Insurance Institute of India
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INSUNEWS
- Weekly e-Newsletter
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● Quote for the Week ●

"Dare to be tree, dare to go as far as your thoughts leads, and dare to carry that out in your life."

Swami Vivekananda

INSIDE THE ISSUE

Insurance Industry

Insurance premiums to get dearer from July 1 - Financial Chronicle – 14th June 2017

Insurance premiums will get dearer from July 1, as service tax has been raised from 15 per cent to 18 per cent under the new GST regime.

However, insurers will wait and watch how the GST is being implemented to decide on whether they can absorb the additional cost. But there are indications that as of July 1, premiums are going to go up. So if you had paid a premium of Rs 10,000 earlier, you will have to shell out an additional Rs 300, as your policy date falls after July 1.

"The new rates will be applicable for all non-life policies, including health and motor as well as life products. There will be a rise of 3 per cent for all policies. However, there is exemption for a few government-run insurance schemes," said SR Balachandher, company secretary and chief compliance officer, Royal Sundaram Alliance Insurance Company.

Insurance firms do not see a chance of companies absorbing the tax differential. "Usually, we price the premium of a certain product and the service tax is added. When there is a rate hike, it will be passed on to the customer," said RM Vishakha, MD and CEO, IndiaFirst Life Insurance.

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According to Balachandher, insurance companies are already operating under high competitive pressure. The underwriting profits of many companies are under pressure.

For a company, which does a gross written premium of Rs 1,000 crore, the additional tax burden would be Rs 30 crore, which is not a small amount to absorb.

"Companies may look at how they can manage their costs and tweak the basic premiums so that even with higher taxes, the premiums do not go up. But for this, they will have see how GST is implemented," said an official of an insurance company.

Insurance companies can take an input tax credit on the GST they charge. It depends upon the value chain structure of each sector.

However, the industry does not have much clarity on this and will work once GST is implemented. But they see some anomalies with regard to tax credit.

"GST rates are the same for both digitally and physically sold products. The company will have to remit the tax in the state where it is sold, even if it is a digital product. But, it is not possible to take input tax credit if the company does not have a physical presence of a branch in that state," said Vishakha.

Source

"We have 5,000 point-of-sales across all the states to sell our products. But we do not have physical branches in some of the states. So we need to understand how this will work in our case," she added.

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Insurance Regulation

Insolvency framework soon for banks, insurers –The Hindu Business Line - 14th June 2017

After putting in place a legal framework to resolve insolvency in non-financial entities, the Centre has moved a step closer towards creating a similar apparatus for specified financial sector bodies such as banks and insurance companies.

The Cabinet on Wednesday gave its nod for the introduction of the Financial Resolution and Deposit Insurance Bill, 2017 (FRDI), in Parliament.

It will create a framework to deal with bankruptcy in banks, insurance companies and financial sector entities. Once enacted, it will also lead to the establishment of a Resolution Corporation.

The proposal is aimed at giving comfort to consumers of financial service providers in instances of any financial distress by strengthening and streamlining the current framework of deposit insurance for retail depositors.

According to an official statement, the Bill will also result in the repeal of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, and the transfer of deposit insurance powers and responsibilities to the Resolution Corporation.

The Resolution Corporation will protect the stability and resilience of the financial system by protecting consumers of covered obligations up to a "reasonable limit" and by protecting public funds "to the extent possible," an official release said.

Source

The Bill also seeks to cut down the time and costs involved in resolving the problem of distressed entities.

Back

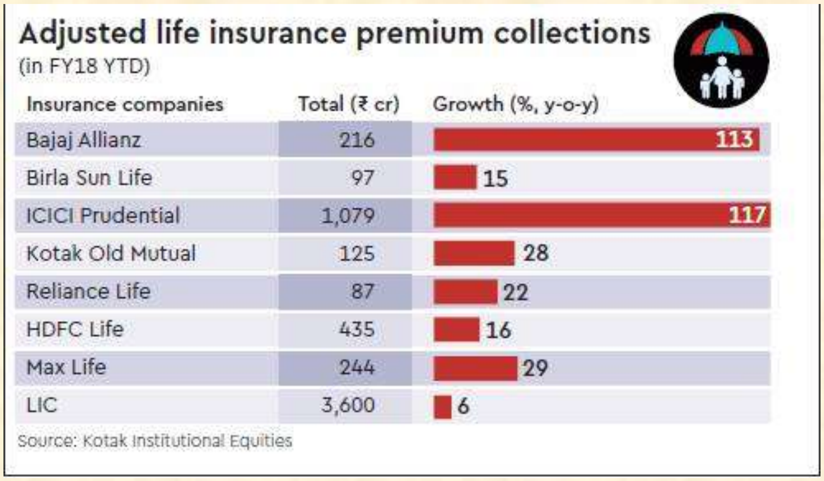
Life Insurance

Private life insurance companies drive industry's growth in May - The Financial Express – 15th June 2017

The life insurance industry maintained growth in May, with private players saw the annual premium equivalent (APE) increasing 38% year-on-year. Life Insurance Corporation of India (LIC)'s APE growth was lower than private players at 10% year-on-year at Rs 2,149.4 crore in May, according to data from Kotak Institutional Equities Research. Officials in the insurance industry say in the first two months of this fiscal, growth was more into both traditional as well as unit-lined products, particularly into non-single premiums. "Most large private players reported 20-30% growth in APE; high growth at ICICI Prudential Life (up 100% y-o-y) lifted private sector individual APE growth to 46%; excluding ICICI Prudential Life, the rest of the private sector reported 30% individual APE growth.

LIC remained muted at 5% y-o-y. Overall industry was up 24% in individual APE during the month," said a report from Kotak Institutional Equities Research. The report also suggests that the average ticket size of most large players in individual non-single segment went up in May. For example, ICICI Prudential Life Insurance's average policy size increased to Rs 96,399 last month, compared with Rs 63,353 in May 2016. Many others such as Bajaj Allianz, IndiaFirst Life Insurance and IDBI Federal Life Insurance witnessed increase in their ticket size.

However, Bharti Axa, Exide Life and Sahara Life saw negative APE in May. “Last year, we had seen growth coming from the group business, but in the first two months of this year, we have seen very strong participation from individual in both single premium and non-single premium policies. Even the performance of LIC was very strong on the individual non-single premium (segment) in May,” said a senior official from a leading insurance company.



The research report also said private players reported growth of 52% y-o-y at Rs 3,607.7 crore in APE, while LIC saw its growth at just 6% y-o-y at Rs 3,600.4 crore in April and May. According to Kotak Institutional Equities Research, “Max Life remains steady with 22% growth in May 2017; this compares with 25% growth in FY17. Interestingly, its ticket size is reducing – down 11% y-o-y, 19% q-o-q. This may be due to increase in policies in the protection segment and lower share of unit-linked policies. Bajaj Life and Birla SL remained strong with 67% and 32% growth, respectively. Both reported about 35% growth in average ticket size.”

Source

Back

Private insurers' individual, group single premiums for May 2017 see a drop - Business Standard – 14th June 2017

Private life insurers reported a slump in premiums earned in both individual single premium and group single premium categories on a month-on-month (m-o-m) basis and the twelve-month ending May 2017.

While the decline in the month of May 2017 was 12.8 per cent and 26.58 per cent in the individual and group single premium segments, respectively, the decline in the twelve-month period ending May was 10 per cent and 24.43 per cent, repectively for individual and group single premium categicories, according to the Insurance Regulatory Development Authority of India’s (Irdai) business figures for the month.

LIC’s individual single premium for the month of May 2017 fell by 3.79 per cent whereas for the period ending May 2017 the individual single premium plummeted by 41 per cent against period ending May 2016. Unlike the private players, LIC’s group single premium saw a slight increase of 0.44 per cent in the month of May 2017 as opposed to May 2016. However, for the twelve months ending May 2017 it declined by 10.7 per cent.

Surprisingly, the number of lives covered under Group schemes plummeted by 67 per cent for LIC and 18.67 per cent for private insurers in the period ending May 17 against May 16 (y-o-y). While for the month of May 17, the lives covered under group schemes declined by 24 per cent for private insurers and LIC saw a decline of 25.5 per cent.

Moreover, the group non-single premiums earned by both private players and LIC decreased by 69 per cent and 70 per cent respectively for the month of May 17. The decline in non-single premiums earned by both private and public players for the period ending May 17 as opposed to May 16 decreased by 65 per cent and 74.55 per cent respectively.

The number of policies issued by the insurance companies in the month of May 17 declined by 83.72 per cent as well the policies issued during the period ending May 17 declined by 82.65 per cent against the period ending May 16.

Premium income for Life Insurance companies, however, grew by 4.5 per cent in May 2017 and stood at Rs 3,394.26 crore against Rs 3,248.35 crore in May 2016. Moreover, the life insurers saw an 11.22 per cent increase in the amount of premiums earned in the year ending May 2017 to Rs 18,788.37 crore from Rs 18,582.6 crore in May 2016.

Both the private players and LIC saw a 23.87 per cent and 5.59 per cent increase in the number of policies issued in the twelve months ending May 17 from May 16, respectively. However, LIC reported a decline of 3.17 per cent in May 2017 in the number of policies issued against May 2016.

Source

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Life insurers' new business premium jump 11 percent in May - The Hindu Business Line – 12th June 2017

The total new business premium of life insurance companies stood at Rs 11,801 crore during May this year when compared with Rs 10,610 crore in May 2016, posting an increase of 11 per cent.

State-owed LIC continued to sustain its growth momentum with 14 per cent rise in its new premium at Rs 8,407 crore (Rs 7,362 crore in May 2016), according to the data collected by the Insurance Regulatory and Development Authority of India.

The total new premium collected by all private insurers grew by just four per cent at Rs 3,394 crore when compared with Rs 3,248 crore in May 2016.

But, ICICI Prudential Life, which topped the table among the private life insurers, and HDFC Standard Life reported strong growth during the month.

ICICI Prudential Life's saw a whopping 88 per cent growth in its first year premium income at Rs 727 crore during the month when compared with Rs 387 crore.

HDFC Standard Life mopped up new business premium of Rs 604 crore as against Rs 503 crore in a year ago month. SBI Life reported a significant drop at Rs 576 crore when compared with Rs 842 crore in May 2016.

Other life insurers who reported growth during May include Kotak Mahindra Old Mutual Life, which reported a new premium of Rs 210 crore (Rs 198 crore) and Max Life, which saw its new premium jump 16 per cent at Rs 197 crore, among others.

The cumulative new business premium during April-May 2017 of all life insurers stood at Rs 18,788 crore as against Rs 18,583 crore in the year ago period.

Source

Back

General Insurance

Private General Insurers take shine off PSUs – The Pioneer – 14th June 2017

After over 16 years of struggle for consolidating their business in India, private players in the general insurance sector have for the first time in the history overtaken their public sector counterparts to become the most attractive general insurers in the country. With the Government's consolidation move as well as foreign direct investment (FDI) push in the insurance sector, it is expected that the ongoing trend is likely to continue in the future. While the private insurers grabbed 51.63 per cent general insurance market, the public sector could manage only 48.37 per cent in April.

"The growth in the private general insurance business has an obvious reason as a host of new foreign private players are keen to join the sector. As the Government has opened the door by easing FDI for them, they are aggressively increasing their footprint in India. On the other hand, the Government is mulling the merger on the lines of banking and telecom sectors, where small general insurers, except New India Assurance, are likely to be merged into a big entity to operate in the country," a top Finance Ministry official told The Pioneer, requesting anonymity.

General insurance industry grew by 16 per cent to Rs12,206 crore on April 30, 2017, in terms of gross written premium or GWP collection as against Rs10,500 crore in the same period last year. In a first, the private sector general insurance firms have overtaken their state-owned peers in terms of GWP market share in April, according to data available with Insurance Regulatory and Development Authority of India (IRDAI).

For last three years, the market share in PSU general insurers has been declining. "The market share of PSU players in general insurance has come down from 55.09 per cent in FY15 to 53.21 per cent in FY 17. While growth in private players rose from 44.91 per cent FY15 to 46.79 per cent in FY17," the data said.

The industry also witnessed a higher growth of 30 per cent in terms of GWP during fiscal 2017, according to data available with Insurance Regulatory and Development Authority of India (IRDAI). However, the April figure doesn't include the crop insurance segment that drove growth in the general insurance industry by adding almost Rs18,000 crore in FY17. Crop insurance for the current fiscal will start shortly with Kharif sowing all over the country.

"The entire growth in the industry for the fiscal 2017 is driven by crop insurance which is again the fallout of Government scheme like Pradhan Mantri Fasal Bima Yojana. Unlike their peers in private sector, public sector insurers are new entrants in the crop insurance segment. Hence, the trend is likely to continue in future too," the official added.

When contacted to Alamelu T Lakshmanachari, who recently took over as Chairman and Managing Director (CMD) of New Delhi-based Agriculture Insurance Company, declined to comment. But National Insurance Company CMD Sanath Kumar is of view that the difference has been mainly in agriculture business, where the private players have shown an increase of more than Rs400 crore, while it has been hardly anything for PSUs. "This could be mainly due to some adjustment or accounting entries and it cannot be seen as a trend. Further, there has not been any increase in April renewals of mega risks with PSU insurers and PSU insurers' growth would pick up in the coming months," he said.

General Insurance Nationalisation Act was passed by the Government in 1972. Four PSU general insurance companies were formed in 1970s after merging over 100 firms in existence then. The four state-owned companies are New India Assurance Company Ltd; United India Insurance Company Ltd; Oriental Insurance Company Ltd and National Insurance Company Ltd. Private GI companies came into existence after the sector was opened in 2001. At present, there are 18 general insurance firms in the private sector. In 2001, private players in GI business started entering into the market and gradually strengthened their foothold as against PSU counterparts to grab their share.

PSUs had more than 50 per cent market share until FY17, but in April, 2017 (FY18), this figure changed dramatically. During this month PSU grew by only 5.42 per cent, while private insurers witnessed a significant growth by 27.88 per cent. These percentages are out of total GWP collected during the periods.

The GI business is the first financial sector, where PSUs have lost major share. With more private GI companies set to be launched and 3 of the PSU insurance companies to be merged, hence the trend of April is likely to continue further.

As per IRDAI data, after the increase in the third party motor premium since April 1, the industry, as a whole, has recorded the highest growth in the portfolio, a 23 per cent rise in total premium to Rs1,888 crore. "The health portfolio went up by 9 per cent, from Rs 3,277 crore to Rs 3,568 crore. However, there has been degrowth in aviation and marine portfolios in the month," the data showed.

Source

Back

GE, Westinghouse keen to take nuclear insurance from Rs 1,500-crore pool - The Economic Times – 12th June 2016

After years of stonewalling, India is poised to open up its nuclear liability cover to equipment suppliers, with GE and Westinghouse showing interest in taking insurance from the pool.

"We are seeing interest from global nuclear suppliers to buy the policy to cover their liabilities," said Alice Vaidyan, chairman and managing director, General Insurance Corporation of India.

The move to cover suppliers has long been hanging fire. The Rs 1,500-crore nuclear insurance pool — put in place by the department of atomic energy in June 2015 and set up by GIC and other insurance companiesprovides insurance coverage to operators and suppliers for any nuclear liability towards the third party under the Civil Liability of Nuclear Damage Act, 2010.

"The probability of the claim is very less," said Vaidyan. "With all the safeguards and technology that we have put in, the probability is even lesser. The premium will be building and the pool will grow."

Probability is lowest for nuclear accidents, with only three having ever been reported — Fukushima, Three Mile Island and Chernobyl. GIC Re, four public sector insurers and private sector companies including ICICI Lombard and SBI General — totalling 11 insurers — participate in the pool.

GIC has put in the bulk of the capacity, followed by New India Assurance, which administers the policy. New India Assurance Company issued a policy to National Power Corporation of India and covers all its plants for liability to the public in the event of accidents specified in the policy.

Source

With the law not permitting inspection of Indian nuclear reactors by foreign reinsurers, the responsibility of building the company lies with domestic reinsurers.

Back

India: Farm insurance premiums rise by almost 300% to US$3.2 bln – Asia Insurance Review

Crop insurance business, driven by the government-backed Pradhan Mantri Fasal Bima Yojana (PMFBY) saw a 288% growth in premiums for the financial year ended March 2017 (FY17).

The segment saw premiums of INR20,611 crore (US$3.2 billion) in FY17 as compared to INR5,310 crore collected In FY16, reported *Moneycontrol*.

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Data from the General Insurance Council showed that farm insurance had a market share of 5.5% in FY16, that grew to 16.1% in FY17.

Privately held insurers collected premiums of INR9,865 crore in the crop segment while public-sector general insurers collected INR3,683 crore. Agriculture Insurance Corporation of India (AIC) collected INR7,064 crore in FY17.

Source

The PMFBY scheme will see further growth this year as the government has announced a higher Budget allocation of INR9,000 crore for the scheme. For FY17, the allocation was INR5,500 crore.

Back

India: Framework to be set up to handle bankrupt insurers – Asia Insurance Review

A proposal to introduce a Bill in Parliament for setting up a comprehensive resolution framework, to handle any bankruptcy of banks, insurers and financial services entities,yesterday received the Cabinet go-ahead.

The Financial Resolution and Deposit Insurance Bill, 2017, aims to instil discipline in financial service providers in the event of a financial crisis by limiting the use of public money to bail out distressed entities, reported Press Trust of India citing an official statement.

According to the statement, the Bill when enacted will pave the way for setting up the Resolution Corporation. The Resolution Corporation would ensure the stability and resilience of the financial system, protecting consumers of covered obligations up to a reasonable limit.

In 2016, lawmakers enacted the Insolvency and Bankruptcy Code for the insolvency resolution of non-financial entities.

Source

The proposed Bill complements the Code by providing a resolution framework for the financial sector.

India: Nonlife insurers tap non-equity channels to raise capital - Asia Insurance Review

Nonlife insurers have found a new alternative in subordinated debts or hybrid bonds to raise capital.

As many as seven of the 31 nonlife insurance companies have raised INR2,181 crore (US$338.7 million) in the financial year ended 31 March 2017 through hybrid bonds, reported Press Trust of India citing the rating agency CRISIL. More issuances of such bonds are expected.

Mr Gurpreet Chhatwal, president of CRISIL Ratings, said, "Subordinated debt issuances have emerged as a very good alternative to equity as they enable insurers to raise capital at an optimal cost. Hybrid issuances will gain impetus, given buoyant growth prospects for non-life insurers."

Source

The first hybrid bond issuance was in July 2016, after IRDAI allowed in late 2015 insurance companies to raise capital through non-equity forms such as preference shares or subordinated debt.

Back

Reinsurance

Two French reinsurance companies join race in India – The Indian Express – 12th June 2017

Two prominent global reinsurers, SCOR and Axa Re of France, have initiated the process of setting up operations in the country, joining seven other multinational players for a pie in the reinsurance segment.

Seven global players — Swiss RE, Munich Re, Hannover Re, Lloyd's, XL Catlin, RGA and Gen Re — have already received approvals from insurance regulator IRDAI. The nine companies are expected to pump in close to Rs 5000 crore to set up their operations, said an official.

While SCOR, the fifth largest global reinsurer has already started its operations, Axa Re which is for the first setting up branch operations outside its headquarters in Paris, is expecting its final approval from the IRDAI shortly. "Receiving the license from the IRDAI to establish a SCOR branch in India marks a milestone for the group in terms of solidifying its presence in the country, where it has enjoyed strong business relationships for many years. SCOR has been writing business with Indian clients since 1973, having opened a liaison office in India in 2005," Victor Peignet, SCOR's CEO Global P&C, said.

"We expect the P&C Indian insurance and reinsurance markets to continue growing at 15 per cent a year in medium-to-long term. Our strategy is to partner with a selected number of clients, with whom our long-term relationship is more important than short-term interests," he said.

After several years of natural catastrophe losses (Cyclone Phailin in 2013, Hudhud in 2014, Chennai Floods in 2015), the Indian reinsurance market has been impacted by several large industrial losses in FY17. This has kept the market in deficit. While pricing is still a challenge in India, reinsurers anticipate a market correction driven by a reduction in investment income and the potential listing of insurance companies.

Axa Re which already has India exposure on an offshore business has an existing portfolio of $100-150 million focused on life and health. "With a direct branch in the country, we will expand our portfolio into other general insurance segments of the country," said an Axa Re official.

With nine global players in India, foreign reinsurers don't rule out the possibility of India becoming a reinsurance hub. "We know the government is trying develop India as global reinsurance hub and we would like to be a catalyst in this government effort," said an official.

All nine companies are in the process of firming up teams of professionals to run Indian operations. Among the nine players, Axa already has a major presence in the Indian insurance industry in the form two joint venture with Bharti — Bharti Axa Life and Bharti Axa General Insurance. Munich Re, Swiss Re and Lloyd's have set up their operations in India in the last couple of months.

Source

Survey & Report

Financing options can add over Rs 6k crore premium to non-life insurance - Financial Chronicle - 14th June 2017

Inability to pay annual insurance premium upfront is one of the key issues deterring the penetration of insurance in India. Providing finance to pay premiums can open up a market of over Rs. 60000 crore for non-life insurers, finds a study.

“One of our market surveys for a United Nations project found that 82 percent of uninsured population in India is reluctant to buy insurance as they have to pay the premiums upfront. Most of the non-life policies require lump sum payment of premiums. If financing opportunities can break up these lump sum payments into affordable installments a larger population will be willing to take insurance cover,” said Sanjay Pande, executive director of Finsall Networks.

As per the insurance industry statistics of 2015-16, around 71 per cent of the population is uncovered for medical expenses. In case of automobiles, about 65 percent of two wheelers, 18 per cent of privately owned cars and 12 percent of commercial vehicles are uninsured. Likewise, 88 percent of homes and 80 percent of micro-enterprises have no insurance cover.

This means that 87.10 crore human lives, 38 lakh private cars, 7.48 crore two wheelers, nine lakh commercial vehicles are not insured in India. A study by Finsall Networks calculated this uninsured market based on industry average premiums and found that the gross uninsured premium was as huge as Rs 71380 crore per annum.

Of this, if the new vehicles financed by banks and other financial institutions and 24 per cent of the BPL population dependent on state-run medical insurance schemes are taken out, the potential uninsured market available for financing opportunities can be Rs 48,458 crore per annum, finds the study.

Additionally, households and small enterprises, which currently insure using their own funds, or alternative sources, may decide to migrate to the premium – financing mode. The study finds that this market can be valued Rs 12843 crore. Both put together can take the size of the market for premium financing to Rs 61300 crore, finds the study.

“In several overseas markets, insurance premiums are financed by banks and other financial institutions. The concept has not yet come to India. We had made presentations to the ministry of finance, IRDAI. Banks and NBFCs. We come to know that IRDAI is planning to come up with a discussion paper on premium financing soon.” said Pande.

The objective underlying the idea is to financially enable the vulnerable section of our society to cover the risks they are commonly exposed to. Premiums of products like medical insurance, personal accident insurance, home insurance, two-wheeler insurance, private car insurance, goods-carrying vehicle insurance and shops and micro-establishment insurance can be financed. The ticket-size of loan is expected to be around Rs 15000 for households and around Rs. 50000 for micro-enterprises.

“We find three sets of challenges – devising products for premium financing, operational challenges with regard to reaching out to the customers especially the low-income groups, and the financial viability of handling small ticket loan products,” said Pande.

He suggests development of aggregators who can work with the lenders to distribute the products to payment banks, micro finance institutions and small finance banks. These payment banks and MFIs can in turn work with common service centers, village level entrepreneurs and other point sales persons who sell insurance products among low-income groups. “For payment banks and small finance banks this will be an additional source of income,” he said.

For technology enabled aggregators like fintech companies or insurance agencies it will be financially viable to handle low-ticket high volume product acquire customers as they have lower overheads than banks and financial institutions.

According to Pande some of the insurance companies as well as banks have evinced interest in the concepts of premium financing.

Source

IRDAI Circular

Source

List of Insurance Marketing Firms as on 01.06.2017 is available on IRDAI website.

Source

First Year Premium of Life Insurers for the Period ended 31st May, 2017 isavailable on IRDAI website.

Back

Global News

Singapore: Survey finds businesses are reactive to risk – Asia Insurance Review

Many Singapore companies say they only take action to address business liability risks after they experience an incident, according to a new report released yesterday by QBE Insurance.

QBE's "The Risks of Regret" report found that many businesses are more likely to take out business liability and professional indemnity insurance only after something happens. One quarter of SMEs (23%) do not take any action, compared with 10% of large corporates.

"As a result, these companies are missing opportunities for obtaining compensation for the initial event, and potentially putting the stability and even the continuity of their business in jeopardy," said Mr Karl Hamann, CEO of QBE Insurance Singapore.

In the past 12 months, the most frequently encountered risks cited by businesses included: loss of income due to business interruption (24%); business systems and computers hacked (24%); equipment breakdown (23%); legal, regulatory or compliance issues (21%); staff injured while working (20%); and customer or payment fraud over the internet (10%).

Tendency is to be reactive rather than proactive
QBE's research reveals that the tendency of companies to react afterwards is common across various types of risk. Of the businesses that suffered a sensitive data breach, 61% took action afterwards. Meanwhile, 49% reacted after their business systems and computers were hacked. For those experiencing other problems, the post-event reaction was similar: public or third party liability issues (46% took action after); public or third party liability due to accidents or business negligence (45% reacted after); and customer or payment fraud (40%).

Surprisingly, several respondents also said that they took no action even after an incident. For example, one quarter (23%) of Singapore companies which experienced customer or payment fraud over the Internet still took no action at all. Another 15% of respondents took no action even after public or third-party problems with their products or services.

"Given the risks and challenges, it's also surprising that companies are not doing more to shield themselves through business liability and professional indemnity insurance," said Mr Hamann. "In an increasingly litigious world, with professional liability high on the agenda, there is an obvious concern that Singapore's companies need to be doing more to protect themselves and their customers."

Unsatisfactory awareness of business liability insurance
The report also reveals that nearly all Singapore respondents (96%) have some form of business insurance, including general accident and employee compensation cover. However, awareness and purchase of business liability insurance protection is far lower. Only 68% of Singapore respondents were aware of business liability cover and 57% had taken out such insurance.

Professional indemnity insurance fared even worse, standing at 34% awareness and 21% usage. Public and product liability insurance stands at 31% and 20% respectively, while the figures for director and officer liability insurance fall to 25% awareness and just 16% usage.

When asked why companies did not own business liability or indemnity insurance, a quarter of Singapore companies (26%) said their businesses were too small and the costs are bigger than the risks. Another one quarter of businesses (24%) cited budget issues, and a further 20% said they had other business priorities. One in five (20%) said insurance policies are too complex and 17% said believe their financial risk is reduced sufficiently because they are limited companies.

"Quite alarmingly, one in five respondents in Singapore said that having business liability insurance has never really crossed their minds," noted Mr Hamann.

QBE's Risks of Regret Singapore report is based on phone interviews and surveys with 300 SMEs and large corporations in Singapore from March-April 2017 with respondents equally split across six sectors: IT and telecoms, healthcare, financial services, manufacturing, construction and engineering and professional and business services. It also addresses both current and future business challenges and opportunities for SMEs and large corporates.

Source

Back

China: Govt requires 8 business sectors to have pollution liability insurance - Asia Insurance Review

China plans to make environmental pollution liability insurance compulsory for companies that fall under eight business categories.

The Ministry of Environmental Protection and the CIRC have jointly released a proposed guideline on environmental pollution liability insurance, which is open for public feedback until July 10.

According to the guideline, eight categories of companies – including those engaged in the extraction of petroleum and natural gas; the gathering, storage, utilisation and disposal of hazardous wastes; and the production of active pharmaceutical ingredients – will be required to buy environmental pollution liability insurance, CCTV reported.

In addition, the new rule also clarifies what the insurance must cover, including personal injury, property damage and environmental impairments, as well as emergency treatment and clean-up costs.

The guideline also requires insurance companies to issue an environmental risk assessment report before signing insurance contracts.

Insurers will be exempt from providing compensation in cases where damages are caused by natural disasters, environmental pollution crimes, illegal discharging of pollutants, or unaddressed environmental safety hazards, as well as other cases deemed worthy of exemption.

Those that fail to buy the insurance could face fines of up to CNY30,000 (US$4,400).

Source

Back

Taiwan: Life coverage grows for 8th year in a row last year to 240% - Asia Insurance Review

Life insurance coverage in Taiwan continued to grow for the eighth year in a row last year, reaching 240.35% compared to 234.16% in 2015, according to data from the Taiwan Insurance Institute. This means that every Taiwanese had an average of 2.4 life insurance policies last year.

In 2016, Taiwanese people spent an average of NT$139,310 (US$4,621) to buy insurance, up from the previous year's NT$130,376, a net increase of NT$8,934.

Of the NT$139,310, the bulk or NT$133,109 was spent on life insurance premiums, with NT$6,201 spent on property insurance premiums.

Source

Back

Kuwait: Insurers to decide health premiums for relatives of expats – Asia Insurance Review

Insurance companies will be allowed to decide the premiums for health insurance policies for relatives of expats, other than spouses and children. The relatives could be parents and siblings.

Assistant Undersecretary for Citizenship and Passport Affairs at the Ministry of the Interior, Major- General Sheikh Mazen Al-Jarrah, held a meeting earlier this week to discuss ways to codify family residency for expats other than the wife and children, reported *Arab Times Online*.

A security source said one of the proposals discussed at the meeting is that the Ministry of Interior will give insurance companies the right to estimate the cost of health insurance annually for persons other than the wife and children.

This will be done by taking into account the cost of insurance per elderly person which can be up to KWD3,000 (US$9,000) annually. On this basis, insurance companies will determine the insurance cost which may reach an average of KWD300 per year per person, in addition to the annual residence fees estimated at KWD200.

Source

Parents and siblings of expats can renew their residence visas, subject to certain controls such as mandatory health insurance and medical treatment at private hospitals.

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Middle East: Business aviation body developing comprehensive insurance plan – Asia Insurance Plan

Insurance against cyber attacks will be included in an innovative insurance scheme being developed by the Dubai-based Middle East Business Aviation Association (MEBAA).

In parallel will be training and certification in cyber security, says MEBAA founding and executive chairman Ali Alnaqbi.

The new plan will cover not just aviation, but other needs of all MEBAA members such as medical, health, hangarage – and cyber security, Mr Alnaqbi says.

Once up and running, it could also be available to business aviation companies throughout the world, reported *Aviation Week*.

The MEBAA has fought to promote business aviation since being founded just over a decade ago, and has tried hard to do things for its members to facilitate business aviation in the region. Insurance is one of them: Mr Alnaqbi earlier spearheaded a special-rate group insurance plan for operator members, and the new insurance scheme is a much broader rethink of that early effort.

Negotiations are under way in London with an insurance company and a training institute "approved by the UK," he notes.

Source

In April, Mr Stephen Creamer, director of the Air Navigation Bureau of the International Civil Aviation Organization (ICAO), said that the business aviation community needs to become involved in efforts to develop broad global strategies to guard against cyber threats.