भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

Insurance Institute of India

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Insurance Industry

Insurance Bill likely in current session: Govt - The Indian Express

The government is likely to introduce amendments to the Insurance Bill in the current session for raising FDI cap in private sector insurance companies to 49 per cent, Parliament was informed today.

"...the official amendments to the (Insurance) Bill is likely to be introduced in the current session of Parliament.

The foreign equity cap is being raised in order to meet the growing capital requirement of the insurance companies,"Minister of State for Finance Namo Narain Meena said in a written reply to the Lok Sabha.

The Bill, which has been pending in the Rajya Sabha since December 2008, provides for raising FDI cap in private sector insurance companies from 25 per cent to 49 per cent.

The decision to hike FDI cap had already been approved by the Union Cabinet, Meena said, adding "the foreign equity cap is being raised in order to meet the growing capital requirement of the insurance companies."

The Standing Committee on Finance, it may be recalled, in its report had opined against raising the FDI cap to 49 per cent arguing that it would expose the sector to global vulnerability.

Insurance Regulatory and Development Authority (IRDA) has favoured increase in foreign direct investment in the sector to 49 per cent, saying the decision would help the sector in raising funds which are needed for growth.

There are over two dozen private sector insurance companies operating in India in life and non-life sectors.

Source –
http://www.indianexpress.com/news/insurance-bill-likely-in-current-session-govt/1035338/0

ESI board moots new hospital in North Goa - The Times of India

A new employees' state insurance corporation (ESIC) hospital should be set up in North Goa, preferably in Porvorim, or somewhere close to Panaji to cater to the ESIC beneficiaries and a proposal to this effect should be forwarded to ESIC headquarters in Delhi soon.

This was the unanimous proposal for Goa by ESIC's regional board during its meeting on Friday. The meeting was chaired by labour minister Avertano Furtado, who is also the chairperson of the ESIC regional board for Goa.

ESIC regional director C V Joseph, who is the member secretary of the board, said that the board deliberated on various points for the improvement of the ESI scheme in Goa. While 1,61,000 employees are directly insured under ESI in Goa, their family members take the total number of ESI beneficiaries to over six lakh.

Joseph said the board deliberated on setting up new dispensaries in Sattari and Verna, where the state government has already given its approval.

The board has proposed to open a model dispensary cum diagnostic centre with provisions for specialist services in Goa. This is under the active consideration of the government of Goa but will be fully funded by the central government. Members noted that the infrastructure of the ESI scheme in Goa has improved considerably and will only get better with the 100-bed modern hospital coming up at Margao.

Joseph told TOI that ESIC has now tied up with leading private corporate hospitals in Goa and other states for availing cashless, super-speciality treatment without any upper ceiling on the expenditure.

Source –
http://articles.timesofindia.indiatimes.com/2012-11-24/goa/35332969_1_esic-esi-scheme-state-insurance-corporation

Two-thirds of bank deposits have no insurance cover – The Hindu Business Line

Bank deposits of Rs 38 lakh crore, accounting for 67 per cent of the total deposits, do not have cover from the Deposit Insurance and Credit Guarantee Corporation (DICGC) as of September 2011.

The figure was Rs 32 lakh crore a year ago. This is based on data from the Reserve Bank of India.

The falling insurance cover is due to the rising proportion of high-value deposits. Bank depositors enjoy insurance cover on deposits up to Rs 1 lakh. This means that if a bank goes belly up, each account will still recover up to Rs 1 lakh from the Corporation.

Some experts feel that the situation calls for a revision in the insurance cover offered. The insurance limit of Rs 1 lakh per account was set way back in 1993. With inflation averaging 6.5 per cent in the last two decades, a Rs 1 lakh deposit then would equal Rs 3.3 lakh at today's prices.

SMALL INVESTORS

Bankers, however, counter that this may not pose much of a risk to small investors, as most are likely to have deposits of less than Rs 1 lakh. In fact, banks have deposit accounts (savings and time deposits) numbering 107 crore. Of these, 99.6 crore deposit accounts, or 93 per cent, have less than Rs 1 lakh as balance.

The DICGC's deposit insurance fund, which is supposed to meet these liabilities, had a Rs 30,000-crore balance by March 2012. While it added Rs 5,300 crore by way of inflows for the year, it met demands of Rs 287 crore towards insurance claims. This fund's balances amount to 1.6 per cent of the underlying deposits insured.

Regional Rural Banks have the highest proportion of insured deposits at 74 per cent followed by co-operative banks with 62 per cent of the deposit value insured. Commercial banks, on the other hand, have only 30 per cent of the deposit value insured.

SBI TOPS

State Bank of India and its associate banks have 35 per cent of their deposits insured (in terms of value) making it highest among the commercial banking group. Private banks and foreign banks, on the other hand, have 23 per cent and 8.4 per cent, respectively, of their deposits insured because of a larger proportion of high-value deposits on their books.

The average deposit per account as of September 2011 has risen to Rs 53,000 per account up from Rs 7,700 when the Corporation increased the limit to Rs 1 lakh in 1993.

Among individual accounts, while public sector banks' depositors have around Rs 40,000 per account, private banks have deposit per account in excess of Rs 51,000. Foreign banks' deposit per account is more than Rs 2 lakh.

Source –
http://www.thehindubusinessline.com/industry-and-economy/banking/twothirds-of-bank-deposits-have-no-insurance-cover/article4130682.ece

London Mayor seeks Indian investment, liberalising insurance - Financial Chronicle

London Mayor Boris Johnson today sought investments from India, besides asking New Delhi to open more areas like insurance for foreign investors.

Johnson, who is leading a business delegation here, said the business and financial city of London provides huge opportunities for Indian businessmen.

"There is economic complementarity between Britain and India and between London and India. I believe the scope for partnership is limitless. Come to London. This city is open for investments. We are open for trade and investments with India," he said.

"I believe that there could be huge opportunities for India in opening up a bit more in sectors like insurance," he said at a Ficci function.

Insurance Bill, that seeks to raise foreign direct investment (FDI) cap in the sector from 26 per cent to 49 per cent figures in the list of official business for the ongoing Winter session of Parliament.

Johnson said businessmen of both the countries can collaborate in sectors like education, film making, medical sciences and infrastructure development. "There is still so much which we can do. In every sector, I see a scope for Indian businessmen," Johnson said.

Talking about the ongoing negotiations between India and European Union (EU) for a comprehensive free trade agreement, the Mayor said that the pact would be mutually beneficial for both sides.

The India-EU free trade agreement, officially termed as the Bilateral Trade and Investment Agreement (BTIA), seeks to sharply reduce tariffs on goods and liberalise services and investments provisions.

The talks, which were started in June 2007, are expected to conclude this year. On visa issue, Johnson said that London welcomes skilled people from all over the world including India.

"We welcome talented people who can contribute in the London's economy. Don't be put off by some of the media reports. London is open," he added.

Speaking on the occasion, UK-based insurance firm Standard Life Chairman Gerry Grimstone said that India should not be "scared" of FDI.

High Commissioner of UK to India James Bevan said that Britain offers best educational institutes and "a great place to do business". Over 70 Indian companies are listed at the London Stock Exchange. Firms like IT-major HCL has presence in London.

The bilateral trade between India and the UK stood at $ 16.25 billion in 2011-12.

Source –
http://www.mydigitalfc.com/news/london-mayor-seeks-indian-investment-liberalising-insurance-720

IRDA Regulations

Irda finalises investment norms, to notify soon – Business Standard – irda reg

The Insurance Regulatory and Development Authority (Irda) is set to put an insurance company's investment limit for the entire non-promoter group of an investee company at 15 per cent.

A senior official at Irda said it had finalised the norms and these would soon be notified. He added insurers would not be allowed to have more than five per cent in companies belonging to promoters' groups. However, the cap on investment in a single company has been retained at 10 per cent.

In a draft proposal last month, the regulator had said that subject to the exposure limits it had mentioned, an insurer shall not have investments of more than five per cent in aggregate of its total investments in all companies belonging to promoters' groups.

"Investment made in all companies belonging to the promoters' group shall not be made either by way of private placement (equity) or in unlisted instruments (equity & debt)," it had said. And, that an insurer could not invest more than 15 per cent of investment assets in all companies belonging to the group.

The final norms on investment by life and general insurance companies has already been prepared and officials said these would be notified within the next two weeks.

Irda had proposed that insurance company exposure to an infrastructure public limited company for equity and debt investments taken together may be increased up to 20 per cent.

Also, that total investment in housing and infrastructure should not be less than 15 per cent of the fund for life insurers and five per cent for general insurers.

Source –
http://www.business-standard.com/india/news/irda-finalises-investment-norms-to-notify-soon/493920/

Irda's standardised product norms may miss Nov deadline – The Indian Express

The Insurance Regulatory and Development Authority (Irda) is likely to miss the November 30 deadline set by the government for the final guidelines on standardised products for the insurance sector. Industry insiders say that it is not going to be out in the near future.

The 12-point agreement, which the Irda reached with the government in order to provide a fillip to the industry is still work-in-progress.

"Work groups have been formed but the work is not happening as fast as one would have liked, and it is not going to be completed in near future," said the head of a leading insurance company who did not wish to be identified. Irda formed various work groups that include actuarial and other officials from several insurance companies to standardise 18 products so that "use and file "system may be introduced. Once the standardised products are framed, companies filing products based on it will automatically be deemed to have been approved after 15 days of intimation to Irda.

The difference in the products filed by companies will be on account of the premiums and money back amount in case of money back plans, and the basic structure will remain the same. The industry has been facing difficulties in product approvals.

Finance minister P Chidambaram, in his statement on October 1 said, "Irda will lay down guidelines on the principles underlying the design of any insurance product. Based on the recommendations of the working group that has been set up, Irda will issue draft guidelines and, after consultations, final guidelines will be issued by the end of November, 2012."

However, the whole process is set to take some time as the working group is yet to complete the work of standardising the products and then the Irda has to accept it and roll out, said an industry insider.

Source –
http://www.indianexpress.com/news/irda-s-standardised-product-norms-may-miss-nov-deadline/1036770/0

Irda looking at risk-based solvency model for insurers – Business Standard

The Insurance Regulatory and Development Authority (Irda) plans to shift insurance companies to a risk-based solvency model from the current factor-based solvency model.

The regulator has set up a committee headed by an actuary for this purpose and it will present a report to the Irda chairman by January.

Speaking on the sidelines of a Ficci-BOAO Forum for Asia, Radhakrishnan Nair, member (finance & investment) at Irda, said, "As we have Basel-III norms for the banking sector, there are Solvency-II norms internationally for insurance companies. Since we now have factor-based solvency being followed in India, Irda wants to move gradually towards a risk-based solvency."

Nair added that although this would not be a replica of the Solvency-II norms, it will follow the broader parameters of the norms in the US, the UK, Canada and other such countries.

Solvency-II refers to a common set of rules applicable to the European Union's (EU) insurance sector. These are made up of provisions related to capital requirements for the companies, regulatory assessment of a specific firm's risk, as well as the regulator's broader supervision of the entire marketplace. Solvency-II has not yet come into force in the EU. The committee, comprising experts from the sector, will prepare a report on both the life and non-life insurance segments. However, Nair said that there would be no dilution in the regulatory capital requirement. The present solvency margin stands at 150 per cent.

According to Nair, the model would involve some risk management by a company and help maintain a standardised model and appropriate risk-based pricing. After presentation of the report, the committee will have a procedure to run it (new model) through the present model of major insurance companies.

Not looking to increase investment limit for private insurers: Regulator

The Insurance Regulatory and Development Authority (Irda) is not keen to increase the equity investment cap for private insurance companies. The present cap stands at 10 per cent for private insurers. Radhakrishnan Nair, member (finance & investment) of Irda, said that a revision in limit can only be facilitated if there is a change in the Insurance Act.

"Insurance Act is the mother act of Irda. Only if there is a modification in the Act, can the investment cap of 10 per cent be hiked," he said on the sidelines of a FICCI-BOAO Forum for Asia.

The Life Insurance Corporation of India (LIC) has been allowed to invest up to 30 per cent, according to a notification by the finance ministry.

Source –
http://www.business-standard.com/india/news/irda-looking-at-risk-based-solvency-model-for-insurers/493778/

Health Insurance

Private institutes told to cover staff under ESIC Act – Tribune

The Employee Service Insurance Corporation (ESIC) has told the authorities at private technical and educational institutes to cover their employees under the ESIC Act, which was mandatory, so that they could get free health services at its 500-bedded multi-speciality hospital and medical college coming up near here.

An ESIC survey has revealed that the ESIC cover in the region is negligible as there is no significant industry in and around Mandi. Those running private institutions have been ignoring the ESIC Act, which is in violation of labour laws, say officials. Three major technical institutes, the MG Group, the Abhilashi group and SIRDA, and private Bachelor of Education colleges are doing brisk business in the area, but none has covered employees under the Act.

Employees of several technical institutes, the MG Group in particular, have gone on record with the charge that they are not paid salary regularly. They have complained against the management to the Mandi Deputy Commissioner recently.

The employees complain that they are being exploited by the management. They point out that only the top rung gets good salaries and other benefits.

They resent that the rest of the staff has to be content with low pay and diktats of private managements which take the advantage of rampant unemployment in the state as the state government does not have a policy to govern the salary structure of private institutes.

Private managements have been saying the state government has not asked them to cover employees under the ESIC Act so far. The ESIC has sped up efforts to cover all employees at these institutes.

ESIC Medical College and Hospital Dean Dr DS Dhiman says they have told the authorities of private institutes to enrol their employees under the ESIC scheme so that they get free treatment at the hospital once it is functional next year.

ESIC Regional Director PS Negi says they have started the exercise to cover all private institutes under the Act as it is mandatory. “We are seeking the help of the health and labour departments so that each employee benefits,” he adds.

Source –
http://www.tribuneindia.com/2012/20121126/himachal.htm#8

General Insurance

Higher non-life insurance spend can save big money – The Economic Times

A government scrambling to meet its budget deficit can save a hefty bill on natural disasters by increasing non-life insurance in the country. A new global report by Lloyds of London finds there is an annualised shortfall of $20 billion in insurance in India, part of a total of $168 billion across 17 severely under-insured countries, eight of them in Asia.

It also finds that taxpayers have to bear the lion's share of the recovery cost for any natural disaster. For instance, the 2011 floods in Thailand resulted in estimated damages of $30 billion and yet just 3.47% was covered by insurance.

Due to the insurance deficit, the Thai government was left with a bill of $18 billion. Just a 1% rise in non-life insurance penetration can save governments' recovery bills by 22%, the report said.

The independent study by the Centre for Economics and Business Research (CEBR) for Lloyds, highlights how badly prepared many high-growth countries, including China, are for natural disasters â€" the cost of catastrophes has grown by $870 billion in real terms since 1980. "Too many high-growth countries are failing to take the steps required to prepare properly for these sorts of events, leaving people and businesses exposed," says Richard Ward, CEO of Lloyds. In five of the 17 severely underinsured countries, the average uninsured loss for major catastrophes is at least 80%.

The average uninsured cost of catas- trophe in China is $18.91 billion; in India, it is $1.96 billion and in Indonesia, $1.45 billion. Uninsured losses, both for governments and the private sector, fall by 13% for every 1% rise in insurance penetration.

The study highlights the question whether high growth countries like China, India and Brazil are ignoring the risk of rising costs for natural disasters as they grow and create wealth, at a time when these economies continue to develop and supply chains become increasingly interconnected. In 2011, the most expensive year for catastrophes for the insurance industry, claims crossed $107 billion, but that would be a fraction of the total cost, as an analysis of five global disasters found that only 21% of the cost was insured.

The study concludes that businesses should tackle risk as a long-term board-level event, governments need to invest in protecting and preparing for calamities, and insurers need to take steps to better understand risks in high-growth economies and create products catering to these areas. "This 'insurance gap' means lost orders, lost jobs and wasted taxpayer money as a failure to prepare ahead of such events creates costs that are more severe and unmanageable," Douglas McWilliams, founder and CEO of CEBR, said.

Source –
http://articles.economictimes.indiatimes.com/2012-11-27/news/35385607_1_insurance-penetration-natural-disasters-lloyds

Survey & Reports

ACE research reveals business travel as major insurance risk

Increased business travel included in survey findings

Business travel is emerging as one of the top three fastest growing insurance risks cited by European companies over the next five years, according to research by ACE.

The survey of over 600 Western European companies showed companies were concerned about compliance implications of international travel suggesting that a one size fits all approach to business travel insurance may no longer be sufficient as companies expanded into emerging markets.

Whether a claim for medical expenses can be paid to a European employee who falls ill in an emerging market where the insurer is unlicensed was one particular problem that was highlighted by the survey.

Overall 71% of mid-sized firms and 65% of larger companies said they were concerned about such regulatory and tax issues relating to increased business travel.

The research comes as industry experts forecast spending on business travel in Europe to pick up in 2013, with the number of "global nomads" - employees that move from country to country on multiple assignments - also reported to be increasing.

The poll showed new business travel claims hotspots were developing as European companies build their overseas revenues. Over half of European companies identified either Asia and Australasia (27%) or South America (27%) as regions most likely to generate an insurance claim from their own experience. Western Europe on the other hand was rated a claims hotspot by fewer than 5% of companies.

Up to 67% of European companies said they were currently happy with the way their business travel claims were handled by their insurer. But the level of satisfaction varied widely by country. In the UK almost 90% of those surveyed said they were happy with the claims process but in Germany only 58% said the same and in France only 52%.

Accident & Health chief underwriting officer for UK and Ireland Jeff Dowling, said: "Our research suggests that Asia, Australasia and South America are becoming the business travel 'claims hotspots' for European companies. With the shift to emerging markets gathering pace, we expect this trend to continue. At ACE, we are already seeing increased interest from clients in working with a global insurer to develop more comprehensive multinational programmes that reflect their specific exposures and give reassurance that the policy will perform when their employees most need it."

Source –
http://www.insurancetimes.co.uk/ace-research-reveals-business-travel-as-major-insurance-risk/1399852.article

Free-market flood solution 'politically unacceptable' – S&P

'Robust' flood insurance pool would be positive for industry, rating agency says

Free-market flood insurance pricing for the highest-risk UK homes would be "politically unacceptable" and thus unlikely, rating agency Standard & Poor's said in a new report.

Flood insurance premiums for the highest risk homes are currently determined by the Statement of Principles, an agreement where insurers agree to discount premiums for the highest risk homes in return for Government spending on flood defences.

In its report on the impact of legal and regulatory changes on UK insurers, S&P said: "Should no agreement be reached by June 2013, in theory the statement of principles would expire and insurers would be free to set more realistic, market-driven premiums for homes in high-risk areas. We consider this unlikely, however, as it would be politically unacceptable."

S&P cited ABI estimates that 125,000 of the highest-risk households are paying an average of £340 for buildings and contents insurance, £290 less than the market rate.

The rating agency said: "While this is an average figure for a subset of a subset, it would nonetheless represent a significant absolute increase in cost at a difficult time financially. Increasing the cost of insurance to this degree would also hinder the government's plan to increase the national housing stock."

The ABI's proposed replacement for the Statement of Principles is Flood Re, which would charge UK homeowners an additional £10 on top of their household policies, which would then be paid into a pool, which would pay flood claims. The pool would be protected by reinsurance.

The government talks over Flood Re broke down after the government refused to provide the pool with a temporary overdraft to protect against large losses before the pool was large enough to be self-sufficient.

Alternatives include Project Noah, a proposal buy insurance broker Marsh and sister reinsurance broker Guy Carpenter, where the flood risk would be borne by global reinsurers. S&P said a pooling mechanism "seems most politically and commercially acceptable".

However the agency added: "Any solution would, however, have to be sufficiently robust to withstand a series of bad flood years. The ABI suggested a levy of £10 per policy. We expect that this would be inadequate." If a sufficiently robust pool is created, S&P said this would be "a positive ratings factor" for the industry.

But it added: "Any further delay would hinder insurers in setting their renewals rates for periods after 2013 and dent the confidence of policyholders."

Source –
http://www.insurancetimes.co.uk/free-market-flood-solution-politically-unacceptable-sp/1399844.article

Regulation to hike US professional lines insurance

Torus survey findings reveal expected lead in premiums

Professional lines insurance is expected to leap by 10% in the US next year as a result of increased regulatory burden, a survey by Torus has revealed.

The survey of over 100 US insurance professionals found that 87% of managers expect to see management and professional liability renewals to increase, with 67% expecting to see the cost premiums increase by as much as 10% and almost 20% saying they expected renewals to increase by more than this.

Nearly one third (32%) said they expected to see professional liability (PI) premiums go up, followed by employment practices (EP) liability (31%), director's & officers (D&O) (22%) and Fiduciary (5%).

Over half of managers (49%) cited legislation including the US Dodd Frank Wall Street Reform and Consumer Protection Act as having the most impact on the professional and management lines market in the next 12 to 18 months.

They also pointed to the Patient Protection and Affordable Care Act (PPACA) and Jumpstart Our Business Startups Act (JOBS). According to the survey, 28% of managers saw an impact from the PPACA, while 23% saw a greater impact from the JOBS Act.

Around 49% of managers said reduced compliance and disclosure was the biggest impact the JOBS Act would have on the D&O market. This was followed by crowd funding (21%), the increase in allowed shareholders from 500 to 2,000 (18%) and the ability of companies to advertise their private placement offerings (12%).

Meanwhile, 36% of respondents believed increased demand for PI coverage among Allied Health service providers would be the biggest impact that the PPACA would have on the management and professional lines market.

Demand for media liability coverage was also expected to increase. Social media was seen as posing the most significant risk with small and medium sized businesses (SME) expected to ask for enhanced cover by 58% in the survey.

Moreover 27% of respondents said the biggest risks for SMEs was their lack of control over potentially damaging content distributed by employees while 19% believed it to be increased personal injury exposure such as defamation, libel, slander.

Torus senior vice president, head of professional lines, Jeffrey Grange said the results of the survey showed a marketplace that was firming across many customer segments and product lines.

"Poor loss experience in major classes coupled with increased exposures is driving rate increases. 2013 will be a challenging environment where coverage, limits and pricing are all on the table and actively re-negotiated at renewal. Underwriters must be prepared to maintain an open dialogue with producers and their clients, listening and working constructively to successfully navigate this complex and continually shifting risk environment," he added.

Source –
http://www.insurancetimes.co.uk/regulation-to-hike-us-professional-lines-insurance/1399839.article

IRDA Circular

The Reserve Bank of India, vide notification no.IDMD.PCD.No.5053/14.03.04/2010-11 dated May 23, 2011, has issued the 'Guidelines on Credit Default Swaps (CDS) on Corporate Bonds' effective from October 24, 2011.The said guidelines inter alia, provide for participation as "Market maker" and "Users" by the Insurers subject to the approval of the IRDA.

Source -
http://www.irda.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo1828&flag=1

Global News

Global: Nat CAT cover in 17 markets underinsured by US$168 bln - Lloyd's

An annualised US$168 billion insurance deficit will leave 17 high-growth countries severely exposed to the long-term costs of catastrophic events, says a recent report by Lloyd's of London, which also called on businesses, governments and insurers to adjust to the threat that the insurance shortfall presents to jobs and homes.

In five of the 17 countries identified as severely underinsured, the average uninsured loss for major disasters is at least 80%, with China topping the list with $18.91 billion. India and Indonesia emerged the second and third most underinsured countries, with $1.96 billion and $1.45 billion, respectively.

In contrast, five major global disasters in 2011 showed only US$115 billion or 21% of a total economic loss of $538 billion was covered by insurance. China insured just 1.4% of losses arising from Nat CATs between 2004 and 2011, with $208 billion in uninsured losses.

Lloyd's says risk management needs to be a board-level issue and businesses should invest more in short-term preparation for long-term protection. This means better contingency planning to protect supply chains. Better planning and risk management can save money over the long term, free up funds for investment and allow businesses to better absorb shocks.

Governments need to invest more in mitigation measures such as flood barriers and coastal defences, and promote strong building codes, to minimise the damage done by the next major disaster in a fragile fiscal climate. They can also help their economies by opening up markets to private insurers to increase the capacity available to underwrite risks.

The industry also needs to take steps to understand better risk in growth economies - enabling them to research and price new risks. This could include investing in relationships with insurers in unfamiliar territories, where the problem of underinsurance is most severe and doing more to develop a range of products and models for new clients in growth economies.

Source –
http://www.asiainsurancereview.com/News/ViewNewsLetterArticle.aspx?id=26471&Type=eDaily

Myanmar

Deposit insurance essential to stabilise industry

Deposit insurance is essential for stabilising the banking business although it is a new product in the country and could increase co-operation between banks and insurers, reports the Myanmar Times, citing the Deputy Director-General of the Central Bank of Myanmar.

The report quotes Mr U Thein Zaw as saying some leading private banks, including Kanbawza and Co-operative Bank, have offered deposit insurance, provided by state-run Myanma Insurance, since 2011.

However, private bankers said that the insurance offered benefitted neither the banks nor consumers. The reports quotes Mr U Pe Myint, Managing Director of Co-operative Bank, as saying: "If a bank faces bankruptcy, the insurance company will agree to pay out its policy but that will take three to four months, which is a long time."

Source –
http://www.asiainsurancereview.com/News/ViewNewsLetterArticle.aspx?id=26475&Type=eDaily

Weekly Takaful

Morocco drafting sukuk law

Morocco is drafting a law to allow the sale of Islamic bonds, joining North African neighbors seeking to lure more investors to their debt after global sukuk offerings surged to a record.

The government will put the bill to parliament as soon as the draft is completed, Budget Minister Driss Elazami Eldrissi said by phone on Nov.20. He wouldn't say when that would happen. Tunisia and Egypt, two other North African countries ruled by Islamist parties after last year's uprisings, are also drafting laws to pave the way for possible sukuk sales in 2013. Selling Islamic bonds helps issuers "reach conventional debt investors and sukuk investors at the same time," Elhassan Eddez, deputy director of treasury at Morocco's Finance Ministry, said by phone Nov. 20. "The sukuk market has a wider investor base."

Global sales of bonds that comply with Islam's ban on interest soared 66 per cent this year to a record $43.4 billion as nations such as Turkey and Qatar tapped the market for the first time, taking advantage of falling borrowing costs. The average yield on sovereign sukuk dropped 116 basis points, or 1.16 percentage points, this year to 2.74 per cent on November 23, the lowest since 2009, according to the HSBC/Nasdaq Dubai Sovereign US Dollar Sukuk Index.

The kingdom, which is preparing to sell its first dollar-denominated bonds, secured a $6.2 billion funding line from the International Monetary Fund in August as a shield against the repercussions of the debt crisis in Europe, Morocco's main trading partner. Morocco has managed to keep its BBB-rating at Standard & Poor's.

The yield on Morocco's 4.5 percent euro-denominated bonds due October 2020 has fallen 127 basis points to 4.61 percent on Nov. 23, compares with a 139 basis-point drop in average yield of sukuk issued in the GCC.

Source –
http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentid=20121129144351

ICIEC and Garant sign cooperation agreement

On the sidelines of the two-day 3rd Annual Meeting of Aman Union (a group of Arab and Islamic Export Credit Agencies), which opened in Kuala Lumpur this week, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), member of Jeddah-based Islamic Development Bank Group (IDB) and the European insurer Garant Versicherungs-AG based both in Vienna and Geneva, signed a cooperation agreement to insure and reinsure trade and investments flows to and from Arab and Islamic Countries members of ICIEC. The agreement was signed by Abdel Rahman El-Tayeb Taha, CEO of ICIEC, and Louis Habib-Deloncle, chairman of the managing board of Garant.

The agreement aims at exchanging information for the purpose of upgrading knowledge and expertise in the field of export credit and investment insurance. ICIEC will provide Garant with information on regional debtors and Garant will provide ICIEC on the Insured's track records, including recovery cooperation in the debt collection procedures of post- and after-claim payment and provision of technical support for identification, assessment and management of risks covered with a view to developing facultative reinsurance arrangements, in addition to the arrangement of joint marketing activities.

Taha said: "ICIEC welcomes this partnership with Garant, which will strengthen our efforts in providing export credit and investment insurance especially in MENA region and Africa."

Habib-Deloncle said: "The cooperation partnership with ICIEC is the continuation of Garant's strong involvement in key areas where demand in credit and political risk coverage is increasingly growing. It also reflects our willingness to share risks and expertise with key players in the field of export credit insurance. Thanks to ICIEC's long- lasting experience, Garant expands its ability in assessing regional risks and monitor them properly from MENA to Asia."

Source –
http://www.arabnews.com/iciec-and-garant-sign-cooperation-agreement