



Insurance Institute of India

G Block, Plot No. C-46, Bandra Kurla Complex, Bandra (East), Mumbai – 400051.

Newsletter

19-August-2011 to 25-August-2011

News Categories

* Insurance Industry

* Life insurers assets touch Rs 15 lakh crore

* Life Insurance

* Life insurers ask Irda to allow discounted equity to banks

Insurance Industry

[Top](#)

News	Life insurers assets touch Rs 15 lakh crore
Newspaper	The Financial Express
Source	http://www.financialexpress.com/news/life-insurers-assets-touch-r15-lakh-crore/835542/0

Mumbai: The total assets held by the Life Insurance industry including equity and fixed income assets have witnessed a 11.38 % rise and have crossed the R15-lakh crore landmark to touch R15, 04,629 crore as compared to R13, 50,850 crore last year. The increase in AUM has taken place despite a fall in total premium income which declined marginally by 5.18 % y-o-y from R58, 559 crore to R55,523 crore for Q1.

The Indian life industry otherwise experiencing a difficult year, also reported a healthy 13% rise in renewal premium income to R37,221 crore for the April–June quarter, as compared to R32, 959 crore for the same period last year.

This effectively means increasing number of policy-holders are renewing their respective policies, indicating that the policy holders are taking an informed decision and are being advised well, resulting in better conservation ratio for the industry, said a releases by the Life Insurance Council.

The de-growth in total premium is due to a 28% decrease in new business premium. New business premium declined from R25,522 crore last year to R18,282 crore as of June 30 this year, with the share of non-linked premium in total new premium increasing from 45 % to 73 %.

It is to be noted that last year life insurers had registered an extraordinary growth in the initial five months of 2010 (April-August 2010) in anticipation of changing unit linked guidelines from September 1, 2010.

If you consider the new business premium collected in the last two years for the same period, the industry's premium collection has grown at 13 % CAGR despite a fall this year.

However, a recovery in new business premium collection is indicated for the month of July 2011.

The industry's death benefit pay-out to the kin of policyholders, stood at R2,459 crore during the quarter, as compared to R2,277 crore in April–June 2010.

Life insurance companies have also continued with their austerity drive and professionalising of their agency workforce. The number of agents at the end of Q1 stood at 24.27 lakh as compared to 28.16 lakh last year.

The operating expenses of the industry have decreased to 10.35 % to R5,752 crore as compared to R6,114 crore last year. The life Insurance industry's contribution to infrastructure development continues to be robust, despite economic slowdown. The investment in Infrastructure has risen to R2, 00,235 crore as compared to R1, 42,445 crore.

Life Insurance

[Top](#)

News	Life insurers ask Irda to allow discounted equity to banks
Newspaper	Financial Chronicle
Source	http://www.mydigitalfc.com/news/life-insurers-ask-irda-allow-discounted-equity-banks-029

Life insurance companies and banks have asked the insurance regulator to not treat discount in valuation of equity shares given by an insurance company to a bank or cash payments as advance commissions.

Life insurance companies, through their association-Life Insurance Council and banks through the Indian Banks Association (IBA), have written separately to the Insurance Regulatory and Development Authority (Irda) in response to the recommendations made by the bancassurance committee.

An Irda committee constituted in May 2009 to study the distribution of insurance products through banks had submitted its report last month. The committee has recommended that a bank should not be eligible for any compensation other than the commission payable for distribution of insurance policies. The committee has also said that the discount in valuation of equity share given by an insurance company to a bank's distribution partner should be treated as advance commission and amortised in a period not extending beyond three years.

SB Mathur, secretary general of Life Insurance Council, told Financial Chronicle that they have written to the Irda about a week back. "We have said that if an insurer sells a stake to a bank at a discount, it's the deal between two promoters. Irda's concern is that the policyholder's premium should not be used to pay excessive commissions. In such deals, the policyholder's money is not involved." IBA chairman MD Mallya confirmed to writing to Irda. Managing director of a private sector bank said, "IBA in its letter to Irda has said that in a bancassurance tie-up, a bank brings its brand and distribution to the insurance business. If it (bank) gets discounted equity share or payments from an insurance company, these should not be treated as commission but as contribution by both stakeholders to the business."

Banks demand upfront payments and discounts in equity for selling an insurance company's products on the back of their vast branch network.

J Hari Narayan chairman Irda, said, "According to the Insurance Act 1938, an agent cannot be paid anything more than the commission. We have invited comments on the recommendations of the bancassurance committee report. What might be the implications of such deals, we are still examining them and may take some more time. But we have not made up our mind."

Disclaimer:

'Newsletter' is for Private Circulation only intended to bring weekly updates of insurance related information published in various media like newspapers, magazines, e-journals etc. to the attention of Members of Insurance Institute of India registered for its various examinations. Sources of all Cited Information (CI) are duly acknowledged and Members are advised to read, refer, research and quote content from the original source only, even if the actual content is reproduced.

CI selection does not reflect quality judgment, prejudice or bias by 'III Library' or Insurance Institute of India. Selection is based on relevance of content to Members, readability/ brevity/ space constraints/ availability of CI solely in the opinion of 'III Library'.

'Newsletter' is a free email service from 'III Library' to III Members and does not contain any advertisement, promotional material or content having any specific commercial value.

In case of any complaint whatsoever relating 'Newsletter', please send an email to Mr. P.K. Rath, Director, College of Insurance, at rath@iii.org.in.

To stop receiving this newsletter, please send email to library@iii.org.in.