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An open ear is the only believable sign of an open heart

David Augsburger

INSIDE THE ISSUE

Insurance Industry

Insurance ombudsman decides over 9,000 cases in last 2 years - The Tribune

Early disposal of cases pertaining to insurance has led to a steady increase in the flow of cases coming to the office of the insurance ombudsman over the last two years. While 1,784 cases have already been decided in this financial year, insurance ombudsman Manik Sonawane, said a 'record' 9,132 cases have been decided in the last two years.

Speaking on the occasion of 'Bima Lokpal Day', Sonawane said the 'record' had been registered in the Greivances Cell of Insurance Regulatory Development Authority of India, Hyderabad, regulator of the insurance sector. He said a maximum of life insurance disputes were being referred to him.

"We have a disposal rate of 65% in Punjab which accounts for 43% of the total cases while Haryana is placed second with 36% cases while the remaining 21% cases are distributed among the states of Himachal Pradesh, Chandigarh and Jammu and Kashmir. Our office caters to these states and one UT," he explained, adding that theirs was a quasi-judicial grievance redressal mechanism to decide complaints of insured persons against 52 life and non-life companies.

Sonawane said he presently had the power to settle cases up to Rs 20 lakh. "However, since there is a lot of delay in settlement of cases in the state consumer forums, we have asked for greater powers and sought a raise to settle cases up to Rs 50 lakh. That demand is under active consideration," he said.

While stating that concerted efforts were being made to settle a maximum number of cases, Sonawane maintained spreading awareness about the redressal mechanism available to the people for maximum utilisation was their prime objective.

Source

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Insurance to become costlier in cyclone-prone areas - The Hindu Business Line

General insurance premiums for coastal regions of Andhra Pradesh and Odisha are likely to shoot up next year due to the high incidence of claims following the severe cyclones that hit the coast in the last two years. Last year, coastal Andhra Pradesh and Odisha were hit by cyclone Phailin and the general insurance industry received claims exceeding ₹1,500 crore. According to industry estimates, claims from cylone Hudhud, which severely affected the coastal city of Visakhapatnam this year, are likely to exceed Rs. 2,000 crore.

Sanjay Kumar, Vice-President and Head, Motor Underwriting of Bharti AXA General Insurance, said that premiums for large commercial projects located in cyclone-prone areas will go up as insurers have faced substantial losses.

As part of mega policies, insurers typically insure big industrial assets against business disruptions apart from fire and damages. These policies are primarily reinsurance driven as insurance companies pass on part of their risk to reinsurers to mitigate risks associated with high severity losses. Reinsurers on their part have warned general insurers to stop undercutting premium rates to large corporates while taking into account the high severity of losses. G Srinivasan, Chairman and Managing Director, New India Assurance said that while reinsurance rates have been soft for insurers due to overcapacity, major losses from catastrophes may trigger a rise in reinsurance rates during renewal next year which in turn would lead to a rise in premium rates. Kumar said that while insurers will be able to absorb the losses from motor insurance, premium rates for home insurance in the cyclone prone areas and weather based insurance based products will also see a rise.

Recently, the Insurance Regulatory and Development Authority cracked down on general insurance companies offering heavy discounts in the group insurance portfolio to retain corporate clients. RDA has asked general insurers to look at the burning cost (an insurance-industry calculation of excess losses divided by total subject premium) of each line of business and price their risk appropriately.

Source

The guidelines are applicable to fire, property and group health segment which have seen high discounts being offered and will be enforced from January 2015.

Back

Life Insurance

Demand for ULIPs lags even as MFs return to equities - The Financial Express

Even as the mutual fund participation in the equity market has revived during the last six-months, the private insurance players are yet to see a recovery in the demand of unit linked insurance products (ULIPs).

For the year so far, domestic institutional investors still remain net sellers of equities worth $5 billion, although the foreign institutional investors have maintained their equity buying in 2014 with year to date stock purchases worth $15 billion. As per data from Association of Mutual Funds of India (AMFI), net equity inflow for the first ten months of the year is R39,217 crore or $6.5 billion (based on average rupee rate of 60.5 against the dollar).

One of the most popular financial products during the previous bull run, ULIPs have yet not staged a comeback after a clampdown by the Insurance Regulatory and Development Authority (IRDA) in 2010 to curb miss-selling by distributors and high charges levied by insurance companies. Industry experts say while for bigger bank linked insurance companies gross ULIP flows have improved in the first half of FY14-15, for private players which use an agent-based distribution network, the pace of outflow has abated.

According to Sampath Reddy, CIO, Bajaj Allianz Life Insurance, the inflow into ULIP products is far less than the outflow and for the industry as such the net inflow is yet to turn positive. “Companies that have bancassurance partners may have managed to get improved ULIP purchases but companies that rely on agent-based distribution are still seen selling traditional plans,” added Reddy.

As per to Nidhesh Jain of Espirito Santo, the gross new business premiums from ULIPs for industry leaders, ICICI Prudential Life and HDFC Life during the first half of FY15 stood at R1430 crore and R600 crore respectively. “Even the proportion of ULIPs to the overall portfolios have gone up. In case of ICICI Prudential the contribution in H1FY14 has increased to 83% from 73% in FY14,” added Jain.

However, industry observers say that if the positive bias in equity market continues, ULIPs may see improved interest in the second half of FY15 when most investors plan their tax savings. Some of the flagship ULIP funds have outdone the benchmark gains this year also as actual equity allocations within the funds have also moved up compared to December 2013.

Bajaj Allianz equity gain fund, HDFC Life growth fund, ICICI Prudential Flexi growth fund and Eviva enhancer fund are some of the schemes that have outdone the 30-share Sensex by posting more than 40% return for year till October 31.

Source

At the end of Sept 2014, equity allocation for funds like HDFC Life equity managed fund, Birla Sunlife Mximiser fund, SBI Life equity elite fund and Bajaj Allianz equity plus fund have gone up by 1353 basis points (bps), 645 bps, 583 bps and 474 bps compared to that at the end of December 2013.

A life cover to cost Rs 90 under Jan Dhan Yojana - Business Standard

The life insurance cover under the Pradhan Mantri Jan Dhan Yojana will not come free of cost to beneficiaries. They will have to pay Rs 3 for every Rs 1,000 of sum assured and the size of the cover is Rs 30,000. Hence, a policyholder will need to pay Rs 90 for the cover. According to sources, the life insurer has begun the process, though the cover will only be offered from January 26, 2015, for people who open a bank account under the Jan Dhan Yojana before that date.

Life Insurance Corporation (LIC) has set up a separate fund for this purpose. Industry sources said that based on the claims it receives, the insurer might seek additional funds from government if necessary. Earlier, LIC had sought a clarification from the finance ministry about the scheme and the payment modalities. Some meetings were also held between LIC officials and finance ministry officials.

Till now, some 73 million bank accounts have been opened under the Jan-Dhan Yojana and many individuals would be eligible for the Rs 30,000 life cover by LIC. Sources said that earlier, there were talks about having a minimal payment for this scheme by the beneficiaries. The process of claim settlement could be done through the Aam Aadmi Bima Yojana, a social security scheme administered by LIC. The Bima Yojana's members are between 18 and 59 years of age. Here, the member should be the head of the family or one earning member of the below poverty line family or marginally above the poverty line under identified vocational group/rural landless household.

The premium to be charged initially under the scheme is Rs 200 a year per member for a cover of Rs 30,000, out of which 50 per cent is subsidised from the Social Security Fund. In case of rural landless household, the remaining 50 per cent premium is borne by the state government or Union territory; in case of other occupational group, the remaining 50 per cent premium is borne by the nodal agency and / or member and / or state government / Union territory.

Source

The life cover was not originally part of the Jan Dhan scheme announced in Prime Minister Narendra Modi's Independence Day address on August 15. The life cover was announced on August 28, when the scheme was officially launched. An accident insurance cover of Rs 1 lakh is also given to all individuals who open a bank account under the Jan-Dhan Yojana.

Back

Ulips to see another revamp soon - Business Standard

With the Insurance Regulatory and Development Authority (Irda) planning to make unit-linked insurance plans (Ulips) more customer-friendly by giving at least 90 per cent of the premiums paid as fund value, these products may not be pitched to those in the older age group. The chief executive of a large private life insurance firm said the regulator wants them to give back minimum 90 per cent of all premiums paid when the policy reaches maturity. “For people above 50 years, the mortality charges are very high. Hence, we will not pitch this product to people above this age bracket,” he said.

Regulatory officials said since there have been cases of customers losing 40 per cent or more of their fund value in their Ulip product, there have been concerns about the depreciating fund value. While a minimum return of four per cent is to be guaranteed, policyholders have complained about not being returned the adequate fund maturity amount. With the rise in misselling complaints, Irda had a re-look at the Ulip products, which had a lot of hidden costs. Hence, it came up with the September 2010 regulations for Ulips.

In these regulations, Irda capped the annualised charges of Ulips at 2.25 per cent for the first 10 years of holding. As there was no incentive for the distributors, Ulip sales saw a sharp drop. The average commission in Ulips as a percentage to premiums collected fell to four per cent in 2011-12, from nearly 10 per cent in 2009-10. Insurance experts said that while overall charges in Ulips have come down since September 2010, other charges, including mortality charges and premium allocation charges, are high and could tough up to 35-40 per cent for the initial five years.

Companies are anticipating detailed guidelines on this front from the regulator. All Ulip products that have been filed with the regulator have been asked to comply with the 90 per cent return of all premiums. Further, companies have been told to not have fund switch options after a certain age limit so that returns are not affected.

For Ulips, charges including fund management charges (about 1.3 per cent), switching charges (to switch between funds), surrender charges, mortality charges and premium allocation charges (down to about 7.5 per cent compared to 20 per cent before September 2010) are charged for the policy. There are policy administration charges that range from Rs 70-120 that could be increased after four to five years. “The 2013 regulations have made the product friendlier for policyholder. While the market conditions have been benign in this financial year, making Ulips attractive, if volatility enters the equity markets, it would be difficult to guarantee 90 per cent of all premiums to be returned,” said the appointed actuary at a mid-size private life insurance firm.

To increase the appeal of Ulips among agents, the Irda had linked the commission of the product to the tenure of the policy. In its linked insurance product guidelines in 2013, it had said the first year commission could go up to 35 per cent for a premium paying term of 12 years and above. For a five year premium paying term, commission would be 15 per cent in the first year. A lock-in period of five years would be applicable from the inception of the policy. For protecting the interests of customers, discontinuance charges for policies have been capped at Rs 6,000 for policies with annualised premium of more than Rs 25,000 where the money is discontinued during the first year.

If it is discontinued during the second, third or fourth year, the charge cannot be more than Rs 5,000, Rs 4,000 or Rs 2,000, respectively. For policies with annual premium of up to Rs 25,000, the maximum discontinuance charges range from Rs 3,000, Rs 2,000, Rs 1,500 or Rs 1,000, depending on whether it was discontinued in the first, second, third or fourth year of the policy, respectively. Irda has stated insurers should have one discontinued policy fund for all pension products, another for all life insurance products and a third for all health insurance products. In the case of Ulips, Irda has said that the discontinued policy fund will be a unit fund, with government securities and money market instruments as asset categories.

To ensure that policyholder returns are protected, Irda has said that the maximum reduction in yield would be four per cent (per annum) in fifth year and would go down to three per cent in the tenth year. It is 2.25 per cent from the fifteenth year. The net reduction in yield at maturity for policies of up to 10 years will not be more than three per cent, while for policies of terms exceeding 10 years, it would not be more than 2.25 per cent.

Source

Back

Life insurers cry foul, say delay in product approvals hurting business - The Hindu Business Line

The delay in obtaining product approvals from the regulator is making life insurers restive even as new business premium is on the wane.

“The Insurance Regulatory and Development Authority is sitting pretty on product approvals of late. There are over 200 products filed by different insurers which are awaiting clearance. This is adversely impacting business,” the Chief Executive Officer of a leading private life insurance company, who did not wish to be identified, told BusinessLine.

According to a report of the Life Insurance Council, the new business premium (NBP) collected by the industry declined 2 per cent to ₹49,179 crore during April-September 2014 compared to the year-ago period. In September, the industry saw a 21 per cent decline in NBP, with LIC witnessing a 27 per cent drop and private sector insurers recording flat growth.

A couple of top executives of insurance companies said the regulator was unable to arrest the decline even as new products were expected to drive business growth. In recent months, product approvals by the IRDA have been almost nil, they said. A reason for the delay is said to be because of the absence of Member (Actuary) at IRDA, a post which has been vacant for almost two years. Of the five sanctioned members, IRDA now has only three; the position of Member (Life) had fallen vacant in February this year.

IRDA’s view
When contacted, Sriram Taranikanti, Executive Director, IRDA, had a different view. While agreeing that about 200 products were awaiting approval, he said that in the case of 70 applications clarifications were sought from the insurers.

“Product approvals involve many stages as we need to protect policyholders’ interests. We are awaiting the response,” he said. Of the remaining 140-odd products, about 50 were in ‘matured’ stage of approvals and would be released soon, he added.

Flood of applications

Explaining the reasons for the delay, the official said as against the normal 300 applications a year for new products, the IRDA had received 1,000 applications in the last one-and-a-half years as the new regulatory regime from life products came into effect in early 2013.

Source

“Of this, we have cleared 800 and are also taking up special initiatives, such as holding video conferences with the insurers, for speedy clearance,” he added. As the appointment of IRDA members is a Government decision, the IRDA preferred not to comment on the delay in appointment of members.

Back

Life insurers see drop in complaints from policyholders - Financial Chronicle

Life insurance companies have seen a considerable drop in the number of complaints filed by their policyholders during the first six months of the current financial year. While a few top life insurers were able to grow their new business premium, complaints registered against them have fallen during the same period. Heads of life insurance companies attributed the drop in complaints to awareness campaigns of the insurance regulator and Cobrapost sting operation (last year) that forced them to strengthen their processes.

According to the data analysed by Financial Chronicle, the highest number of complaints related to unfair business practices included mis-selling of life insurance products followed by proposal processing and policy servicing. For the country’s largest private life insurers, ICICI Prudential Life Insurance, the total complaints registered by ICICI Prudential Life Insurance for six months ended September 30, 2014 dropped by 41 per cent to 6,385. Of which the largest complaints related to unfair business practises at 5,713 followed by Ulip related complaints at 193.

The first year premium for the six months ended September 30, 2014 had grown by 25.46 per cent to Rs 1,742.14 crore. Renewal premium had grown by 11.84 per cent to Rs 3,908 crore during the first six-month period. ICICI Prudential Life saw the total number of claim complaints registered per 10,000 claims falling to 22 during the six months from 64.73 in the corresponding period of last financial year.

The total number of policy complaints per 10,000 policies was 89 compared with 272.60 in the six months of last year. For another private insurer — Bajaj Allianz Life Insurance, the total number of complaints registered by its policyholders fell by 65.2 per cent upto the six months ended September 30, 2014 at 10989. Of this 9,549 complaints related to unfair business practices, followed by survival claims. The total number of policy complaints per 10,000 and total number of claim complaints per 10,000 claims during the April-September 2014 was mere 7. Total number of policy complaints per 10,000 policies was 30 while the registered claim complaints per 10,000 claims were 44 during the period.

Bajaj Allianz Life had a first year premium of Rs 598.28 crore during the half year period, a drop of 11 per cent when compared with the corresponding period of last year. Anuj Agarwal, managing director and chief executive officer told Financial Chronicle, “There are a number of factors that have resulted in a drop in policyholder complaints. Most companies are doing a call verification to make sure that the customer is not mis-sold the product besides better agency training. It could also be because of Cobrapost which made life insurers strengthen their processes and systems. We have recently launched a key feature document that explains to the customer through graphics about the product he is buying.”

“IRDA too has taken a number of customer awareness initiatives on life insurance products,” added Agarwal. For HDFC Life Insurance, the total number of complaints registered during the six months of the financial year dropped by 29 per cent to 21,079. Of the total grievances registered, 16,769 accounted for unfair business practices, 1,264 for survival complaints, 1,230 for policy servicing. Total policy complaints per 10,000 policies stood at 650 while total claim complaints per 10,000 claims registered were 36.

Compared with the data for September 2013, the total number of policy complaints per 10,000 policies were 826 while claim complaints were 71. First year premium for HDFC Life Insurance grew by 28 per cent to 1,100 crore while renewal premium grew by 17 per cent to 3,790 crore.

During 2013-14, Cobrapost had conducted a sting operation where it exposed 23 private and public financial institutions allegedly aiding money laundering. Top banks such as SBI, Bank of Baroda, Punjab National Bank, Canara Bank, Indian Bank, IDBI, Indian Overseas Bank, Dena Bank Corporation Bank, Allahabad Bank, Oriental Bank of Commerce, Central Bank of India, Yes Bank, Dhanlaxmi Bank, Federal Bank, DCB Bank, HDFC Bank, ICICI Bank and Axis Bank were named in the sting operation. The insurance companies that were named in the expose were Life Insurance Corporation of India, Reliance Insurance, Birla Sunlife and Tata AIG. Banks who were promoters of insurance companies had to plug the loopholes and change their systems that impacted insurance sales.

Source

Back

Health Insurance

Simplify process to avail super-speciality facility: Minister tells ESIC - The Economic Times

Exhorting officials to take care of workers' interest and their social security, Labour Minister Bandaru Dattatreya has directed the Employees' State Insurance Corporation (ESIC) to simplify the procedure for availing super-speciality facility in its hospitals. Dattatreya, who reviewed the functioning of ESI Scheme yesterday, also directed officials that the targets must be met with increasing efficiency, especially at the lower level.

"While addressing the officers, Dattatreya called upon them to take care of the interest of the workers and their social security. "He asked the medical officers to treat the patients belonging to the working class in such a way that they feel comfortable. He directed the management to simplify the procedure for availing super-speciality facility in ESI hospitals," an official Ministry statement said.

Noting that 93 per cent of India's workforce, which belong to the unorganised sector, is beyond the scope of the ESI scheme, the Minister appreciated weekly review of the projects presently conducted by ESIC. "He further directed that the targets must be met by increasing efficiency especially at the lower level," the statement said.

Urging officials to serve insured persons with "seva bhav" (sense of service), the Minister exhorted the management to have a pro-labour attitude and create a good image for their organisation by changing the perception among the massess. Director General, ESIC, A K Agarwal and other senior officers apprised the Minister about the salient features related to the working of the scheme.

Source

Back

Global News

China: Non-life market to grow by 15% in next 1-2 years - S&P - Asia Insurance Review

The non-life insurance sector in China is expected to grow at about 15% each year over the next one to two years. The growth would be from a base of premiums equivalent to about US$106 billion in 2013 and US$92 billion in the first three quarters in 2014, according to Standard & Poor's.

“We expect the combined ratio to stay at close to 100% over the next two years, indicating a thin underwriting profit, even without factoring in any unexpected severe catastrophe. The industry's combined ratio exceeded 99% in 2013 amid some typhoons, but stayed below 100%,” S&P said in an article titled "Can Insurers Capitalize On Their Growth Opportunities?” in its "China Credit Spotlight" series.

In each of the past three years, over one-third of non-life insurers reported net losses, which reflects steep competition and the low pricing of various products. “We expect such losses to continue, especially for players lacking scale. Profitability from motor insurance has been strained for the past two years, suggesting the underwriting performance of non-life insurers will increasingly rely on other business lines,” said S&P.

While the China Insurance Regulatory Commission is likely to remove tariffs on motor insurance over the next few years, it may not have a severe drag on the product pricing or profitability of non-life insurance providers. “We base our view on the fact that the motor insurance segment already made an underwriting loss in 2013, although it may return to a slight underwriting profit this year,” added the international ratings agency.

Competition in the motor insurance sector is also likely to further intensify on distribution, services, and underwriting and risk management capabilities, rather than just product pricing. The significance of motor insurance to the industry's overall growth in premiums and underwriting performances in China is likely to reduce over the next few years, as other lines of business catch up; this is similar to the path of development in many other mature insurance markets. Motor insurance in China represented 72.8% of total non-life insurance premiums in 2013, down from 74.6 % in 2010.

"We maintain our stable outlook on the non-life sector, partly because underwriting performances are still satisfactory," said S&P. The gap in the creditworthiness of the strongest and weakest non-life insurers will become increasingly apparent over the next few years. Companies that are the most likely to outperform their peers include market leaders with scale and advantages in networks, franchises and diversity, as well as selective players with superior underwriting discipline and good niche positions.

Source

Back

China: Life insurance mart stabilizing, to grow by 10% in 2015-16 - Asia Insurance Review

Conditions are stabilizing in the life insurance market in China, according to Standard & Poor's citing its recent study of the top 25 Chinese insurers by premiums. The international rating agency expect premiums in the Chinese life market to grow by about 10% annually over the next two years, compared with 20% in the first nine months of 2014 and 8% in 2013. Life insurance premiums totalled about US$176 billion in 2013 and US$169 billion in the first three quarters in 2014.

"We are revising our credit outlook on the life insurance sector to stable from negative because we are increasingly confident about its growth prospects and strategies, particularly compared with two to three years ago. More life players are putting further emphasis on value generation, profitability, and agency productivity, which should help to stabilize their financial risk profiles," S&P said in an article titled Can Insurers Capitalize On Their Growth Opportunities?"in its "China Credit Spotlight" series. Financial risk profiles should also stabilize from the insurers' increasing emphasis on value generation, profitability and agency productivity, rather than merely targeting market share – at least for most of the leading players.

In addition, earnings of life insurers have improved this year and their reliance on low-margin bancassurance products is declining. "Our study also shows that the bigger players tend to have the strongest stand-alone credit profiles, partly due to their well-established franchises, extensive distribution networks, and diversified business mixes. Other benefits include better economies of scale, technical know-how, and compliance functions," said the article.

"The life insurance subsidiaries or joint ventures of major state-owned banks have good business growth potential, in our view. For most of these companies, business has been expanding over a relatively short period and growth is still in an early stage. There could be substantial synergy over the next five years if the insurance companies evolve in a way that supplements a bank's business models through more advanced product development and value generation. "Such insurance business still represents a very small portion of the business of shareholding banks, implying plenty of room to grow." S&P said that over the next decade, if the life insurance arms of major banks continue to grow aggressively, they could threaten the business of other life insurers that heavily rely on bancassurance. Among the 70 or so life insurance companies in China, some newly established insurers have grown strongly through the sale of products via banks.

Source

Back

China: Life insurers get ready for insurance buying peak season - Asia Insurance Review

Life insurance companies are bracing themselves for an explosive start to the insurance buying peak season in the first quarter of the New Year in 2015. The peak quarter usually see insurers achieve 40-50% of their annual premium revenue target, and marketing support costs then consume up to 50% of the annual marketing budget. The insurers are using the last quarter of this year to prepare for the surge in sales. Many have already set their battle strategy for the first quarter of next year.

For the moment, the insurers have not introduced any significant new product range for next year. Many will rely on dividend-based products with a combination of universal insurance products as their flagship offering in which the interest rate would be 2.5%, following the same campaign used at the opening of this year, according to the Securities Daily.

Large insurance companies are targeting distribution avenues such as bancassurance, group insurance, e-sales, in their strategy and are preparing their manpower, distribution management methods, and product marketing and promotion campaigns. Life insurers see it as very important to get things right at the outset, especially in January, because success during the insurance buying peak season would boost team morale and drive performance throughout the year.

According to official data, insurance premiums collected by the life sector in the first quarter of 2013 represented 33% of the total received for the whole year. In 2014, the first-quarter premiums accounted for nearly 50% of total premiums received for the first nine months of the year.

Source

Back

China: Regulator sets out limits for issue of preference shares by insurers - Asia Insurance Review

The China Insurance Regulatory Commission (CIRC) has outlined the scope for the issuance of preference shares by insurance companies seeking to raise additional capital through this vehicle. In a statement posted on its website, CIRC said that preference shares shall not exceed 50% of the amount of ordinary share capital. The amount of funds to be raised through the issue of preference shares shall also not exceed 50% of the net asset value of the insurance company before the issue of the preference shares. In addition, the total amount raised through all types of debt capital instruments issued by an insurance company shall not exceed 100% of core capital.

CIRC said that there is no limit to the amount of Tier One capital to be raised by insurance companies. However, the private placements of secondary convertible bonds cannot exceed 50% of Tier One capital. Furthermore, contingency capital raised by insurance companies is limited to 5% of actual total capital or CNY1 billion (US$163 million), whichever is smaller. Supplementary funding through non-traditional reinsurance capital cannot exceed 10% of an insurance company's actual capital or CNY500 million, whichever is smaller.

CIRC said that insurance companies can raise additional capital through several avenues including (but not limited to): common shares, preferred shares, capital reserves, retained earnings, debt capital instruments, contingency capital, policy securitized products and non-traditional reinsurance.

Source

Back

Marsh reports growth in W&I policies - www.reactionsnet.com

The market for warranty and indemnity (W&I) insurance has continued to show signs of growth in 2014, claims broker Marsh in a new *Marsh Insight*. The growth has been both in terms of policies placed and limits purchased. This had been driven partly by the increase in the average deal size and partly by an increase in the limits bought. For H1 2014, Marsh said that it had placed $3.5bn in insured limits, up 59% year on year.

Marsh said that the motivation for using W&I cover differed from buy side to sell side. For the latter, key motivations included a reluctance to retain proceeds in escrow and the ability to achieve a "clean exit". Meanwhile on the buy side the concerns were on reducing jurisdictional risk on cross-border transactions, reducing risk if the seller's financial covenant was not as strong as it appeared, and the creation of "strategic value" during the auction process.

Marsh also noted that claims notifications under W&I insurance policies were on the rise. "Although, in the past, the occurrence of warranty claim breaches was low, an increase in claim notifications and paid insurance claims for breaches of warranties in private market mergers and acquisitions is inevitable as the number of policies written continues to grow".

Source

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IRDA warns on group rates - www.reactionsnet.com

India's Insurance Regulatory & Development Authority (IRDA) has warned insurers against offering significant group-wide discounts, a move which could see companies forced to deduct more from the paypackets of their employees to pay for group health cover.

Source

In its guidelines on risk-pricing, IRDA said that industry-wide loss averages should be the guide. The authority has said that it would monitor compliance closely. It noted that, despite increases in loss ratios for fire, property and group health, premiums had been cut for group offerings. Health insurance is understood to have booked an incurred claims ratio of 96.43% in full-year 2013, up from 94% in 2012.

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