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INSUNEWS

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Insurance Industry

More entities may be allowed to sell micro-insurance – The Hindu Business Line

The insurance regulator plans to finalise the proposal to allow district central co-operative banks, regional rural banks, primary agricultural co-operative societies and individuals to peddle micro-insurance in rural and semi-urban areas.

This move is aimed at increasing penetration of life, non-life and medical insurance in the hinterland. Individuals who will be allowed to sell micro-insurance include shopkeepers, medical store owners, petrol pump owners and public telephone operators.

The micro-insurance regulations are tailored to encourage insurers to offer affordable insurance products to the rural and semi-urban population with low distribution costs.

"Since individuals are already allowed by the Reserve Bank of India to work as banking correspondents (BC) in rural markets, there is a case to leverage on their presence in rural areas to sell micro-insurance. The same holds good for district central co-operative banks, regional rural banks, and primary agricultural co-operative societies," said a senior IRDA official.

'MIS-SELLING, A CONCERN'

However, the official said banks and insurers must beware of the possibility of mis-selling. "It (mis-selling) is a concern and we are trying to come up with a solution," he said.

Currently, only insurance company agents, commercial banks, microfinance institutions, non-governmental organisations and self-help groups are allowed to sell micro-insurance policies.

Apart from micro-insurance in the life and health space, the regulator is also looking at promoting products for farmers such as crop and weather insurance. "To promote crop insurance, the regulator is planning to allow a micro-insurance agent to have a tie up with Agricultural Insurance Company of India in addition to a life and non-life insurer," said the official.

After a series of deliberations with members of the Life Insurance Council, representatives from both life and non-life industries and other stakeholders, the regulator plans to come out with final regulations on micro-insurance.

In the life insurance sub-segment of micro-insurance, the individual new business premium during the financial year 2011-12 stood at Rs 115.68 crore for 46.20 lakh new policies, the group business premium amounted to Rs 109.82 crore covering 1.02 crore lives.

Source –
http://www.thehindubusinessline.com/industry-and-economy/banking/more-entities-may-be-allowed-to-sell-microinsurance/article4419426.ece

Insurance, pension Bills on agenda for Budget session - Deccan Herald

The Budget for 2013-14, to be unveiled on February 28 by Finance Minister P Chidambaram, will itself address key issues like declining industrial output, widening fiscal deficit and decelerating economic growth.

Besides Budget, which will be preceded by Economic Survey, the heavy economic agenda includes passage and consideration of long pending Bills on insurance, pension and Food Security Law.

While the insurance and pension bills seek to raise foreign direct investment (FDI) cap in the sector from 26 per cent to 49 per cent, the Food Security Bill seeks to provide subsidised food grain to people below poverty line. The important economic reforms bills on the agenda include Food Security Bill, Forward Contracts (Regulation) Amendment Bill and the Companies Bill, which is yet to be vetted by the Rajya Sabha.

The Securities and Exchange Board of India (Amendment) Bill, which seeks to dilute the qualification for appointment of Presiding Officers of the Securities Appellate Tribunal (SAT), would also be taken up for consideration and passage.

Giving details of the legislations listed for consideration and passage, Parliamentary Affairs Minister Kamal Nath said the session will provide 34 sittings, 21 during the first part and the remaining 13 after the recess. As per the list, 39 Bills are listed for consideration and passage and 20 for introduction. The Companies Bill is aimed at updating the laws dealing with corporate sector, while PFRDA Bill seeks to give statutory power to the pension regulator.

The 115th Constitutional Amendment Bill which will pave way for introduction of Goods and Services Tax (GST) has not been listed in the agenda for the Budget session.

Source –
http://www.deccanherald.com/content/313299/insurance-pension-bills-agenda-budget.html

Insurance plans to cover OPD treatment in works - Financial Chronicle

General insurance companies would come up with products to cover outpatient treatments against current practice of covering hospital expenses when a policyholder is hospitalised for more than 24 hours.

"We are looking at the segment and working on products that can be brought to fill in the gaps. However, it is still under process and it might take sometime to file and get necessary approvals," said Suresh Sugathan, head of health administration team at Bajaj Allianz General Insurance.

Health insurance experts feel around 70-80 per cent of healthcare expenses are incurred towards outpatient treatments where retail health insurance is lacking. Coverage for outpatient department (OPD) and maternity is generally available on corporate group insurance policies where the policy terms are customised according to the employer.

"Coverage for OPD treatment is an important aspect under health insurance space that has not been explored completely. We feel we would come out with products in foreseeable future to tap this market segment," said Shreeraj Deshpande, head of health insurance at Future Generali India Insurance.

Combining OPD cover along with normal hospitalisation policy would benefit those policyholders who rarely fall ill requiring hospitalisation and need good cover against common and non-life threatening ailments.

Incorporating OPD coverage in existing vanilla policies would not be simple as the claim ratio would be steeply high owing to frequent visits to physicians. Generally, OPD involves consultation charges, medicine costs and diagnostic tests. While insurers can monitor consultation charges and cost of diagnostic tests, medicine cost would be difficult to manage.

"Coverage for OPD would be a step forward towards complete health insurance as this would encourage people to go for pro-active health checkups, which would reduce chances of suffering from major diseases," said Rakesh Jain, chief executive officer of Reliance General Insurance.

As in developed market, insurers would have to form strong tie-up between clinics, doctors and insurance claim settlement teams to make the OPD cover effective.

Among the private sector insurers, ICICI Lombard General Insurance and Star Health Insurance had been offering OPD cover to their retail policyholders.

"Including OPD cover in a health policy involves meticulous product development as there is no point in offering some cover to policyholders that seems too low in comparison with the premium," said D Rama, assistant vice-president, product cell of Star Health and Allied Insurance.

Source –
http://www.mydigitalfc.com/insurance/insurance-plans-cover-opd-treatment-works-041

Insurance industry assets to touch Rs 30 lakh cr in 5 yrs: Irda - Financial Chronicle

The size of funds managed by insurers in the country is expected to reach a whopping level of Rs 30,00,000 crore over the next five years, marking a 70 per cent jump from current level, outgoing insurance regulator J Hari Narayan said on Wednesday.

"When the insurance industry was opened up in 2000, the total controlled fund was about Rs 1,00,000 crore. It was Rs 8,00,000 crore in 2008 and it is Rs 18,00,000 crore now. That is how it grew. After five years, it will be about Rs 30,00,000 crore," Hari Narayan said in an interview.

He said he is in favour of government hiking foreign direct investment (FDI) limit to 49 per cent in the insurance sector, leading to at substantial flow of funds into the capital-intensive sector.

It is estimated the insurance sector would require at least Rs 30,000 crore over the next five years to double its size.

The government is yet to announce the successor to Hari Narayan, whose five-year stint as Irda chief came to an end on Wednesday.

Former LIC chairman T S Vijayan's name has been proposed for heading Irda but a formal announcement is still awaited.

Under Hari Narayan, the Insurance Regulatory and Development Authority (Irda) has taken several important steps, including guidelines for listing of life insurance companies on stock exchanges, doing away with third-party motor insurance pool and introducing portability of health insurance.

"The Indian insurance industry needs to give proper insurance cover for natural disasters and strengthening of reinsurance," Irda chief said.

He said the regulator has submitted an approach paper on insurance cover for natural disasters to National Disaster Management Authority.

There are several things that could be addressed adequately. One is to give a proper insurance cover for natural disasters and catastrophes.

"It is recently that I could finish an approach paper that has been shared with the National Disaster Management Authority. So that has to be taken forward. That's an important area. Secondly, a deeper strengthening of reinsurance products should take place. That's another one which needs to be done," Hari Narayan said.

Quoting United Nations Environment Programme, 'The India Risk Survey 2012', by Pinkerton C&I India and Federation of Indian Chambers of Commerce and Industry (FICCI), he said China, India and Bangladesh are ranked first, second and third, respectively, in terms of the number of deaths caused due to natural disasters.

Source –
http://www.mydigitalfc.com/insurance/insurance-industry-assets-touch-rs-30-lakh-cr-5-yrs-irda-042

Life Insurance

Tax concessions for life insurance sector likely in budget - Financial Chronicle

Life insurance policyholders can look forward to more tax concessions as Finance Ministry is considering a proposal to do away with service tax on first premium and create separate exemption limit for pension schemes in the upcoming Budget.

Besides, the tax authorities are examining whether service tax may be assessed on realisation basis as against the current practice of levying duty on the premium on accrual basis.

Presently, service tax is paid on dues or receipt of amount, whichever is earlier. However, some of amounts due are never received; similarly amounts received in advance with proposal are not converted into policy.

Industry has demanded that service tax liability should be on the basis of receipt of amount and subsequent conversion as premium. Sources said the Income Tax Department is considering creating a separate exemption limit for some insurance pension products over and above the existing limit.

Currently under the Income Tax Act, Rs 1,00,000 income tax deduction is allowed on the premium paid along with other approved investments.

Industry is expecting that Finance Minister P Chidambaram may make an announcement in this regard which will benefit the consumers as well as the life insurance industry. The slew of incentives being considered by the government for boosting life insurance industry include higher incentives for agents selling policies, sources added.

TDS threshold on agents commission should be to raised to Rs 50,000 from the existing Rs 20,000 since most of life insurance agents are now in a low-income bracket, Max Life Insurance Managing Director Rajesh Sud said.

The Central Board of Direct Taxes is also considering whether the total sum paid for post-retirement medical scheme could be made eligible of income tax deductions.

Finance Minister has been pitching for the need to push savings in financial instruments rather than in 'unproductive' assets like gold. The spurt in gold imports has aggravated the current account deficit.

Concerned over subdued growth in the insurance sector, Chidambaram had asked the insurance companies to refrain from mis-selling and devise simple products for people to boost growth in the sector.

"In my view, the reason why insurance is stumbling in India is because of mis-selling of products and complex products. If you want to sell insurance to India, you must sell simple products and must make it absolutely clear to agents and other officers that they should not mis-sell," Chidambaram had said.

Source –
http://www.mydigitalfc.com/insurance/tax-concessions-life-insurance-sector-likely-budget-774

Insurers want to tap RGESS to push Ulip sales - Business Standard

Insurance companies are keen to offer fund(s) approved under the Rajiv Gandhi Equity Saving Scheme (RGESS) to potential policyholders for unit-linked insurance plan (Ulip). Even the insurance regulator is with the sector on this.

“We have recommended to the government to also consider the insurance sector for RGESS. Tax breaks should be available for all equity investors across instruments. It would be inefficient to discriminate between investors based on the instrument they invest in,” says Hari Narayan, chairman of Insurance Regulatory and Development Authority of India (Irda).
Insurance sector experts say when the idea is to get more tier-II/III capital into equities, it would be beneficial for the RGESS to include Ulips, as many small investors put money in insurance products.

Although there is not much clarity on how RGESS can be offered by insurance firms, insurers are pressing for it. After the Ulip guidelines came out in 2010, their sales, which contributed to nearly 90 per cent of insurance companies' revenue, slumped and have not recovered. And most insurers feel RGESS in Ulips will be a door opener for the product, which has seen very few takers in two years. Instead, insurers have seen higher sales of traditional insurance products such as endowment and moneyback plans.

According to a senior insurance executive, new products — especially the ones that offer tax benefits — always click with small investors. So, being able to offer RGESS will help insurance companies and Ulips, he says. “The sector is very much interested in participating in RGESS but it will need to be modified a bit to suit the sector's needs,” says Amitabh Chaudhry, managing director and chief executive officer of HDFC Life Insurance.

For if RGESS is offered in the present form of Ulips, there will be contradictions. For instance, RGESS has a lock-in period of three years, while a Ulip has five years. Which one will investors adhere to? Second, RGESS qualifies for tax benefit of Rs 50,000 under Section 80CCG and Ulips get a benefit of up to Rs 1 lakh under Section 80C. Which section will investors claim?

According to G N Agarwal, CEO and chief actuary of Future Generali India Life Insurance, a fund qualifying under RGESS cannot be added to the existing basket of Ulips. Insurers might have to launch a new Ulip, offering only RGESS for investment, for which the insurance regulator might relax the lock-in to at par with RGESS.

While Agarwal says the commission structure for the new Ulip might be similar to the one offered by all Ulips, a section feels the commission will need to be increased to be able to attract more policyholders. Industry players also say the government should club the tax benefits and the section under which both RGESS and Ulips can get similar tax breaks.

Source –
http://www.business-standard.com/article/finance/insurers-want-to-tap-rgess-to-push-ulip-sales-113021600007_1.html

Life insurance plans with highest NAV guarantee banned - The Financial Express

Insurance Regulatory and Development Authority (Irda) will ban highest net asset value (NAV) guaranteed life insurance products and put out this notification shortly, said J Hari Narayan, chairman, on Monday.

Highest NAV-guaranteed products promise to pay the highest value the fund achieves during a certain period of five or seven years. However, to maintain that NAV consistently, insurers have to take risks by investing in stocks aggressively. This could lead to undue risks. These products had become the largest selling unit-linked life insurance policies (Ulips) after new guidelines came in 2010. Highest NAV-guaranteed products contribute to nearly 20% to the total premium collection of life insurers. "It was a blind spot for the IRD. It was much a learning experience for us," said Narayan, who will be retiring on Wednesday.

Source –
http://www.financialexpress.com/news/life-insurance-plans-with-highest-nav-guarantee-banned/1076123

Life insurance agents can sell plans of pure health insurers - Financial Chronicle

The Insurance Regulatory Development and Authority (Irda) on Tuesday issued guidelines to allow life insurance agents to sell health insurance products of standalone health insurers. At present, four standalone health insurers are allowed to use agents of non-life general insurance companies to distribute their products.

Star Health and Allied Insurance, Apollo Munich Health Insurance, Max Bupa Health Insurance and Religare Health Insurance are the four standalone health insurers operating in the country.

As per the guidelines issued in March 2011, the regulator allowed standalone health insurers to sell their health insurance products through general insurance agents. The regulator had further mandated fulfillment of the minimum business requirement for at least one general insurer for all those agents who were servicing two different general insurers (one of which was standalone health insurer).

"It is observed that currently the standalone health insurance companies can utilise the services of life insurance agents after converting them into composite agents, which calls for completion of certain certifications by them," said the guidelines.

Till now, life insurance agents wanting to sell health insurance products along with life insurance need to clear two different certification programmes. However, following the latest guidelines, agents willing to sell life and health insurance products would have to clear only life insurance certification programme.

Moreover, standalone health insurers would have to train these agents for at least 25 hours in order to familiarise them with the health insurance terminology. "Awareness for health insurance increased when general insurance agents were allowed to sell health insurance products of standalone health insurers. Similarly, we expect good response on this occasion as well. Since the decision is for the agents to take, there would not be any requirement for tie-up among life and standalone health insurance companies," said Neeraj Basur, CFO, Max Bupa Health Insurance.

The guidelines also clarified that no agent of life or non-life segment would be allowed to sell products of more than one standalone health insurer.

Source –
http://www.mydigitalfc.com/insurance/life-insurance-agents-can-sell-plans-pure-health-insurers-953

IRDA relaunches 'File and Use' procedure for life products - The Hindu Business Line

To fast track the approval mechanism, insurance sector regulator IRDA today re-introduced the process of automatic clearance to life insurance products.

The IRDA said in a circular that the process…" requires the insurers to submit a copy of policy document with policy schedule under File and Use application...in respect of all products filed from April 1, 2013 onwards".

The IRDA had dispensed with the submission of policy document under File and Use or automatic clearance procedure in 2007.

The regulator said it has re-introduced the approval of policy bond under File and Use procedure as various stakeholders of the life insurance industry approached it on the issue.

"Therefore, the Authority would be placing all the terms and conditions of the products approved on its website."

At present, IRDA approves all insurance products on File and Use basis.

Source –
http://www.thehindubusinessline.com/industry-and-economy/banking/irda-relaunches-file-and-use-procedure-for-life-products/article4432400.ece

Health Insurance

Now, cashless mediclaim facility in nursing homes - The Times of India

Insured patients need not go to tertiary-care hospitals for a simple fever or surgery of hernia and hydrocele. They can now turn to smaller nursing homes too for cashless mediclaim facilities. Association of Medical Consultants (AMC) under its newly formed body, Network of AMC Hospitals (NoAH) is stepping up to address the needs of insurance and cashless based treatment facility in smaller nursing homes across Mumbai and adjoining suburbs like Bhayender and Thane.

NoAH was formed last year with the aim of monitoring and guaranteeing transparency in medical treatment and billing. The body announced that 217 nursing homes in its network have moved to a common-billing format, common insurance and cashless procedures format. All the nursing homes affiliated to the NoAH will also display the tariff for all the procedures and services that a nursing home will provide. "There are big corporate hospitals for the rich and public hospital for the poor," Dr Sudhir Naik, vice president of AMC said. "But there is a major chunk of population that falls under the middle class. It is this class that can neither afford private hospitals nor is it comfortable in public hospitals. For these, nursing homes are the best option."

Dr Sangita Pikale, convener of NoAH said, "Most people go to big hospitals straight away because of the insurance and cashless provision available there. They end up paying more. With cashless facility available in nursing homes, patients will benefit." Currently, there are 217 nursing homes and smaller hospitals, which are registered with NoAH. These are the establishments owned by the AMC members. The number of nursing homes is expected to reach 300 by March and around 2,000 in the next five years. Bajaj Insurance has empanelled more than 100 NoAH-affiliated nursing homes.

Source –
http://articles.timesofindia.indiatimes.com/2013-02-15/mumbai/37118862_1_cashless-mediclaim-private-hospitals-amc-hospitals

IRDA allows agents of general insurance companies to sell mediclaim policies - The Financial Express

Insurance regulator IRDA today permitted agents of general insurance companies to sell mediclaim products of standalone health insurance companies to help increase the penetration of such products in public.

"In order to encourage penetration of health insurance and to spread the message of health insurance across the country, it has also been decided to allow Standalone health insurance companies to avail the services of agents, corporate agents of other life or non-life insurance companies to distribute their products provided such agents," IRDA said in a statement. Such agents, however, need to undergo 25 hours training, it said.

IRDA added meanwhile that in terms of this permission, any agent cannot offer his/her services to more than one Standalone Health Insurance Company.

"The authority had recognised that health insurance cover is the necessity of the Indian public and hence proposed the same as a separate class of business while granting registration to some insurers to act as Standalone Health Insurance Companies to provide only health insurance products," it said.

It is observed that currently the Standalone Health Insurance Companies can utilise the services of Life Insurance Agents after converting them into composite agents, which calls for completion of Certification by them, it said.

It has been decided to waive mandated certification for Life Insurance Agents desiring to distribute products of a Standalone Health Insurance Company, the regulator said. However, it said, the standalone health insurers desirous of converting life insurance agents into composite agents to sell their products, should do so after making such agents undergo an internal training programme on health insurance.

The training should cover the basics of health insurance, health insurance terminology, and products for a minimum period of 25 hours. It added: "Further, it is clarified that such composite agents shall not be allowed to transfer general part of their license to other non-life insurance company without completing certification."

Source –
http://www.financialexpress.com/news/irda-allows-agents-of-general-insurance-companies-to-sell-mediclaim-policies/1075968/0

Universal health coverage necessary: Amartya Sen - The Financial Express

Nobel Laureate Amartya Sen on Monday emphasised on the need for a universal health coverage for a proper public health system in the country and called for a fresh approach.

Sen said the state should provide for "universal healthcare for all" and observed that reliance on private heath care was an illusion.

"Private health care can have a role to play only on the foundation laid by public healthcare. It is a mistaken belief that private heath care can meet the gap," he said, adding that from the economic literature as well as from the experience of other countries one can learn of this.

He was speaking on the sidelines of the tenth annual declaration of The Kolkata Group, a forum of scholars, policy makers activists and development experts on the issue of 'Women Health and Justice'.

Sen said allocation of resources to healthcare was not adequate and there was a need for greater allocation of public funds in healthcare. The Centre spends only 1.2 per cent of its Gross Domestic Product in public healthcare, which is very low compared to even developing countries, he pointed out.

"China spends 2.7 per cent of its GDP in public health care," Sen pointed out.

Asked if there is a need for legislation providing Right to Health of the country on the lines of education, he said, "Yes it will help but it alone cannot provide the cure." Sen also pointed that insurers also try to find excuses not to provide cover.

He also ticked off capital punishment, saying it can not usher in social reform. "Awarding death penalty can serve the purpose of revenge but will not help in cases of violence against women," he observed.

Source –
http://www.financialexpress.com/news/universal-health-coverage-necessary-amartya-sen/1075982/0

General Insurance

Motor insurance premium to go up from April 1 – The Hindu Business Line

Motor Insurance premium is set to become more expensive, with IRDA proposing up to up a two-fold hike in rates from April 1 in view of rising inflation and the history of claim settlement. Charges for the third party insurance cover, as per the IRDA exposure draft, will go up for two-wheelers, passenger cars and commercial vehicles.

For passenger cars not exceeding engine capacity of 1,000 cc, the revised third party premium is proposed to be hiked by 85.30 per cent to Rs 1,453 per annum. For two-wheelers exceeding 350 cc, the premium would go up by 108.14 per cent to Rs 1,415.

For goods carrying vehicles, excluding three-wheelers, with carriage capacity exceeding 40,000 kg, the premium would go up by 313.45 per cent to Rs 53,832 per annum.

The earlier hike which was done in March 2012 was disputed by transporters' association which had fought a legal battle with IRDA and general insurers in the Calcutta High Court. However, after eight months of litigation, the court had passed verdict in favour of the hike.

Earlier in 2012, while asking domestic general insurers to hike the provisioning - capital to be set aside to pay the future claims as it takes years to settle claims under this category - against the third party motor portfolio, IRDA had assured general insurers that it will allow them to hike the third party motor rates gradually.

The Insurance Regulatory and Development Authority (IRDA) had dismantled the third party motor insurance pool from April 1 last year thereby linking premium rate with the prevailing market rate. The sector regulator has asked the stakeholders to submit their comments by March 1 on the issue.

Source –
http://www.thehindubusinessline.com/industry-and-economy/banking/motor-insurance-premium-to-go-up-from-april-1/article4422586.ece

Survey & Reports

Transparency draws cover buyers to web: Survey - The Times of India

You may think that consumers are buying insurance online due to a cost advantage. But a survey has shown that cost is the third reason as individuals think that buying a life cover on the web is more transparent and it's comparatively easier to complete formalities.

The survey conducted by life insurer Aviva has ranked cost advantage among the factors for consumer decision although financial analysts suggest online purchase mainly because they are several times cheaper than buying from an agent given the commission structure in the industry. But still a majority of the policies sold online are term assurance plans, which are simple protection plans. In fact, Aviva said that online sales now accounted for nearly 15% of its individual plans, a number which is rising for most private players.

The survey, however, revealed that a bulk of the policies bought online were purchased by the more educated lot who were either salaried or businessmen. The next category of buyers chose to research online but purchase offline.

In fact, the survey showed that online buyers followed an evolution path that started with purchase of movie tickets, followed by travel and stay bookings and purchase of gadgets. They moved on to purchase financial products after they were comfortable buying apparel and footwear online.

One big stumbling block that prompted individuals to buy offline was the fear of being left in the lurch with nearly a third of the respondents saying that they liked suggestions from agents.

Source –
http://timesofindia.indiatimes.com/business/india-business/Transparency-draws-cover-buyers-to-web-Survey/articleshow/18521869.cms

Young, lower income groups prefer online insurance: Bajaj Allianz Life – The Economic Times

The online channel has gained popularity among insurance-seekers in the lower income brackets, particularly those earning under Rs 5 lakh, a trend analysis conducted by Bajaj Allianz Life Insurance has revealed. "There is a preference of the online medium amongst those with a income lower than Rs 5 lakh. While 65% of the customers who purchased life insurance online belonged to the income slab below Rs 5 lakh, those earning Rs 5 to 10 lakh comprise 21% of online customers. Higher income groups i.e. Rs 25 lakh and above comprise only 5% of the total customers buying life insurance online," noted the analysis, which has taken into account purchase behaviour of the life insurer's own online customers since 2008. The sample size for the survey was 2470, according to Bajaj Allianz.

This apart, the age profile of online insurance buyers, not surprisingly, is made up individuals between 26 to 35 years of age. They form 55% of the total online customers, followed by 36-45-years bracket, which accounts for 19%. "Younger customers in the age group of 16 to 25 years comprise only 14%, while older age group of 46 years and above contribute to only 9% of the total online customers," the study stated.

Curiously, contrary to the common perception, the new-age sales channel has found favour among insurance-seekers in the non-metros. "Broadly, 35% of the online customers belong to metros while 65% customers hail from non-metro locations," the analysis noted.

Within the metros, Bangalore tops the list of online buyers, with 29% of the total customers belonging to the city. New Delhi, Mumbai and Hyderabad follow - in order of number of policies bought online - with 21%, 19% and 15% respectively. "Among the non-metros, Pune, Thane, Ahmedabad, Gurgaon, Ghaziabad, Lucknow and Jaipur collectively contribute to 27% of the online policies," Bajaj Allianz Life said.

Source –
http://articles.economictimes.indiatimes.com/2013-02-15/news/37119262_1_online-insurance-bajaj-allianz-life-online-policies

Online user experience poor with Indian life insurers, says Kern report - The Economic Times

The years of efforts by the India's insurance regulator IRDA to ensure insurance companies make their insurance products easily understood by customers doesn't seem to have yielded the desired results.

A first-ever syndicated user experience research involving 33 life insurance companies, general insurance companies and banks that sell insurance products online showed that over 85% of websites either don't recommend any policy or recommend wrong policies to customers.

Only 15% of websites offered life insurance policies that customers wanted, says the yet-to-be released report by Kern Communications, the Indian user experience consultancy firm that counts Google, Nokia, Blackberry, Samsung, Sony, Lufthansa and Standard Chartered among its clients.

While the benchmark for excellent user experience is above 75 marks and good experience is above 60 marks, Max New York emerged as the topper among 33 entities with 53.36

marks. ICICI Prudential was a close second at 48.62, followed by Bajaj Allianz at 47.83 and Kotak Life at 44.1 marks.

The user experience research, where Kern used its proprietary usability methodology called Katerpiller, showed that human value calculations across websites selling life insurance had extremely high variations with same inputs - the variation ranging from a low of Rs 24 lakh to a high of Rs 4.64 crore.

Most online insurance websites provided minimal details about the policy, mostly hidden in a PDF brochure, making it very difficult for the customers to find details. The customers had to spend time to search for information, which was distributed throughout the website, in the absence of any reasonable user flow. The research also found that almost all the insurance companies and banks selling life insurance products used internal terms and industry jargon throughout their websites, making it tough for the users to understand the information.

Kern chief executive Ripul Kumar admits the websites selling insurance needs to be information heavy but they need to be organized in a way that users can find information easily.

"The fact that the highest scorer was below the good experience mark of 60 points make is clear that all the websites of Indian insurance companies and banks selling such products needs to be hugely improved in every aspect of user experience."

Highlighting the growing trend towards purchasing financial products online, a recently released joint report by life insurance firm Aviva Life and IMRB International said India has the third largest base of internet users in the world with a growing 'digital high-value' consumer segment. "India has experienced four times growth in online search for financial services in the last three years. As per market estimates, almost 13 million searches a month are related to insurance, retirement and pension."

Further, the insurance company report also said the growing internet segment and consumer behaviour in the e-commerce space clearly corroborated that there is an ever growing market for online financial products and online research for insurance was converting into sales.

Source –
http://articles.economictimes.indiatimes.com/2013-02-18/news/37160365_1_insurance-products-kotak-life-aviva-life

IRDA Circular

The IRDA (Insurance Regulatory and Development Authority of India) has issued guidelines to CEO's of All Insurance Companies pertaining to Agents vide its circular Ref: IRDA/CAGTS/GDL/028/02/2013 dated 15th February, 2013. This will allow Standalone health insurance companies to avail the services of Agents, Corporate Agents of other Life and/or Non-Life insurance companies. For more details please visit IRDA website.

Source –
http://www.irda.gov.in/ADMINCMS/cms/frmGuidelines_Layout.aspx?page=PageNo1883

The IRDA (Insurance Regulatory and Development Authority of India) has issued circular Ref: IRDA/ACT/CIR/PRD/023/02/2013 dated 14th February, 2013 to All Life Insurance Companies regarding re-introduction of Approval of Policy Bond under File & Use procedure.

Source –
http://www.irda.gov.in/ADMINCMS/cms/Circulars_Layout.aspx?page=PageNo1884

Global News

Taiwan

Life sector hedging strategies to remain unchanged - S&P

Taiwan's life insurers are unlikely to change their prudent hedging strategies before a recently established reserve fund can provide a more adequate buffer against foreign exchange risks. Until the fund grows substantially, it can provide only marginal support to insurers' bottom lines, says S&P.

The life sector established the volatility reserve pool to counter the negative effect of exchange fluctuation on insurers' bottom line, and it has been in effect since 1 March, 2012. But so far, insurers have only made small contributions to the reserve, reflecting their limited desire to alter hedging strategies in the next one to two years. Taiwan life insurers are generally exposed to higher foreign exchange risks than their regional peers, given their large overseas exposure and higher currency mismatch.

“The reserve pool represents a mere fraction of life insurers' overseas investments, and this restricts flexibility in insurers' short-term hedging strategies," says Ms Patty Wang, a credit analyst with Taiwan Ratings. "We don't expect the pool to grow rapidly in the near term unless insurers are willing to sacrifice their earnings to make additional provisioning. And without the accumulation of a strong foreign exchange buffer, Taiwan's life insurers are unlikely to aggressively lower their hedged positions to save hedging costs."

The report estimates the reserve pool represents just 0.38% of life insurers' overseas investments as of September 2012, down from 0.5% in March 2012, amid more rapid growth in insurers' overseas investments. "Life insurers will likely need to make more substantial increases to their foreign exchange volatility reserves if they want to more effectively cushion against future foreign exchange losses," says Ms. Wang.

"We believe there is a minimal likelihood that insurers' reserve usage will trigger rating actions in the coming one to two years. But a significant change in an insurer's foreign exchange risk-taking behaviour could affect its credit profile."
The negative rating outlook on Taiwan life insurers reflects the sector's volatile capitalization and lower earnings relative to Asian peers. But insurers' growing contributions to the volatility reserve are also unlikely to have an add-on effect on their capitalization given that our criteria do not classify the reserve pool as an equity-like reserve under total adjusted capital.

Source –
http://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/27040/type/eDaily/Taiwan-Life-sector-hedging-strategies-to-remain-unchanged-S-P

Bangladesh

IDRA to issue operating licenses only for life ins cos

The insurance regulator has finally decided to issue operating licenses only for life insurance companies under the private sector amid lobbying for that of non-life ones, official sources at the IDRA said.

The Insurance Development and Regulatory Authority (IDRA), the insurance regulator, will seek fresh applications from aspirant entrepreneurs Wednesday for issuing licenses for new life insurance companies.

"We've already prepared the notice for publications and it will appear in the newspapers Wednesday," said a senior IDRA official.

Earlier on February 13 last, the regulator issued a set of regulations in this connection.

The last date of submission for registration of new life insurers has been set March 31.

The regulator will circulate the advisement in four national dailies seeking applications for establishing new life insurance companies.

The IDRA is circulating the advertisement in line with the articles of 8 and 9 of the insurance act of 2010.

The IDRA chief said those who applied earlier for new insurance companies would now require to submit fresh applications in the light of new regulations.

Nearly 700 applications have so far been submitted after Finance Minister AMA Muhith had announced that the government will allow new insurance companies.

Each application for registration will require to pay a non-refundable processing fee of Tk 500,000.

Sources hinted that the government might issue licence to 5-10 new insurance companies.

Three international companies from Japan, India, Singapore and Pakistan are in hectic lobby to get registration for life insurance companies.

Tokyo-based Taiyo Life Insurance Company, has already showed its intention to set up a life company with local power giant Summit. It planned to invest Tk 2.5 billion in collaboration with its local partner Summit Group.

Taiyo chairman Katsuro Oishi, general manager Fumikiko Nukui and one of the directors Kyoji Kumata met with IDRA officials earlier.

Pakistan's oldest and the largest private life insurer -- EFU (Eastern Federal Union Insurance Company) is also lobbying for entry into the country.

A delegation representing the company visited Dhaka a few months back and met with all people concerned.

EFU was registered in 1932 in the city of Calcutta, India. It is also the largest in assets valued at Rupees 24.38 billion as per the 2011 annual report.

Life Insurance Corporation (LIC) of India, the largest life insurance company in India, is also continuing its efforts to invest in the country.

A team led by its executive director Vipin Anand recently met with the key- persons in the sector including IDRA high-ups.

Singapore-based Draycott Partners (DP) earlier showed interest for setting up a 100 per cent foreign-owned life insurance company in Bangladesh.

The DP has planned to invest an initial capital of US$ 10 million.

Currently, a total of 62 insurance companies are in operation including 44 non-life insurers.

Source –
http://www.thefinancialexpress-bd.com/index.php?ref=MjBfMDJfMThfMTNfMV84OV8xNjA1NDc=

Thailand

Five insurers join forces to sell microinsurance at 7-Eleven

Five domestic insurers have joined hands to offer microinsurance products at 7-Eleven stores to attract low-income customers, reports The Nation. Counter Service, the payment service provider at 7-Eleven stores, received last month the first licence from the Insurance Commission to sell microinsurance.

The five insurers are Muang Thai Life Assurance, Bangkok Insurance, Muang Thai Insurance, Allianz CP General Insurance and Thaivivat Insurance.

Depending on the type of product, the premiums will range from THB490 (US$16) to THB1,000 per year. Microinsurance regulations cap annual premiums at THB1,000, says the report.

Counter Service's fees are included in the premiums, and if microinsurance revenue increases by 20% per year, it will be able to upgrade itself into a full-service insurance brokerage within five years.

Mr Pravej Ongartsittigul, Secretary-General of the Insurance Commission, says the regulator expects to sell 300,000 microinsurance policies for the first year.

Source –
http://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/27023/type/eDaily/Thailand-Five-insurers-join-forces-to-sell-microinsurance-at-7-Eleven

Regulation hinders insurers' ability to meet consumer needs – survey

Regulation is hampering insurers' ability to meet the needs of consumers, says a recent report by the Economist Intelligence Unit, which surveyed 332 industry players worldwide. About 70% of the respondents believe individuals will have inadequate private savings and pensions as a long-term consequence of new regulation.

On the other hand, 51% believe that current regulatory and accounting rules encourage insurers to move away from guaranteed products, leaving individuals with the burden of investment risk.

In response to the regulatory changes affecting the industry, 49% of life insurers are offering fewer products, 40% are limiting guarantees, and 35% are raising prices.

36% of life and 39% of non-life insurers view macroeconomic uncertainty as the main challenge faced by insurers until the period to 2030. Regulation is the second-biggest challenge facing life insurers at 34%, while risk of contagion from other parts of the financial system is a major concern for non-life insurers and reinsurers (33%).

Ms Monica Woodley, Managing Editor at the Economist Intelligence Unit, says: "While market stability and consumer protection are important goals, regulators and policymakers should not lose sight of the vital role the insurance industry plays in helping households and companies to reduce risk and save for the future. Limiting the insurance industry's ability to transform risk will have serious ramifications for future generations, leaving consumers under-insured and without inadequate private savings and pensions."

Source –
http://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/27007/type/eDaily/Regulation-hinders-insurers-ability-to-meet-consumer-needs-survey