



Insurance Institute of India

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Newsletter

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News	Insurance policies may soon be available in demat form
Newspaper	The Economic Times
Source	http://articles.economictimes.indiatimes.com/2012-02-05/news/31027084_1_insurance-repositories-insurance-policies-life-insurance-council

NEW DELHI: After shares and mutual funds, its now the turn of insurance policies to be digitised, with insurance regulator IRDA expected to give the nod for making policies available in demat form.

Insurance companies and insurance repositories are working on issues connected to the proposal. Several aspects related to making insurance policies available in demat form have been discussed, Life Insurance Council Secretary General S B Mathur said.

An insurance repository is a company maintaining data on insurance policies in electronic form on behalf of insurers, including the history of transactions during the term of the policy.

"Finally, it has to be vetted and approved by the IRDA," he said.

According to a senior official of a private sector life insurance company, there are certain issues with respect to life policies being available in demat form. These include pricing and the cost of the demat and who would bear the cost.

If the proposal becomes a reality, new life insurance policies and over 35 crore life insurance policies issued by 24 life insurance companies that are currently in force will have the option of being held in electronic form.

Shares and mutual funds were 'dematerialised' many years back and it is no longer possible or necessary to have a physical instrument to prove or acquire ownership of these assets as they are kept and traded in electronic form, making them safer and easier to manage.

In fact, life insurance policies are the only major retail financial product that are still issued and maintained entirely in physical, paper form.

India would probably be the first country in the world to undertake such a huge exercise to transform physical insurance policy certificates into electronic form.

According to sources, IRDA is expected to give the green signal for some of the insurance repositories to start operations, paving the way for opening of e-insurance accounts and issuance of e-policies soon.

IRDA has already shortlisted five entities -- CAMS, Karvy, NSDL, CDSL and STCI -- to set up and operate insurance repositories.

While eventually all policies of an individual -- life, health and general -- can be held in electronic form, IRDA is likely to start with life insurance policies in the first phase.

In term of benefits, electronic policies are safe, convenient and easy to manage. Most of the traditional life insurance policies are long-term contracts and safe-keeping and ease of access for dependents in their hour of need can be quite challenging for holders of these policies. E-policies will take that burden off the shoulders of policy holders.

News	<i>IRDA sets up forum to promote health plans</i>
Newspaper	<i>The Economic Times</i>
Source	<i>http://articles.economictimes.indiatimes.com/2012-02-02/news/31017190_1_health-insurance-irda-sets-health-allied-insurance</i>

NEW DELHI: Sectoral regulator IRDA on Thursday set up a forum that would eventually become a self-regulatory organisation, in order to help promote health insurance.

The health insurance forum, IRDA said, would help in evolving policies and processes for the health insurance sector. The members of the forum would include CEOs of health insurance companies, life insurers, third party administrators (TPAs), officials from labour and health ministries and representatives of health service providers.

The forum, Insurance regulatory and Development Authority (IRDA) said, will act as a consultative agency between insurance companies and other stakeholders. It would also assist the IRDA in collecting data for efficient conduct of health insurance business in the country.

"It is the intention of the IRDA to extend the membership of the forum to cover all stakeholders relevant to the health insurance business and to enable this Forum to evolve into a Self Regulatory Organisation (SRO)," IRDA said.

The IRDA said that the Forum was necessary for effective dialogue between service providers (hospitals), the insurance companies, TPAs, and the consumers in general.

This Forum would help form a consultative role in order to enable the evolution of a regulatory structure to take care of the growing needs of the sector. The Forum would meet atleast twice a year and the members of would be in office for a period of two years.

Last year from October 1, the IRDA had allowed portability of health insurance schemes, thereby allowing customers to change insurers without losing policy benefits.

Besides three standalone health insurers, Star Health & Allied Insurance, Apollo Munich and Max Bupa, a number of other players including National Insurance Company, United India and Oriental Insurance and ICICI Lombard are also active in this field.

News	<i>Irda issues draft norms to insure HIV/AIDS infected</i>
Newspaper	<i>The Hindu Business Line</i>
Source	<i>http://www.thehindubusinessline.com/industry-and-economy/banking/article2857823.ece</i>

HIV/AIDS patients, doctors and nurses who are vulnerable to the infection can look forward to health insurance cover soon.

At present, health insurance cover is not being provided to these categories of customers.

In an exposure draft released on Friday, the Insurance Regulatory and Development Authority has asked all life and general insurers to put in place an underwriting policy on health insurance coverage for persons suffering from HIV.

"The Authority has received representations from various stakeholders, including public bodies and the Government, to provide insurance cover to people living with HIV and to those who are vulnerable to it in health insurance policies," Mr J. Hari Narayan, Chairman, IRDA, said.

The insurers should indicate the general eligibility criteria for extending health cover under this category by specifying the stages of infection and compliance with treatment protocols.

They should also identify all possible risks and those risks which would be denied.

All the product designs would be examined and approved by the regulator in accordance with file and use procedures.

IRDA proposes to implement this order from October 1, 2012.

Asia

News	China: Govt plans special unit for pension investment
Newspaper	e-daily Asia Insurance Review
Source	http://www.asiainsurancereview.com/pages/e-Weekly.asp?country=10

The State Council, China's Cabinet, is planning to establish a special organisation to manage the investment of the country's basic pension insurance. A feasibility study is currently underway.

The China Daily reports Xian Yimin, an insurance and social security expert, as having said that this special organisation must be independent from governments to avoid administrative interference.

There are various kinds of pension funds operating in China but the largest share of the market is in "basic pensions" which are managed by local governments, and it is these funds that are to be given permission to invest in domestic bourses. It is reported that at the end of 2011, the total amount of basic pension insurance reached CNY1.9 trillion (US\$301 billion), but because investments by such funds are confined only to bank deposits and national bonds, the annual return on investment for such funds over the past 10 years was negative, after allowing for inflation.

Earlier media reports in China say that the government may allow pension funds to invest up to 30% of their assets in the local stock market. China may release guidelines on investment and operations of pension funds in the first quarter at the earliest.

Europe

News	Government to extend RTA portal to employers' and public liability
Newspaper	Insurance Times
Source	http://www.insurancetimes.co.uk/fsa-will-split-in-april-to-prepare-for-twin-peaks/1394701.article

The government is set to extend the Road Traffic Accident (RTA) portal to motor personal injury (PI) claims worth up to £25,000 and into employers' and public liability claims.

The confirmation comes in the government's response to a Ministry of Justice (MoJ) consultation paper called 'solving disputes in the county courts.'

The response gives no deadline for the portal extension.

The portal is currently only open to motor PI claims between £1,000 and £10,000 and was set up in April 2010 to help settle claims quickly and cheaply.

Justice Secretary Kenneth Clarke said: "I want to make the system as easy and transparent as possible. These changes will produce a service that helps people to resolve their disputes effectively and in the simplest and quickest way possible so they can get on with their lives and businesses."

ABI director of general insurance Nick Starling said: "This is good news for thousands more claimants who will get their compensation much more quickly. In less than two years evidence shows that this process is leading to the average pay-out time being more than halved and lower legal costs.

"The government must now press on with its wide-ranging and long overdue reforms to civil litigation to ensure that steps such as reducing fixed legal costs lead to a more cost efficient compensation system."

Middle East

News	UAE: Sharjah sets up Health Insurance Authority
Newspaper	e-weekly Middle East
Source	http://www.asiainsurancereview.com/pages/e-weekly-archive.asp

The ruler of Sharjah has issued Emiri decree no. 8 of 2012 establishing the Sharjah Health Insurance Authority (SHIA), the Emirates News Agency (WAM) has reported.

According to the decree, SHIA enjoys a corporate body status, financial and administrative autonomy and full legal capacity to carry out its duties and activities to achieve its objectives.

The decree regulates the powers and functions of the new health insurance body, which will work with other stakeholders in the emirate to adopt best practices in the industry.

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