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Diamond Jubilee
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Insurance Institute of India

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i-Think *Monthly Magazine – November 2014*

Editorial

Dear Friends,

We are happy to present before you one more issue of i-Think.

We have been getting a large number of articles and various types of write-ups for publication. We are happy that we could publish many of them. Our apologies to those whose articles could not be published this time; it was just a problem of plenty.

We would like to talk to you the importance of being original and of setting our quality standards in whatever we do. In our personal lives, at our workstation or even in the articles that we write, we need to set our own quality standards. This is a big challenge for everyone!

When our child studying in the 5th standard gets 'ten out of ten' marks for an essay that she wrote in her class test, as parents we are happy that she has conformed to the class teacher's quality standards. But then if our child writes the same essay when he or she is studying in her college, would we be happy? Would the professor in the college give the same 'ten out of ten' marks? This indicates how quality standards are dynamic and relative, based on situations and the environment. What we do today has to be better than what we did yesterday and what we do tomorrow should be better that what we are doing today. This holds good about the academic work that we are doing, even in articles.

As we go along, we have to set higher and higher standards for ourselves and for whatever we are doing. More important, we should be able to achieve them too. Let 'achieving higher standards of quality' be our watchword when we contribute articles for our future issues. Happy reading!!

We invite brief articles [not exceeding 750 words] and other contributions to publish in future issues of 2015 that may be of interest to our nearly one lakh readers. These may be sent to newsletter@iii.org.in on or before 20th of every month.

Editorial team
i-Think

Importance of Month – November

November is the eleventh month of the year in the Julian and Gregorian Calendars and one of four months with the length of 30 days. November was the ninth month of the ancient Roman calendar. November retained its name (from the Latin novem meaning "nine") when January and February were added to the Roman calendar.

Throughout much of history, November has often been thought of as a somber month because it signaled the start of winter. People would spend the month storing up their harvest and preparing their food and homes in order to survive the winter.

Season (Northern Hemisphere): Autumn

Symbols of November
Birthstone: Topaz and citrine
Flower: Chrysanthemum
Zodiac signs: Scorpio and Sagittarius

November in Other Languages
Chinese (Mandarin) - shíyiyuè
Danish - november
French - novembre
Italian - novembre
Latin - November
Spanish - noviembre

Historical Names:
Roman: October
Saxon: Wintirfyllith
Germanic: Wein-mond (Wine month)

Sr No	Event	Date
1	Death of Islam Shah Suri.	22 November 1554
2	British India (to 1947)	30 November 1612
3	East India Company (to 1757)	
4	Every year Lachit Divas is celebrated statewide in Assam, India, to commemorate the heroism of the great general Lachit Borphukan and the victory of the Assamese army over the Mughal army at the battle of Saraighat in 1671	24 November 1671
5	Danish India (to 1869)	20 November 1696
6	Madras cyclone occurs	13-14 November 1721
7	Vasudev Balwant Phadke is born (to 1883)	4 November 1845
8	British Raj (to 1947)	1 November 1858
9	Bipin Chandra Pal is born (to 1932)	7 November 1858
10	Abraham Lincoln is elected the 16th President of the United States	6 November 1860
11	The United States receives rights to Pearl Harbor, Hawaii.	9 November 1887
12	Mohandas Gandhi is arrested in South Africa while leading a march of Indian miners.	6 November 1913
13	Albert Einstein is awarded the Nobel Prize in Physics	9 November 1921
14	Simon Commission	November 1927
15	Round Table Conferences (India) Third	November–December 1932

16	NASA launches the unmanned Apollo 4 spacecraft from Cape Kennedy.	9 November 1967
17	Intel releases world's first commercial single-chip microprocessor	15 November 1971
18	The computer mouse is patented by Douglas Engelbart.	17 November 1970
19	The 1st artificial blood transfusion occurs in the US.	20 November 1979
20	The first known World Wide Web page is written.	11 November 1990
21	India matches Pakistan's declaration of a Kashmir ceasefire	November 2003
22	The largest-ever solar flare is recorded.	4 November 2003
23	India begins to withdraw some of its troops from Kashmir.	November 2004
24	Nearly 200 people are killed and hundreds injured in a series of coordinated attacks by gunmen on the main tourist and business area of India's financial capital Mumbai. India blames militants from Pakistan for the attacks and demands that Islamabad take strong action against those responsible	26 November 2008
25	Mars Orbiter Mission, is successfully launched into Earth orbit by the Indian Space Research Organisation (ISRO)	5 November 2013
26	The London Gazette, the oldest surviving journal, is first published	7 November 2013
27	Independence Day in Poland	11 November
28	In India, Children's Day is celebrated on November 14, the birthdate of first Indian Prime Minister Pandit Jawaharlal Nehru	14 November
29	World Diabetes Day	14 November
30	International Men's Day	19 November
31	National Adoption Day	21 November
32	International Day for the Elimination of Violence against Women	25 November

Compiled by Mrs. Sneha Pednekar
i-Think Member

Captive Insurance

Captive Insurance

Abstract

Captive insurance companies are insurance companies established with the specific objective of insuring risks emanating from their parent group or groups, but they sometimes also insure risks of the group's customers. This is an alternative form of risk management that is becoming a more practical and popular means through which companies can protect themselves financially while having more control over how they are insured.

Introduction

A captive is an insurance company created and wholly owned by one or more non-insurance companies to insure the risks of its owner (or owners). Captives are essentially a form of self - insurance whereby the insurer is owned wholly by the insured. They are typically established to meet the risk-management needs of the owners or members. Captives are formed to cover a wide range of risks; practically every risk underwritten by a commercial insurer can be provided by a captive. The type of entity forming a captive varies from a major multinational corporation—the vast majority of Fortune 500 companies have captive subsidiaries—to a nonprofit organization. Once established the captive operates like any commercial insurance company and are subject to state regulatory requirements including reporting, capital and reserve requirements.

Over the last 20-30 years, there has been significant growth in the captive market. Today, there are over 5,000 captives globally compared to roughly 1,000 in 1980 according to AM Best Captive Center. Captives can be *domiciled and licensed in a wide number of domiciles, both in the U.S. and off shore. The number of captive domiciles is growing and remains competitive. More than 70 jurisdictions have some form of captive legislation. In terms of number of captives, Bermuda is the largest single jurisdiction followed by the Cayman Islands. In Europe, Guernsey, Luxemburg and Ireland are the market leaders. In the U.S. Vermont is the largest domicile and is considered a leader in captive legislation.*

There are various types of captive structures. The vast majority of captives insure only the risk of it's parent (single parent or 'pure' captive). In addition to single-parent captives, there are group/association captives, rent-a-captive, risk retention groups, agency captives, branch captives, senior or diversified captive, protected cell captive and producer owned reinsurance companies (PORCs).

Regulations

Captives may be licensed to write some lines of business directly. In other cases, such as workers' compensation in the U.S., for example, the business must initially be written by another Insurer, under its insurance license, which then reinsures it (lays it off) to the captive. The original insurer retains a fee, usually somewhere between 5% and 15%, to provide this service.

Micro captives

Over 90 percent of Fortune 1000 companies and many successful middle market businesses have captives. Over half of all property and casualty premiums that are written, are through captives.

Section 831(b) or "small" P&C captive, also known as a "micro captive" is used by midsize companies looking for cost-effective ways to transfer risk. Captive experts say thqt 831(b) introduces middle market companies to alternative risk transfer and its benefits, providing this class of insurance buyers a valuable cost-saving tool long utilized by Fortune 1000 companies.

The Section 831(b) captive or "small" property and casualty captive is one of the most popular choices for middle market companies.

Benefits of Captive Insurance

- *Tax deduction for the parent company for the insurance premium paid to the captive;*
- *Various other tax savings opportunities, including gift and estate tax savings for the shareholders and income tax savings for both the captive and the parent;*
- *Opportunity to accumulate wealth in a tax-favored vehicle;*
- *Distributions to captive owners at favorable income tax rates;*
- *Asset protection from the claims of business and personal creditors;*
- *Reduction in the amount of insurance premiums presently paid by the operating company;*
- *Access to the lower-cost reinsurance market*

Main Captive Domiciles

Domicile	Captive Number	Percentage
Bermuda*	958	19.3%
Cayman Islands*	765	15.4%
Vermont*	567	11.4%

*Guernsey**	*368*	*7.4%*
*Luxembourg**	*262*	*5.3%*
*Barbados**	*256*	*5.2%*
*Delaware**	*251*	*5.1%*
*Ireland**	*224*	*4.5%*
*British Virgin Islands**	*195*	*3.2%*
*Hawaii**	*163*	*3.3%*
*South Carolina**	*158*	*3.2%*
Isle of Man	*130*	*2.6%*
*Nevada**	*115*	*2.3%*
*Arizona**	*108*	*2.2%*
Utah	*100*	*2.0%*
Turks & Caicos	*71*	*1.4%*
Singapore	*57*	*1.1%*
Sweden	*41*	*0.8%*
Switzerland	*41*	*0.8%*
District of Columbia	*40*	*0.8%*
Labuan#	*32*	*0.6%*
New York	*27*	*0.5%*
Netherlands	*26*	*0.5%*
Vanuatu	*25*	*0.5%*
Bahamas	*23*	*0.5%*
Total	*5,003*	*100.0%*

Reference:
http://www.naic.org/cipr_topics/topic_captives.htm
http://www.journalofaccountancy.com/Issues/2013/Mar/20126102.htm
http://en.wikipedia.org/wiki/Captive_insurance

Rakesh P.

Agency Channel

The Orphaned Customer

The Agency channel is the largest distribution channel for life insurance products in this country. But one of the great challenges faced in this channel is its heavy turnover every year. Actually the number of agents that exit each year is more than the number recruited that year. More than the cost involved in recruiting and *training these agents, there is the problem of policyholders who become 'orphans' as the agents who sold the life insurance policies to them are not available to render after-sales service. More than 30% of the existing customers belong to this category. This leads to a great erosion in servicing standards and puts a heavy strain on the offices since agents are the first level contacts of the insurance company with its clients and when the agents are not there, there is a vacuum, difficult to fill up.*

Can the existing Agents take over?

There are many methods of exit or dormancy for an agent:

- *In view of the non-fulfillment of quota for doing new business, expected of the agents as per the company rules. This normally happens during the first few years of the agency just like the Biblical story of a few grains falling among the thorns, some falling on the rocks and failing to grow. This is the maximum number and it is easier to deal with the policies procured by these agents as these agents may not be eligible for any further commission and these policies can be allotted to the existing agents under the condition that they would be eligible for 50% of the eligible commission for the original agents. This eventuality arises only when these policies lapse and come up for revival under Medical Scheme.*
- *The second category of agents who become dormant or inactive is the variety where they become eligible for exemption from doing the minimum quota of new business every year but they automatically become eligible for Renewal commission. Agents under this category either become old or get tired of doing both sales and service and thus ignore their customers. The ultimate result is that the clients become orphans.*
- *The third category is caused by death of the agent or his/her dislocation from the present city to some other place. Under these cases also, if those agents are eligible for commission, their policies can not be allotted to new agents. The family of the deceased agent becomes eligible for hereditary commission, if that agent satisfies certain eligibility conditions.*

Whatever may be the cause, the final repercussions of this are for the life insurance company in the shape of

- *Customer Retention*
- *Customer Dissatisfaction and*
- *Loss of opportunity for further sales.*
- *Even when new agents approach these clients for new business, there is a tendency to recommend surrender of the earlier policy and go for a new one under some pretext or the other.*
- *This 'Churning of business' leads to more cost to the company in view of increased commission, policy issue and other administrative charges.*

The Four 'S' Solution

Secure:

Post-exit of the agent, the insurance company first sends a communication to his/her customer, intimating this movement. The company assures its continuous services to the client either directly (in this case, pl. mention the helpline or the address/ mobile number of the manager etc.) or suggesting whether the client would prefer the services of another agent in the case of any revival of the policy under Medical scheme and in that case, giving the details of the new agent. No doubt, the new agent would have been briefed about this customer already.

Service

Explain to the customer the different touch points for servicing available to the client from the company like the Portal services, on line premium payments, kiosks nearby, premium payments through ATMs etc. This gives the customer the assurance that the company is with him/her.

Strengthen

After having restored their faith in the organization, now the insurance company assesses the needs of all high net-worth individual clients and a dedicated team calls on the customer to further help the client for all requirements, if any. If there are any issues, they are resolved promptly.

Sale

After all the above three steps, the dedicated team tries to understand the latent value for more insurance in the customer and helps in realizing the same by selling suitable life insurance policies.

R.Venugopal
Retired Executive Director, LIC

Comparison of Life and Non-Life Cos.

Life and Nonlife Insurance Cos. 4 Consecutive Year (2010-2014) Comparison

The performance of Life and Non-life insurance companies' direct premiums written is showing a decrease when compared with its percentage of total world premium.

Non Life Premium – Increase in overall DPW but at diminishing rate.

Life Premium- Decrease in overall DPW but at increasing rate.

Total Premium- Decrease in overall DPW but at increasing rate.

LIFE AND NONLIFE INSURANCE PREMIUMS, 2013			2012		2011		2010
(U.S. $ millions)							
	Direct premiums written	% + or - in DPW	Direct premiums written	% + or - in DPW	Direct premiums written	% + or - in DPW	Direct premiums written
Nonlife premiums (1)	$13,401	1.97	$13,142	7.84	$12,187	15.39	$10,562
Life premiums	52,174	-2.11	53,300	-11.82	60,442	-10.87	67,810
Total premiums	$65,576	-1.30	$66,441	-8.52	$72,628	-7.33	$78,373
Percent of total world premiums	1.41%	-2.08	1.44%	-8.86	1.58%	-12.71	1.81%

01.Includes accident and health insurance. Source: Swiss Re, sigma, No. 3/2014,No. 3/2013,No. 3/2012,No. 2/2011.

Non Life Insurance Cos. Comparison 2010-2014

LEADING NON LIFE INSURANCE COMPANIES, 2013				LEADING NON LIFE INSURANCE COMPANIES, 2010			
	Gross written premiums			Gross written premiums		% Increase or Decrease in GWP	
Company	INR Mn	USD Mn		INR Mn	USD Mn	INR Mn	USD Mn
New India	100,379.50	1,878.50		70,991.40	1,560.30	41.40	20.39
United India	92,660.40	1,734.00		52,390.50	1,151.40	76.86	50.60
National	91,657.30	1,715.20		46,459.70	1,021.10	97.28	67.98
Oriental	65,524.00	1,226.20		48,546.80	1,067.00	34.97	14.92
ICICI Lombard	61,339.90	1,147.90		32,950.60	724.2	86.16	58.51
Bajaj Allianz	40,014.00	748.8		24,823.30	545.6	61.20	37.24
IFFCO Tokio	25,650.30	480		14,578.30	320.4	75.95	49.81
Tata AIG	21,350.80	399.6		15,204.00	334.2	40.43	19.57
Reliance General	20,100.10	376.1		19,796.50	435.1	1.53	-13.56

Source: Axco Insurance Information Services.

Statistics of Leading Non Life Insurance Companies showing an increasing growth trend in GWP in the industry. There are some companies showing tremendous growth in their GWP like ICICI Lombard, National, United India, IFFCO Tokio.

Life Insurance Cos. Comparison 2010-2014

LEADING LIFE INSURANCE COMPANIES, 2013			LEADING LIFE INSURANCE COMPANIES, 2010				
	Gross written premiums			Gross written premiums		% Increase or Decrease in GWP	
Company	INR Mn	USD Mn		INR Mn	USD Mn	INR Mn	USD Mn
LIC	2,088,035.80	35,510.80		1,860,773.10	40,717.10	12.21	-12.79
ICICI Prudential	135,382.40	2,302.40		165,318.80	3,617.50	-18.11	-36.35
HDFC Standard	113,226.80	1,925.60		70,051.00	1,532.80	61.63	25.63
SBI Life	104,500.30	1,777.20		101,040.30	2,211.00	3.42	-19.62
Bajaj Allianz	68,927.00	1,172.20		114,197.10	2,498.80	-39.64	-53.09
Max Life	66,387.00	1,129.00		48,605.40	1,063.60	36.58	6.15

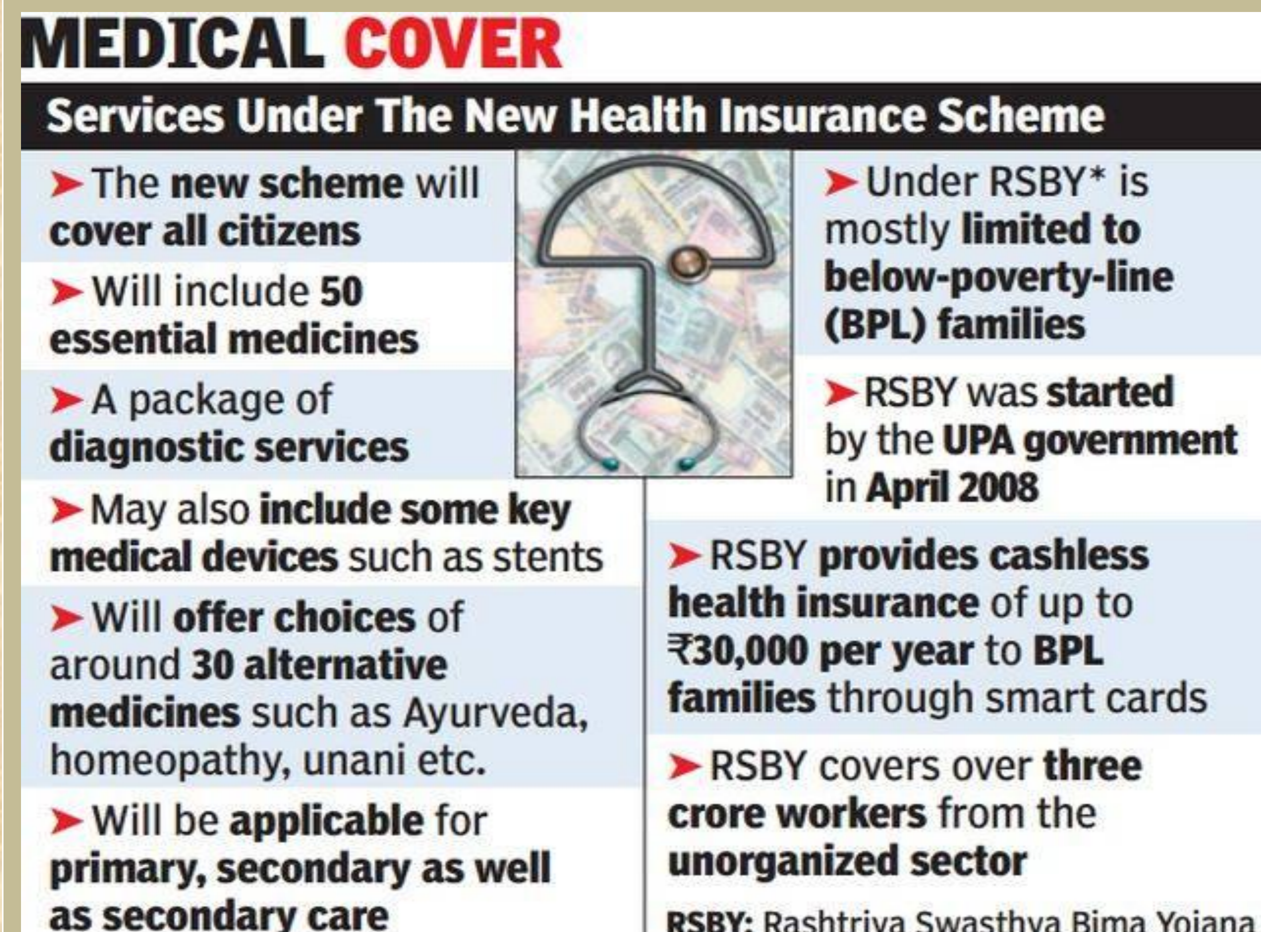
Birla Sun Life	*52,163.00*	*887.1*		*55,056.60*	*1,204.70*	*-5.26*	*-26.36*
Reliance	*40,453.90*	*688*		*66,049.00*	*1,445.30*	*-38.75*	*-52.40*
Kotak Mahindra	*27,777.80*	*472.4*		*28,680.50*	*627.6*	*-3.15*	*-24.73*
TATA AIA	*27,604.30*	*469.5*		*34,937.80*	*764.5*	*-20.99*	*-38.59*

Statistics of Leading Life Insurance Companies showing a mixed growth trend in GWP in the industry. There are some companies showing tremendous growth in their GWP like HDFC Standard, Max life, LIC.

Sanjay Kumar Sharma

Health Insurance

The government of India is likely to roll out its much touted National Health Assurance Mission (NAHM) in January, promising health insurance for all. The government plans to offer a complete basket of services under NHAM. This would include 50 essential medicines, a package of diagnostic services as well as around 30 alternative medicines such as ayurveda, homeopathy etc. The benefits will be available to all citizens unlike RSBY which is mostly limited to below-poverty-line families. Under NHAM, the poor will get free treatment whereas rest of the population will have to pay a minimum premium, factored on age and income categories.



Compiled by Mrs. Sneha Pednekar
i-Think Member

Communication

Importance of Communication

Communication, whether oral or written, is very important, not only in Insurance but in every aspect of our life. I would like to share a small incident I had encountered few months back.

I was traveling with my family from Mumbai to Bhubaneswar by Konark Express. The train had a halt at Visakhapatnam Station. When it was about to leave , a young gentleman rushed and asked the person, sitting on the Side Lower berth whether it was Konark Express .He replied 'Yes'. On further being asked whether it was Coach no S 6. He again replied in the affirmative. Hearing this; the young gentleman got in the compartment, put his bag on the side upper berth and settled there. By the time the train had started moving.

After about ten minutes, the person who had booked the same Side Upper berth from Pune appeared and asked the gentleman to vacate as it was his berth. The other coolly replied 'No sir, this berth is allotted to me only". Within minutes the conversation turned into a quarrel. Witnessing this whole incident, I tried to find out what exactly the problem was and asked the gentleman who had got in at vishakapatnam to show his ticket. I noticed that ticket was also for Konark Express on the same Coach no S 6 but to Mumbai. I told him that "your ticket is for Konark Express to Mumbai whereas this Konark Express is going to Bhubaneswar".

Immediately, the young gent started shouting at the passenger sitting on the side lower berth and accused him of having misguided him. That passenger calmly replied "see you asked whether this train was Konark Express and this Coach number was S6. I said yes. Both are correct. You never asked me whether this was going to Mumbai or Bhubaneswar. Where is the question of misguiding you!!". Later I understood that Konark Express, proceeding from BBSR to Mumabi had also arrived at Visakhapatnam station at the same time, hence this confusion. The young gentleman was to attend an important interview at Mumbai next day which he had to miss.

Had the communication been clear and proper, this confusion could have been avoided. It is difficult to say here, who really was in the wrong. In fact, the situation was created because both parties had failed to clarify whether the answer was for the question being asked. Like this we are experiencing many incidents in our day to day life, all due to such mis- communication or inadequate communication.

Proper communication is all the more important in Insurance business. It is a requirement for both the Insured (Client) and the Insurer (Insurance co, The Client should communicate properly as to what exactly they want to cover and the Insurer should explain clearly what they are offering .

Keeping this in mind, Insurance Contracts are made subject to the fundamental principles of Utmost good faith, duty of disclosure of material facts etc. It should be noted here that these basic principles are applicable to both the parties to the Insurance contract.

In this context, one of the important documents is the Proposal Form. It ensures that the Client communicate all relevant facts/ details to the Insurer adequately. But unfortunately, in practice, completion of the Proposal form is never taken seriously. Rather it is considered as a nuisance job and waste of time. With the result, in most cases, it is left to someone from the Insurer's side (or) the Agent to make out a Proposal form with whatever details are known to them, which is signed on the dotted lines by the Client even without ensuring the correctness of the replies given!!

The reason for this tendency is – the Proposal form is required for the Insurance co and not for (us) the Client.

Whether it is an individual client (or) corporate client, whether it is a Fire policy or Engineering policy or Marine policy – we need to understand that the duly completed Proposal form is a very important document and it forms the very basis for the Contract (Policy document) .The same is the case with life insurance business also.

By not showing any interest to give the Proposal Form duly completed, we fail and lose an opportunity to communicate things fully and properly to the Underwriters.

Now a days, Marketing / Underwriting is handled by one vertical and Claims handling process is taken care of by another vertical. The Claims Team may not have any idea about the background of the Client whose claim they are processing. In these circumstances, with incomplete and inconsistent Proposal Form, claims settlement will get into a problem which leads to irritation in the Insurer – Insured relationship. In many cases, especially in Health Insurance, the Claims Team had to repudiate the claim because of incomplete Proposal form which ultimately had a bearing on the loss / claim reported. If Health Insurance policies are behind the majority of claims dispute, the incomplete and inconsistent Proposal Form is the major reason for such claim disputes.

Hence let us appreciate the fact that proper and effective communication will only help both the parties. Proposal Form is not a nuisance! It makes a lot of sense!!! Let us understand that.

R Sridhar
Dy. General Manager (Insurance)
Indian Metals and Ferro Alloys Ltd.
Bhubaneshwar

Technology

Sad Reality of Today

We live in a globalized, competitive and technology savy world where there are many ground breaking inventions every day. Information & ideas are available at the touch of the button. Everybody seems to have one or the other device in his/her hands. It has become like our basic need like water, food, shelter & clothing. And the way it influences children cannot be over looked.

It important for us to make is our aim not to enslave kids to machines!!

This is the age of machines. Sad to admit it but reality is machines are taking over our lives and our children lives too. Gone are the days of lullabies and bed time stories. These days, parents pacify their children with games on their smart phones or tablets. Most habits they acquire in childhood stay with them throughout their lives. It`s easy and simple for parents to introduce their children to the latest in technology but while doing so they should weigh the pros & cons carefully. Parents must make sure that they are playing outdoors to keep themselves physically fit. Being addicted to technology can turn the table around and there are many health hazards one has to endure if one spends so much time with gadgets. Their eyes are one of the most delicate organs of the body and the indoor indulgences may only worsen their eye sight.

Without iota of doubt the techno revolution has brought a great deal of positive changes as well. Today's children are navigating using new tools encompassing their houses and classrooms as well. They are more technology savvy than our generation. Most kindergarten and pre- primary schools are being launched and are giving importance to audio-visual lessons. Furthermore it helps modern pupils to learn things effortlessly *via pictures, videos and overhead projectors. They can always use internet to acquire more information on any new subject. However obesity, loneliness, hostility are the few side effects of this technology induction at early stage. Hence it's important to harness technology with physical work to achieve the desirable result.*

With rapid urbanization it's noticeable that playgrounds and open spaces are shrinking. As a result children don't get to play much outside. In addition to that pollution is so bad that no parent would like to allow his/her children to go outside.

Today`s world is all about technology and so is today`s generation. Perhaps in such scence it seems wise that everyone wants smart phones, latest gadgets and video games to play with. However flipping to the other side we see children are losing opportunities to connect with other children. They are missing wonderful phase of childhood- playing, learning, connecting and dealing with feelings of others and respecting social values. These physical and mental stimuli are a crucial part in their growth. Todays children though are getting smarter and intelligent with growing use of technology but are losing the essence of childhood such as friendship, sharing and other values. This becomes a big obstacle in unconscious learning from cultural exchange and other children. Also due to automated machines their ability to think creatively is being hindered.

Since gadgets have been a part of day to day life and today`s children have grown up in that way it is nearly impossible to detach them from gadgets and drive them back to the age when there were no other means to entertain but playing outdoors.

Manisha Shinde
Insurance Institute of India

Best Practices

Leaders need three kinds of focus

Daniel Goleman, author of "The focused leader: the hidden driver of excellence," explains why leaders need to cultivate a triad of awareness - an inward focus, a focus on others, and an outward focus.

Author explains three kinds of focus and how we need three different kinds of focus.

Three kinds of leadership focus is as follows-

1. *Inner focus - The ability to monitor you own thoughts, feelings, and impulses - it's a basis of several surprising things. One is intuition and good decision making. A second is being able to stay calm under stress, to manage distressing emotions so they don't get in the way of your concentrating on the work at hand. And also being able to keep your eye on the goal, to work towards those goals and not to distracted by worries about them or by sidetracks in general. So inner focus is the first.*
2. *Other focus - The ability to empathize with others - There are three kind of empathy. There is understanding how a person thinks. There is feeling with other person. And there is also sensing what you can do for that person, what that other person needs from you, which is essential to being an effective leader. And empathy is the basis for all the relationship skills -- for persuasion, for influence, for collaboration, for teamwork.*
   So those are the first two. And that really has to do with emotional intelligence, inner focus and other focus.
3. *Outward focus - The ability to understand larger forces - understanding the larger forces, whether they are economic or new technologies, whatever is imparting your organization. You can only think strategically if you have that larger focus.*

Habit is coming in the way to follow these three different kinds of focus and attention. Peoples are learned to *rely on one or two of those, and they may not be that strong in the third. So there are many leaders, for example, who have a keen sense of their own values and where they want to go, and they are very good at managing themselves and leading themselves. That's the inner focus. They are very good at strategic thinking. They may not be good at other focus. They may not have the empathy or be attuned to the people that they actually have to depend on to get to those goals. So it's very important to be able to use each of these three are needed.*

Each of those kinds of skill sets - inner, other and outer -- takes a different kind of practice. So inner awareness, which comes down to being able to tune in to what's going on inside you, can be amped up, if you will, by, say, the practice of mindfulness. More and more businesses are encouraging people to practice mindfulness, which is an attention - strengthening exercise. What you do is you practice a session daily - 10 minutes, whatever you have - - of monitoring your mind, monitoring your thoughts and your feelings, without getting reactive. And it turns out to strengthen the mental muscle for attention and for inner focus.

For empathy, what you need is feedback. You need to know, am I accurate or not in reading the other person? And that can be practiced with someone who's willing to tell you what they are feeling. And, "this is what I'm sensing you are feeling…" or "are you thinking this?" and see if you are accurate. In other words, it gets stronger through feedback. And the third -- the outer focus, the systems awareness -- that takes another kind of learning. That takes really knowing, for example, someone who is good at it, who will help you see if you can understand how they think about the world, how they think about the company, how they think about the firm. So there it helps to have a mentor or a model, someone whose abilities in that domain you really admire who can help you get better.

When you demonstrate or apply any kind of focus, you actually are helping other peoples because a lot of this is learned unconsciously, implicitly, by models.

Compiled by Sneha Pednekar
i-Think Member

A simple framework for business model innovation

Karan Girotra and Serguei Netessine, authors of The Risk- Driven Business Model, explain how to turn inefficiencies into opportunities.

The authors argue that due to ignorance companies are not focusing on business model innovations. Company thinks about innovations as it comes from technology or from developing new products. Only technology is not the reason behind disruptive companies. These companies have often developed some business model to go along with their technology. Sometimes these business models are also responsible for disruption of companies more than technology. So this kind of disruptive, game-changing nature of business models is often not fully appreciated in companies. And they end up concentrating all their efforts on developing -- doing better R & D, developing new products. And just this lack of knowledge, holds a lot of organizations back.

It is very rare that business model innovation creates too much change within the company. Sometimes it leads to more jobs, bigger companies. These innovations involve changes in the roles that people play in organizations. So naturally, people who are doing that job currently will be very resistant to any kind of change. In-spite of having leadership to overcome hurdles in the way to business model innovation, companies sometimes not having knowledge of systematic, designed, organized toolkit. And this holds back companies from living up to the promise of business model innovation.

The core of this book is to develop programmatic approach towards business model innovations and that relies on how decisions are made within company. Authors have given four questions framework to help businesses to execute innovation.

1. Changing what decisions are made in company.
2. When those decisions are made.
3. Who makes those decisions in the company.
4. Why those decisions are being made.

In a traditional industry, established company also can innovate its business model but it some different manner. They have to undergo business model audit. It is not that different from financial audit, which all companies do constantly -- probably once a month, some even more often. But rarely, if companies perform audit of their business models the same way that they analyze their financials. And what the companies should do during business model audit is consistently reevaluate what's happening with their business models. Technology changes. Consumer tastes changes. Economy advances. And the business models that may be used to work well might not work well anymore. New inefficiencies might creep up, which need to be dealt with. And that should lead to business model innovation, to adjusting a business model to new realities of the economy.

This book is for entrepreneurs and executives in companies involved in dynamic industries where the locus of risk is shifting, and includes lessons from Zipcar, Blockbuster, Apple, Benetton, Kickstarter, Walmart, and dozens of other global companies. "The Risk-Driven Business Model" demystifies business model risk, with clear directives aimed at improving decision making and driving your business forward.

Compiled by Sneha Pednekar
i-Think Member

Sigma Report

Sigma No 5/2014_Swiss Re_ How will we care? Finding sustainable long-term care solutions for an ageing world

This issue of sigma focuses on the care needs of the ageing and not covers the topic of retirement income. Population ageing presents challenges and opportunities for societies and insurers. The number of people aged 65 and over will nearly double in several regions between 2010 and 2030. The world's old age population is set to increase. The Rise in the old aged population and the speed of the change present severe challenges.

With increase in number of elderly population, the need for funding and provision of long-term care (LTC) services also increases. Advanced and emerging markets will need to manage the costs of caring for the elderly. Other demographic trends are compounding the overall care solutions challenges.

The ageing population and its care needs
The level of overall care needs will depend on whether increased longevity comes with added healthy life years. Morbidity varies from country to country and even among sub-groups of societies within the same country. Generally speaking it is "oldest of the old" that experience a high rate of disability and dependency. The support provided to people as they lose the ability to care for themselves due to chronic disease, disability of cognitive impairments can be categorized as care services. Care services and solutions have focused on advanced needs only, and care needs have been addressed in isolation.

The early care needs are typically linked to chronic disease management, or to early treatment of well-controlled conditions. Dependency and need for care is often measured using a classification system that assesses an individual's ability to do daily activities. Other criteria for determining dependency, including ones based on cognitive impairments, are used also. The care needs of elderly increase as health behavioral conditions decline. Long-term care solutions will be one of the biggest challenges facing society in the coming decades.

Long-term care today

Total expenditure on LTC in OECD countries ranges from 0.2% to more than 4%of GDP. Mixed systems that combine universal and means-tested LTC entitlements are also common in OECD countries. In most OECD countries, LTC is largely financed through government programs. Where public schemes are most comprehensive or are unavailable. LTC is financed mostly by out-of-pockets payments and private insurance. In emerging markets formal government-financed LTC schemes are rare. As per OECD, spending on public plans in the advanced world will increase from 0.8% of GDP in 2010 to between 1.2% and 1.4% of GDP by 2030.

Most care today is provided at home by family members. Care at home is often preferred means of receiving support. Demographic trends point to a growing scarcity of informal careers. Capacity of residential care homes is also limited and there is shortage of qualified careers. Ensuring fiscal and financial sustainability is widely considered to be the most important policy priority for LTC systems in OECD countries. LTC insurance shares a small part from total L& H premium income. Private LTC insurance traditionally covers the cost associated with dependency. The role of LTC insurance is largely determined by the existing social security setting. Insurers have been relatively more successful in selling supplementary LTC insurance. In most emerging markets there are hardly any social or government schemes for LTC funding.

Three types of information are needed to estimate the expected cost of LTC.

1. ***Probability of becoming dependent, including its severity and any transitions between levels of disability***
2. ***Duration of dependency would ideally be available***
3. ***Information on the cost of care is necessary to allow insurers to calculate the expected LTC costs***

The economics of private insurance solutions

The private LTC insurance market is small due to various supply and demand side issues. LTC insurance is typically deferred and far forward looking, making it sensitive to assumption changes which make it challenging to price the policies. Lack of awareness is also a likely reason for low LTC insurance demand in emerging markets. LTC risks are complex and hard to assess. The expectation that children will take care of their parents further crowds out private responsibility for LTC insurance. LTC insurance can be expensive or even unaffordable especially if bought after retirement.

Creaking a better care market for older lives

The proper solution is needed to provide care to the ageing population including all stakeholders, insures, and government. Government can help raise awareness by being clear about the extent of state provisions. Stronger co-ordination across the different agents involved in the delivery of care services and solutions. Current care insurance products require a fundamental re-think of design and purpose.

Immediate needs annuities, bought when a dependent has to move into a nursing home have emerged as an alternative to traditional LTC products. A Disadvantage of immediate needs annuities is that the policies are expensive. The less expensive option is the deferred immediate -needs annuity also known as a deferred care plan.

Hybrid products combine LTC insurance with life, retirement or critical illness products. These products have a lower risk profile and can be sold for less. Hybrid products offer a payoff even if the insured does not become dependent. Short term care provides professional support and services at the initial stages of dependency. In some markets, targeted products that address specific aspects of the care need rather than the full range of care solutions have provided significant support for the elderly.

Consumer awareness about LTC needs, their risks and costs must be raised. Governments must communicate the public funding and services available, and what is the realm of individual responsibility. This will help foster consumer engagement with and preparation for individuals' own old-aged care requirements.

Compiled by Mrs. Sneha Pednekar
i-Think Member

Happenings at Institute

Seminar/Conference/Workshop

Seminar on Product Innovation - Drivers of Growth

Seminar on "Product Innovation - Drivers of Growth" was organised on 29th Oct, 2014 by Asia Insurance Post along with knowledge partner – Insurance Institute of India supported by IBAI.

Special addresses were given by Mr. Prabodh Thakker, President, IMC, Dr. S. K. Roy, Chairman, LIC of India, Mr. G. Srinivasan, CMD, New India Assurance, Mr. M Ramaprasad, Member (Non-Life), IRDA.

Mr. R. Chandrasekaran from General Insurance Council, Mr. Balaji Cuddapah from Liberty Videocon General Insurance, Mr. Arijit Basu, from SBI Life, Mr. Dhanajay Date from Swiss Re shared a CEO Round Table for discussion on Risk-based pricing. They discussed how Risk-based pricing is important since product innovation. Without availability of correct pricing people will not be motivated to do the product innovation. For a start-up company, it's a big dilemma that if they should innovate or built on existing block. People are trying to tap newer markets through product innovation. Product innovation need not be in term of complexity and add-ons but it should be in terms of user friendliness and simplicity of the product.

Mr. Joydeep Roy from IIB, Ms. Anamika Roy Rashtrawar from Bajaj Allianz General Insurance, Mr. Gopal Verma from E –Meditek, Group of Companies, Dr. George E. Thomas, from Insurance Institute of India deliberated on Challenge the health insurance industry is facing and various factors contributing to increase the cost for health insurance. They also touched upon the Group health market scenario and how the management philosophy responsible for driving growth of particular line of business. They also suggested that product should be designed in such a way which allows customer to be honest and should be simple to understand for general people.

*The focus is slowly changing from define benefit to define contribution of pension schemes. Many people are reducing the need for doing their retirement planning at early stage. The panel discussion on **'New trends in Life and Pension markets'** by Mr. K. S. Gopalakrishnan from AEGON Religare Life Insurance, Mr.Shailendra Kumar from SBI Pension Fund, Mr. Sanjeev Pujari from SBI Life Insurance, Mr. Vipin Anand from LIC of India discussed the same issue. In spite this change in focus there is not enough product innovation happening in this area. They expressed that we don't have sufficient data on customer behaviour which result difficulty to innovate. The main obstacles in product innovations are data collection, no IPR of Product, no budget set aside for innovation.*

*Mr. G. Srinivasan from New India Assurance, Mr. Praveen Gupta from Raheja QBE General Insurance, Ms. Alamelu. T. L from United India Insurance, Mr. Praveen Vashishta from Howden Insurance Brokers, Ms. Nymphea Batra from Reinsurance Marsh India had a panel discussion on **'The new world of Reinsurance : from local to global'**. Reinsurer with their knowledge and global experience plays a pivotal role in taking insurance companies forward. Social infrastructure is also needed to attract the expat talent in Indian market. We want to develop India as a Reinsurer hub, which is not happening in India.*

Mr. Ashvin Parekh from APAS well presented the presentation on Technology and Customer Empowerment. He highlighted the role of advanced Analytics in Insurance. The Next wave of Innovation will consist of new sources of external data, new tools to underwrite new risks, Real time data monitoring that influence behaviour. It is not enough for analytics teams to be 'builders' of models, they need to be 'architects' who can quickly assess what resources are available inside and outside company. The goal is always to design the integration of new decision-support tools to be as simple and user friendly as possible.

Mr. Kaushal Mishra from Tata AIG General Insurance , Mr. Sanath Kumar from New India Assurance, Mr. Rakesh Jain from Reliance General, Mr. Rajiv Mathur from Bharat Re-Insurance Brokers, Mr. Rakesh Malik from AON Global Insurance Brokers had a panel discussion on 'The New Age Insurance Brokers : capitalizing on market opportunities'. The new age brokers need to rely on well arranged databases. They should try to bridge the gap between International and local geography practices. Also they should not work as an advocate of clients rights but also should be in position to give technical advice to the Insurance companies. Prof. Rajni M Shah from AIP took up the preface on service profit chain.

Mr. Ravi Krishnamurthy from SBI Life Insurance beautifully presented the presentation on 'Service innovation for New Age Customer'. He stated that Insurance companies need to go for Service innovation as they are facing rapid technological changes, regular environmental and regulation changes, linked economies and increased risk, increased customer requirements, persuasive and aggressive competition, etc. As new age customer requirements changed – they want information on their finger tips, they goes by numbers not by intuition or faith, want tangible incentives, they value time, they are empowered to survey what competitor are offerings, etc. To start up good service innovation to customers they need to provide good service to their employees also.

The program was attended in large numbers by representatives of Insurance Industries, Insurance professionals, TPA, Surveyors, etc.

<table>
<tr><td>From L to R Mr. Rajni Shah,conference co-ordinator, Ms. Anamika Roy Rashtrawar from Bajaj Allianz General Insurance, , Mr. Gopal Verma from E –Meditek, Mr. Joydeep Roy from IIB and Dr. George E. Thomas, Associate Professor, College of Insurance</td><td>III Members at the seminar</td></tr>
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Training Program

Upcoming Program for December 2014 - February 2015

Sr. No	PROGRAMME	DATE FROM-TO	FEES WITH RESIDENCE	FEES WITH NON-RESIDENCE	DESIGNED FOR
01	Management of Property Insurance-Fire (Underwriting)	1-3 Dec. 2014	Rs.9600 + S.T.	Rs.8100 + S.T.	Middle Level Executives in General Insurance Companies
02	Agency Management	1-3 Dec. 2014	Rs.12000 + S.T.	Rs.10500 + S.T.	Middle Level Executives in General Insurance Companies
03	Special Session on Business Centres Head	1-4 Dec. 2014	-	-	National Insurance Co. Ltd.
04	Special Session on Excellence in Management	1-5 Dec. 2014	-	-	National Insurance Co. Ltd.
05	Pension Business Systems	4-5 Dec. 2014	Rs.8000 + S.T.	Rs.7000 + S.T.	Executives working in Pension Product
06	Aviation Insurance	8-10 Dec. 2014	Rs.9600 + S.T.	Rs.8100 + S.T.	Executives working in Aviation department of General Insurance Companies
07	Special Session on General Insurance Appraisal	8-11 Dec. 2014	-	-	National Insurance Co. Ltd.
08	Special Session on Business Centres Head	8-11 Dec. 2014	-	-	National Insurance Co. Ltd.
09	Management of Property Insurance - Engineering (Underwriting)	15-17 Dec. 2014	Rs.9600 + S.T.	Rs.8100 + S.T.	Middle Level Executives in General Insurance Companies
10	Leadership program for Women Executives	15-17 Dec. 2014	-	-	National Insurance Co. Ltd.
11	Special Session on General Insurance Appraisal	15-18 Dec. 2014	-	-	National Insurance Co. Ltd.
12	Leadership program for Women Executives	22-24 Dec. 2014	-	-	National Insurance Co. Ltd.
13	Special Session on Marketing Strategy for Branch Managers	22-24 Dec. 2014	-	-	National Insurance Co. Ltd.
14	C.I.E. Workshop	5-7th Jan. 2015	Rs.9600 + S.T.	Rs.8100 + S.T.	Corporate Agents

15	*Protection Planning (Life Insurance)*	*5-6th Jan. 2015*	*Rs.8000 + S.T.*	*Rs.7000 + S.T.*	*Sr. Agents and others directly associated with selling of life insurance*
16	*Certified Insurance Trainers*	*5-7th Jan. 2015*	*Rs.12000 + S.T.*	*Rs.10500 + S.T.*	*Trainers in Insurance companies*
17	*Finance for General Insurance Executives*	*8-10th Jan. 2015*	*Rs.9600 + S.T.*	*Rs.8100 + S.T.*	*Junior & middle level Executives working in non-finance areas of General Ins. Companies*
18	*Leveraging new Distribution Models (Life Insurance)*	*12-13th Jan. 2015*	*Rs.8000 + S.T.*	*Rs.7000 + S.T.*	*Managers working in marketing departments of Insurance companies*
19	*Health Insurance (for employees of TPA)*	*12-14th Jan. 2015*	*Rs.9600 + S.T.*	*Rs.8100 + S.T.*	*Middle level Executives from Insurance companies, Broking firms and Hospitals*
20	*Excellence in Management*	*19-23 Jan. 2015*			*For National Insurance Company*
21	*General Insurance Appraisal*	*27-30 Jan. 2015*			*For National Insurance Company*
22	*Agency Management*	*2-4 Feb. 2015*	*Rs.12000 + S.T.*	*Rs.10500 + S.T.*	*Middle Level Executives in General*
23	*General Insurance Appraisal*	*2-5 Feb. 2015*			*For National Insurance Company*
24	*General Insurance Appraisal*	*9-12 Feb. 2015*			*For National Insurance Company*
25	*Reinsurance - Professional Level (International)*	*23-27 Feb. 2015*	*$325*		*International Executives working in General Insurance Companies & looking after Re- insurance (Sponsorship only through GICRE)*

Associated Institute

Bangalore Insurance Institute

The National Seminar on "Indian Insurance sector : Innovation, sustainability and social impact" was held on Saturday, the 22 November,2014, which was jointly organised by Bangalore insurance institute in association with Department of studies and research in business administration, Tumkur university, Tumkur.

The seminar started with invocation at 10-00 a.m. Dr. Shalini Rajneesh, Principal Secretary to Government of Karnataka, backward classes welfare Dept. and Dept. of Kannada, culture & information inaugurated the conference.

Prof. A.H. Rajasab, Hon. vice-chancellor, Tumkur university, Tumkur released the journal which was brought out for this occasion and gave the speech.

Sri. Amanulla khan, President, All India Insurance Employees' association gave the key note address.

Prof. D. Shivalingaiah, Registrar, Tumkur University, Sri. Arindam Mukherjee, Director, College of Insurance, Mumbai, Sri. Rajesh kumar Dubey, Sr.Div.Manager, LIC of India, Bangalore DO - 1, *Dr. Noor Afza, conference chairperson, Tumkur university was the Chief Guest and they delivered the lectures on different topics.*

Over 150 technical papers about insurance industry received from different universities across the country and one from Malaysia.

Three separate technical sessions held simultaneously at three different conference hall. The selected candidates were asked to present their papers in front of the academicians and evaluators who were drawn from different universities.

The seminar covered broad areas of Insurance and its impact on social development through sustainable development in competitive era.

Ernakulam Insurance Institute

Ernakulam Insurance Institute conducted an Insurance awareness program exclusively for the Plus Two Commerce students of Government Higher Secondary School, Pazhamthottam, Ernakulam District on 21.11.2014.

Sri.Vimal Viswam, Officiating Principal of the School welcomed the gathering and congratulated our Institute for making efforts to spread the message of Insurance among students of schools and colleges.

Sri.E.P.Joy, Council Member, III, explained the basics of Non Life Insurance in detail to the students. He also narrated the various career options available in the field of Insurance. Courses offered by Insurance Institute of India were briefed to them.

Sri.G.Radhakrishnan, Faculty of Divisional Training Centre, LIC Divisional Office, Ernakulam, handled the session on Life Insurance.

An interactive session was organised after the classes, which had an active participation from all the students.

Printed materials supplied by Insurance Institute of India was handed over to the students.

The programme was an eye opener for students as they derived a general idea on the concept of Insurance and its necessity in their lives. Many of them expressed their desire to pursue our Institute's courses along with their under graduate/professional studies in future.

Indian Insurance Institute

An Insurance awareness program was organized by Indian Insurance Institute at Gopimohan Siksha Sadan, Higher Secondary School at Khila, P.O Gouranga Chak, Dt. Howrah., West Bengal on 04.09.2014.

The program was an educational initiative to enlighten the Students about insurance related matters and provide solutions to their query.

Sri Ashim Ahdhikariy, Headmaster of the school delivered the inaugural address and stated the importance of such program. Sri Sudipto Sarkar Jt. Secretary briefed students about the Insurance Institute of India and about how the insurance is actually a social welfare measure. The students were delighted to know about the role played by insurance companies in nation building process and providing much needed security.

Students were highly interactive during the entire session and were keen to know as to how insurance education can help in their future prospect.

The Program was conducted for IX th and X th Standard students. Approx 100 Students were participated in the program.

Rajkot Insurance Institute

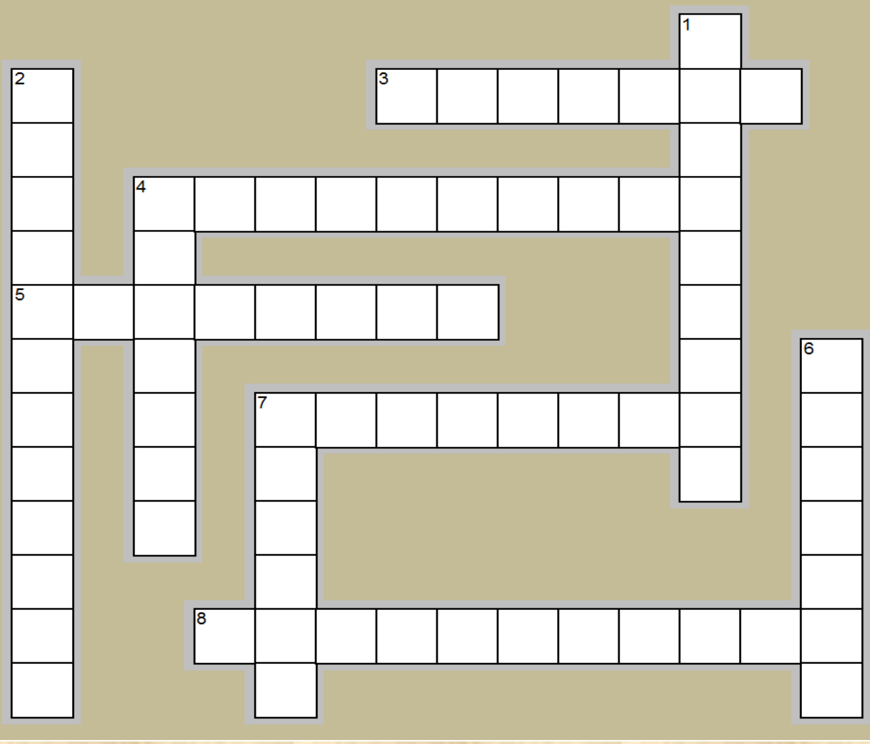
Local Seminar on "General awareness about Insurance" was conducted by Rajkot Insurance Institute on 14.11.2014 at Dholakia School.

About 100 students were present in the seminar. Shri Vipul Pandya committee member gave the welcome *speech. The students were given detailed information regarding working and information regarding different products of Life insurance and General Insurance companies by Shri G N Gaglani and Shri Vipul Pandya. Shri Apurva Popat, Hon Secretary, Rajkot Insurance Institute gave detailed information of Insurance Institute of India, its working and the examinations conducted by III.*

The students participated enthusiastically in the seminar and raised many queries, which were given satisfactory solution. Over all it was a successful and interactive seminar.

Refresh Corner

Puzzle



Across

3. Administration cost to be paid when buying life insurance.
4. The act of agreeing to do something.
5. The amount of protection provided by an insurance policy.
7. Person who is unable to pay his or her debts.
8. A type of insurance purchased by insurers to hedge their own insurance portfolios.

Down

1. Issuing a payment or replacement to a person who has suffered a loss.
2. A person who pays a premium to an insurance company in exchange for the insurance protection provided by a policy of insurance.
4. Part payment for work contracted made ahead of total payment.
6. A type of insurance coverage on moveable possessions like art, jewellery and furs.
7. A person who acts on behalf of another to obtain insurance

Answers of Last Month's Puzzle

01.Answer : 40

Explanation : Moving from left to right, numbers increase by 2,3,4 and 5.

02.Answer : K

Explanation : As you move down, the numerical value of the letters follows the sequence of Prime Numbers.

Rajesh Sawant
i-Think Member

Short Moral Story

There was a King who had 1 Eye and 1 leg..

He asked all the painters to draw a beautiful portrait of him. But none of them could -- how could they paint him beautifully with the defects in one eye and one leg.

Eventually one of them agreed and drew a classic picture of the King.

It was a fantastic picture and surprised everyone.

He painted the King AIMING for a HUNT. Targeting with ONE Eye Closed and One Leg Bent ...

MORAL: Why can't we all paint pictures like this for others. Hiding their weaknesses and highlighting their strength

Compiled by Mr. Rajesh Sawant
i-Think Member

Humor

Nobel Prize

Jon is walking down a country road when he spots Farmer Harry standing in the middle of a huge field of corn doing absolutely nothing. Jon, curious to find out what's happening, walks all the way out to the farmer and asks him, 'Excuse me Farmer Harry, could you tell me what are you doing?'

'I'm trying to win a Nobel Prize, 'the farmer replies.

'A Nobel Prize?' enquires Jon, puzzled. 'How?'

'Well, I heard they give the Nobel Prize to people who are outstanding in their field.'

Compiled by Rajesh Sawant
i-Think Member