST? (In ₹)

Insurer	Structure	Structure + content	Content
Bajaj Allianz (All risk plan)	2,666	11,850	9,184
HDFC Ergo	4,012	7,505	3,493
SBI General Insurance	4,065	5,915	1,850
ICICI Lombard (All risk plan)	3,500	11,700	8,200
Royal Sundaram	3,150	7,687	4,537

*Estimated premiums are for ₹50 lakh sum insured for structure and ₹10 lakh for the contents of a house situated in Delhi-NCR Source: Policybazaar.com

A construction contractor or a real estate broker will be able to help get an estimate of the cost of construction, which varies depending on the city and type of construction. The latter has a major impact on calculating your premium, and you need to disclose it before the estimation. The sum insured is decided based on one of two bases: market value or depreciated-cost basis, or reinstatement basis.

Market value is the cost of reconstructing your house after deducting depreciation. Reinstatement cost is the full value of reconstructing the house, eliminating the depreciation. The premium for a home insurance plan where the sum insured is calculated on reinstatement basis is generally Rs 1,000-1,500 higher than the market value insurance. Policies that provide cover on a reinstatement basis should be preferred.

Pointers for purchase

If planning to buy home insurance, here are a few points you should keep in mind while choosing a plan.

Avoid being underinsured, as this could hurt you financially at the time of a claim. Declaring a price for your property that is below the market price to only get a lower premium rate is referred to as underinsurance. The insurer could penalise you for this by making a lower claim payout at the time of settlement. For instance, if the cost of construction of your house is Rs 1,500 per sq ft, and you knowingly or unknowingly buy a cover for Rs 700 per sq ft, the insurance company will regard this as underinsurance. It will then pay you only half the sum insured at the time of claim, and the final amount will be calculated at the rate of Rs 350 per sq ft, as penalty for misinformation.

Buying an all-risk policy is advisable. A standard home insurance policy only covers allied perils like fire. To include threats like flood, earthquake, landslides, etc, you need to buy an “all-risk” plan as an add-on. Ask for the “new-for-old” add-on. This is available with comprehensive insurance and content insurance plans. Having this add-on means your insurer will replace your damaged or lost item with a new product, rather than reimbursing the depreciated value of the item. However, only items not older than five years can be covered under this add-on.

Also consider buying a worldwide cover. This add-on stretches the protection abilities of your insurance policy outside the country as well, by providing cover against all types of damage to your belongings, be it flood or other natural and man-made calamities. If you carry your belongings like laptop or camera while travelling away from home, have these items covered.

Finally, do not start repair work without informing the insurer. Doing so will make it impossible for the insurer to estimate the extent of damage. The insurer may even view your claim as fraudulent, as the necessary inspection did not take place.

Making a claim

Every insurer has its own intimation period, within which you need to inform it about the damage. This period varies from seven to 15 days. Before filing a claim, lodge a first information report, stating the damage that your house has suffered, and submit it to the insurance company with your claims forms.

Source

The claim process, especially after a calamity, tends to be hassle-free as several claims come from the same region, which ensures the authenticity of your claim. You need to document the damage through pictures as proof in case of terrorist activities. The insurer then inspects the damage and settles the claim.

Back

General insurers can sell motor cover via dealers sans tie-ups –The Pioneer – 11th Sept 2017

In a bid to offer more choices to customers, regulator Irdai has allowed all general insurers to sell motor cover policies through auto dealer networks by offering differential pricing. The move, under the new guidelines will offer customers choices in terms of pricing apart from increase competition among insurers to offer best price to customers.

Earlier, it was mandatory for a customer to buy an auto insurance from an insurer with whom the auto dealer already has an exclusive arrangement. Also, insurers were not allowed to offer differential pricing which would reward good customers and ensure higher premium for bad customers.

An August 31 Irdai circular recognised the role of auto dealers in distributing and servicing of motor policies along with a regulatory oversight over their activities connected to insurance. The new norms came after Irdai set up a committee to study motor dealer payouts. The committee submitted its report in May last year. Based on the report and interactions with insurers and other stakeholders, Irdai framed the new norms.

United India Insurance, which gets 40 per cent of its total premia from motor insurance, thinks the new regulations will not affect its new business coming in through dealers. “We've tie-ups with almost all major car dealers and this channel is responsible for around 15 per cent of our motor policies,” United India director MN Sharma told PTI.

When asked whether the new regulations will impact its new business coming in from auto dealers, he answered in the negative but he was quick to add that it may have some impact on the renewal premium income. The Irdai has also allowed higher commission for the auto dealers which would be paid by the insurer. For own damage cover, these dealers will be paid 19.5 per cent for cars, and 22.5 per cent for two-wheeler covers.

"The new guidelines are good as they bring robustness to the sector as this segment is responsible for over 40 per cent of our premium income," ICICI Lombard managing director and chief executive Bhargav Dasgupta said. On the provision of differential pricing, he said it is very crucial for the segment to become more business-worthy.

A part of the industry feels that it is a landmark step by Irdai to bring auto dealers under its purview. Even as auto dealers have been doing this job for long, it is for the first time that their job is being recognised by the regulator in the form of the motor insurance service provider, Tapan Singhel, MD & CEO of Bajaj Allianz General Insurance said.

At present, motor insurance contributes to around 50 per cent of its business mix and it expects this to continue, Manohar Bhat, Bajaj Allianz business head--motor said.

Source

“Insurers who are not a part of auto networks so far, may also get an opportunity to sell their policies to the latter's customer. The new norms will also help them make use of underwriting principles to reward good customers,” Sharad Mathur of SBI General said.

Back

Crop insurance scheme set for revamp - The Economic Times – 11th Sept 2017

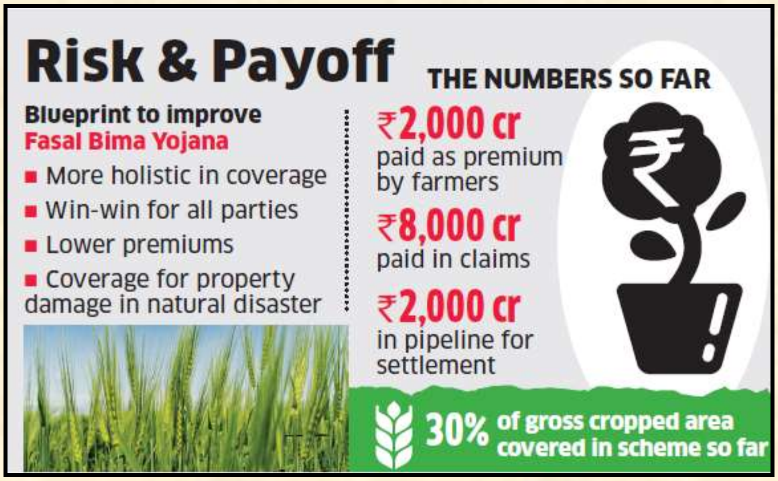
The government’s farm insurance scheme is in for a revamp just about one year after launch, with the focus now on increasing competition among insurers, lowering the average premium and widening the scope of cover to include losses due to natural disasters.

There is tremendous potential to improve the Pradhan Mantri Fasal Bima Yojana started last year and a high-level team has asked to make it more holistic in coverage and a win-win proposition for all parties, a senior government official working closely on revamping the scheme told ET.

"There is a need to make agriculture insurance more competitive. This can be done by increasing competition among insurance companies, which in turn will lower the premium charged and thus make it more attractive for farmers," the official said on condition of anonymity. Under the existing scheme, farmers pay 1.5 per cent to 2 per cent as premium for most crops compared with the average of 11 per cent charged by insurance companies, and the remainder is equally divided and paid by the Centre and the state.

The official said coverage under the insurance scheme may be widened to include damage and loss to housing and property in the event of a natural disaster. So far, such damage was covered by the National Disaster Response Fund.

The government estimates farmers have paid premium of Rs 2,000 crore, while claims worth Rs 8,000 crore have been paid and another Rs 2,000 crore are in pipeline for settlement.



The scheme now covers 30 per cent of the gross cropped area. Prime Minister Narendra Modi had tasked think tank Niti Aayog with suggesting ways to improve the government's flagship farm insurance scheme, which has faced criticism for tardy implementation and being skewed in favour of insurers. The Niti Aayog, under member Ramesh Chand, has prepared a blueprint to make the scheme more robust and wide ranging.

Launched on August 5, 2016, the farm insurance scheme was the first of its kind in the country, aimed at providing farmers with an inexpensive option of sustaining cultivation even if yield is damaged. The agriculture sector in the country is under pressure with rising input costs, failing crops and falling prices adding to the debt burden of farmers. Many states have seen unrest by farmers, even leading to suicides, forcing state governments to waive loans, a measure that critics say is a stop-gap arrangement and not a solution.

Source

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Reinsurance

GIC Re climbs up in global ranking – The Indian Express – 12th Sept 2017

Public sector reinsurer GIC Re, which is in the middle of international roadshows to launch its Rs 10,000 crore IPO, has got a leg-up from the global rating agencies like Standard Poor's and AM Best.

Both the rating agencies in their latest global ranking list of 25 top international reinsurers, released last week, have upgraded the GIC Re by two notches to the 12th position from 14th.

"Among the Asian companies on the list, GIC Re of India grew strongly, owing to the country's government sponsored crop insurance programme — Prime Minister Fasal Bima Yojana — coupled with relatively weak solvency capital at its cedants," said AM Best note. While two other Asian reinsurers — China Re (8th), Korea Re (10th) have found mention in the AM Best list, China Re (8th) and Japanese insurer MS&AD Insurance Group Holdings (10th position) are above GIC Re in S&P list.

Source

Survey & Reports

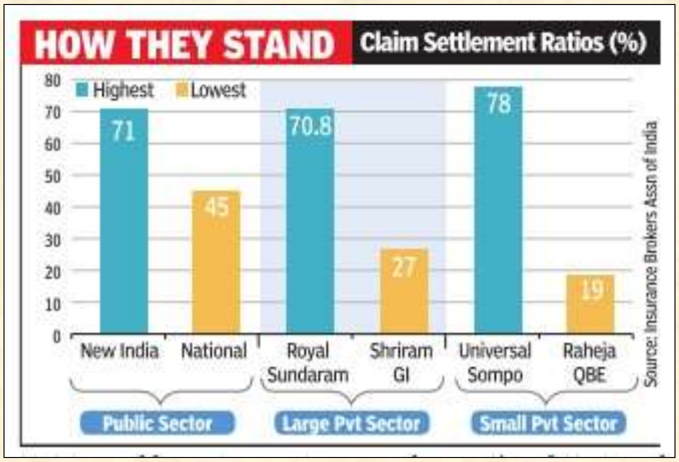
New India Assurance tops in claims settlement ratio - The Times of India (Delhi) – 9th Sept 2017

New India Assurance, Royal Sundaram and Universal Sompo have among the highest claims settlement ratios in the nonlife industry. The ratio represents the number of claims settled during a period out of the total claims intimated and is an important indicator of customer service.

According to a report prepared by the Insurance Brokers Association of India (IBAI), the settlement efficiency is not skewed towards any particular segment of the industry . Each of the three segments -public, large private and small private -have leaders and laggards.The IBAI has published a handbook measuring efficiency parameters for non-life companies as of September 2016 to enable customers to take informed decisions while choosing companies.

In the public sector, New India Assurance is miles ahead of its peers with a claims settlement ratio of 71%, while its closest peer United India has a 55.4% ratio. The other two companies -Oriental and National Insurance -have ratios of 46.7% and 45.4% respectively.

According to IBAI president Sanjay Kedia, companies with a high component of cashless component in motor and health will have better ratios as their claims are settled immediately after assessment by third-party administrators or affiliated garages.



Source

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IRDAI Circular

Source

Gross direct premium underwritten for and upto the month of August, 2017 is available on IRDAI website.

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Global News

Asia: Insurers spoilt for investment choices from InsurTech ventures to green bonds – Asia Insurance Review

The number of Insurtech deals involving insurers hit 31 in 2016, a sharp increase from 2015's total of 17, according to Accenture, a leading global professional services company.

Accenture analysis reveals that the number of investment deals involving insurers and InsurTech startups has exhibited double-digit growth in the last two years. The first quarter of 2017 has maintained this pace.

Apart from InsurTech, insurers are also moving into other alternative investments in an environment in which interest rates remain low. For example, China Pacific Insurance, the third largest mainland Chinese life insurer, said this week that it will increase investment in alternative assets, including utility, energy and infrastructure projects. The insurer has already invested about US$20 billion in about 80 projects, ranging from urban utilities and infrastructure and energy, to environmental protection and public housing.

In South Korea, insurers are also looking at other investments. A group of South Korean insurance firms have invested around $160 million in mezzanine debt secured on two interconnected buildings in New York, which house Facebook Inc and other internet and technology companies.

Over in India, the asset management venture of ICICI Bank and Prudential is looking to set up a real estate investment platform with a fund of almost $400 million.

Meanwhile, HSBC Holdings says that green bonds that that finance environmental projects perform better than conventional ones issued by the same entity, particularly in developed markets. This may be due to demand for the securities pushing investors to pay steeper prices for green bonds in the secondary market.

These instances show the vast array of investment possibilities for insurers for which traditional assets like fixed income instruments and equities remain the main focus of their investment activities. This means that insurers need to keep tabs on the latest developments in the markets, including stock market and interest rate forecasts.

With the insurance industry still very dependent on investment income despite all the great strides made to boost underwriting income, Asia Insurance Review, as the voice of the insurance industry in Asia for the past 28 years, is hosting a two-day Asia Investment Management Summit for Insurance, on 30 November-1 December 2017 in Hong Kong with the theme: "Insuring an Auspicious Start to the Winning Side of 2018", punning on the Cantonese take on "18" as "sure to prosper".

Portents aside, the Summit will provide a platform for CEOs, CIOs, CFOs of insurers and banks, investment bankers, & fund managers to network and collaborate in search of higher returns for all. The Summit will offer insurance investment managers a head start in understanding the likely investment climate in 2018.

The Summit, to be keynoted by Dr Moses Cheng, Chairman of Insurance Authority of Hong Kong, will look at market conditions, potential areas of new investments, use of technology and blockchain, ESG and going green as well as how to use outsourcing and how "sure to prosper" in 2018.

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