60 years of Insurance Education & Training
Diamond Jubilee [1955 - 2015]

Insurance Institute of India

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i-Think *Monthly Magazine – October 2014*

Editorial

We once again express our gratitude for the overwhelming response we have received from our I Think readers, particularly by way of your contributions to the magazine. We continue to look forward to your support and patronage.

This year is the sixtieth year of the Insurance Institute of India. As part of the diamond jubilee celebrations, III proposes to organize a number of programmes through its 91 associated institutes spread all over the country. These may include programmes in schools, colleges, community forums and other platforms, all geared to promote the message of insurance and its role in protecting assets and enabling sustainable livelihoods. We would also like to showcase the institute as a preeminent centre for knowledge and education in the insurance domain. We would like to invite all our readers to be part of these activities and get in touch with us or the local institute leadership for the purpose.

You may connect with us giving us the following details:
Your name, address, email id and contact number.
Your professional status – where you work and what you are doing at present
Nearest local institute
How you could contribute to the programme.

Your details may be sent to the I Think address.

Looking forward to hearing from you and thank you

Editorial team
i-Think

Importance of Month – October

October is the tenth month of the year in the Julian and Gregorian Calendars and one of seven months with a length of 31 days. The eighth month in the old Roman calendar, October retained its name after January and February were inserted into the calendar that had originally been created by the Romans.

October is commonly associated with the season of autumn in the Northern hemisphere and spring in the Southern hemisphere, where it is the seasonal equivalent to April in the Northern hemisphere and vice versa. In the Western world, October is also commonly associated with Hallowe'en (All Hallows Eve), which initiates the season of Allhallowtide.

About the Month of October:

- *Season (Northern Hemisphere): Autumn*

Symbols of October:

- *Birthstone: Opal and pink tourmaline*
- *Flower: Calendula*
- *Zodiac signs: Libra and Scorpio*

History:

October was originally the eighth month of the Roman calendar. It comes from the Latin word "octo" meaning eight. Later, it became the 10th month when January and February were added to the Calendar. The Saxons called the month Wintirfyllith because it had the first full moon of the winter season.

October in Other Languages:

- *Chinese (Mandarin) - shíyuè*
- *Danish - oktober*
- *French - octobre*
- *Italian - ottobre*
- *Latin - October*
- *Spanish - octubre*

Historical Names:

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

Important days / Historical event took place in this month

Sr No	Event	Date
1	Murder of Razia Sultan by Turkish nobles	14 October 1240
2	Akbar dies, and is succeeded by his son Jehangir	27 October 1605
3	Guru Har Krishan becomes eight guru of Sikhs	6 October 1661
4	Guru Granth Sahib becomes Guru of Sikhs	7 October 1708
5	Attingal Outbreak takes place [ttingal is in Kerala]	March - October 1721
6	Battle of Buxar (British victory against allied Mughal, Bengal and Oudh forces)	22 October 1764
7	Death of Yashwantrao Holkar	28 October 1811
8	Mahatma Gandhi is born (to 30 January 1948) Thakkar Bapa is Born (to 1951)	2 October 1869
9	Partition of Bengal	16 October 1905
10	Henry Ford's Model T, a "universal car" designed for the masses, went on sale for the first time	October 1908
11	Invasion of J&K by tribal fighters from Pakistan	20 October 1947
12	Invasion of J& K by tribal fighters actively aided and abetted by the Pakistan Army	23 October 1947
13	Signing of the "Instrument of Accession" by the Maharaja thereby integrating the State of J&K into the Indian Union	26 October 1947
14	Instrument of Accession accepted by the Governor General (Subjects proposed for transfer included Defence, External Affairs, Communications and Ancillary items)	27 October 1947
15	Lord Mountbatten addresses the Maharaja stating that the question of accession should be settled by reference to the people as soon as the state is cleared of all invaders	27 October 1947

16	*Indian troops land in Kashmir*	*27 October 1947*
17	*Maharaja Hari Singh appoints Sheikh Abdullah as the Emergency Administrator for the State*	*30 October 1947*
18	*Border war with China*	*October 20-November 21, 1962*
19	*The People's Republic of China was founded with Mao Zedong as Chairman*	*October 1949*
20	*The Nobel Peace Prize was awarded jointly to Menachem Begin of Israel and Anwar Sadat of Egypt*	*27 October 1978*
21	*Indira Gandhi assassinated in New Delhi*	*October 31, 1984*
22	*Rajiv Gandhi serves as prime minister of Congress (I)-led government*	*October 31, 1984-December 2, 1989*
23	*Cyclone devastates eastern state of Odisha, leaving at least 10,000 dead*	*October 1999*
24	*India fires on Pakistani military posts in the heaviest firing along the dividing line of control in Kashmir for almost a year.(NO reference)*	*October 2001*
25	*An earthquake, with its epicentre in Pakistani-administered Kashmir, kills more than 1,000 people in Indian-administered Kashmir.*	*8 October 2005*
26	*Following approval by the US Congress, President George W Bush signs into law a nuclear deal with India, this ends a three-decade ban on US nuclear trade with Delhi.*	*October 2008*
27	*India successfully launches its first mission to the moon, the unmanned lunar probe Chandrayaan-1*	*October 2008*
28	*International Day for the Elderly*	*October 1*
29	*World Habitat Day*	*October 3*
30	*World Animal Welfare Day*	*October 4*
31	*Indian Air Force Day*	*October 8*
32	*National Postal Day*	*October 10*
33	*World Sight Day*	*October 12*
34	*World Food Day*	*October 16*
35	*UN Day*	*October 24*
36	*World Thrift Day*	*October 30*

Compiled by Mrs. Sneha Pednekar
i-Think Member

Low Commission Rates

Low Commission Rates Detrimental to Agency Growth in General Insurance

After a decade of strong growth, the Indian insurance industry is currently facing severe headwinds, grappling with slowing growth, rising costs, deteriorating distribution structure and stalled reforms. Notwithstanding the improvement in penetration and density in the last 10 years, India largely remains an under-penetrated market. The market today is primarily dependent on push, tax incentives and mandatory buying for sales. There is very little customer pull, which will come from h increasing savings and disposable income.

However, despite the signs of stress there is a silver lining. The insurance industry stands at the threshold of moving toward a stable growth." Most players now look to reassess the entire business model from product, pricing, risk management, acquiring rural customers, distribution, claims and fraud management and a realistic pace of growth. With changing market dynamics since liberalisation and economic reforms, considerable efforts are required in strengthening distribution channel, especially Agency channel for sustainable growth of general *insurance segment in future.*

To increase market penetration in general insurance segment, insurance companies need to strengthen their Agency channel network as in most of the advanced nations , distribution channel had broadly moved from being predominantly an agency model in their early developmental phase to its present multi-distribution model with a significant role played by IFAs(Independent Financial advisors) and brokers. General insurance business in India is still in a nascent stage with insurance penetration meager at 0.7% and the role of agency channel is crucial in its initial developmental phase.

Since de-tarriffication, at about 35-36% general insurance premium in India is primarily procured by Agency Channel followed by Direct (30-32%) and Broker Channel (20-22%).Direct and Broker channel are primarily active in Urban India to catering specific set of insurance aware people or to corporates who require mandatory insurance coverage for their business requirements. For both creating insurance awareness and selling general insurance products in urban/semi urban cities in India, agency channel could have been the most important and effective channel of distribution in general insurance hitherto. In a low insurance penetration regime, face-to-face interaction is very much desirable in educating and selling insurance to customers as per their need.

Agency channel has the ability to penetrate the market due to familiarity with social and cultural norms, especially in small semi urban/rural areas. But, Within India, Agents contributes 65-70% of business in life insurance segment compared to 35-36% in general insurance segment. The prime reason behind this is an unattractive prevalent commission rates by Act.

According to the Act, a life insurance company that is less than 10 years old can pay up to 40% of the premium in the first year to an agent who sells a life insurance policy. But agents associated with general insurance market can get maximum up to 15% for selling a general insurance product. General insurance premiums are low ticket sized premium compared to life insurance premium and such a low commission rate is a key deterrent in attracting competitive talent in this segment. Why any competitive person would like to be a non life insurance agent at an unattractive remuneration compared to life insurance products?

The changing regulations, newly designed products require in depth understanding and proper communications to masses for their long term viability. In case of any complex product agent who usually has one to one relationship with their respective clients often efficiently dedicate their time to establish a proper connect between a client and insurance company. Hence in the interest of all stakeholders it is very much required to increase commission rates from present 10-15% to make it an attractive employment for general insurance agents.

A low commission rates also keeps best talents away from general insurance market. In present scenario lack of adequate knowledge/training of the competitive market and the inability to do intelligent comparison with the competitors 'product has also posed challenges to agents' growth and coverage. Due to inadequate understanding (as most of the agent are not highly educated and highly educated people require higher remuneration) of product agents sometimes mis-sell insurance products to sustain themselves. Hence focused approach towards capacity building of future agents at leaning centres and their remuneration is crucial and requires attention of regulator as well as insurers for their future business in India.

Overall, the success of insurance marketing depends on understanding the social and cultural needs of the target population and matching the market segment with the suitable intermediary segment and these intermediaries need to be empowered with the right learning, training, sales tools and technology enablers along with appropriate remuneration. An assessment of past year performance of distributive channels are very much crucial and as per changing social need and amendments in regulation are required wherever needed for future profitability of general insurance business.

O N Singh
Executive Chairman
Universal Sompo General Insurance Co Ltd

Incoterms

Understanding Incoterms

INCOTERMS - TERMS OF INTERNATIONAL TRADE.
INCOTERM Rules or International Commercial Terms are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) that are widely used in International commercial transactions or procurement processes. A series of three-letter trade terms related to common contractual sales practices, the Incoterms rules are intended primarily to clearly communicate the tasks, costs, and risks associated with the transportation and delivery of goods.

Thus INCOTERMS serve as a very good guide as to who should arrange the insurance - the Buyer or the Seller? Or do both need some protection? The answer lies in the sale contract the two enter into. The INCOTERMS thus spell out the critical point which determines the passing of the risk (of loss or damage to the goods) from Seller to the Buyer.

Some Important Facts regarding Incoterms:

These deal with passing of the Risk.

- *These do not substitute a contract of sale.*
- *These do not have force of law unless mentioned in the contract of sale.*
- *Except in case of CIF or CIP Insurance is not mandatory.*
- *These do not deal with payment terms.*
- *The present edition of INCOTERMS contains 11 terms.*

They are divided into two categories:

1. *Omni Modal (7 rules) and*
2. *Maritime Rules (Only for Port to Port Shipments)*

Each rule is represented by three letters.

Omni Modal Rules	Maritime Rules
CIP: Carriage and Insurance Paid	CFR: Cost and Freight
CPT: Carriage Paid to	CIF: Cost, Insurance and Freight
DAP: Delivered at Place	FAS: Free Alongside Ship
DAT: Delivered at Terminal	FOB: Free On Board
DDP: Delivered Duty Paid	
ExW: Ex Works	
FCA: Free Carrier	

Selection of the Correct Incoterm:
EXW – Ex Works (named place)
The seller makes the goods available at his/her premises. EXW means that a buyer incurs the risks for bringing the goods to their final destination.

FCA - Free Carrier (named place of delivery)
The seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named place. If delivery occurs at the seller's premises, the seller is responsible for loading.

CPT – Carriage Paid To (named place of destination)
The seller pays for carriage. Risk transfers to buyer upon handing goods over to the first carrier at place of shipment in the country of Export.

CIP – Carriage and Insurance Paid to (named place of destination)

The containerized transport/multimodal equivalent of CIF. Seller pays for carriage and insurance to the named destination point, but risk passes when the goods are handed over to the first carrier. CIP is used for intermodal deliveries & CIF is used for Sea.

DAT – Delivered at Terminal (named terminal at port or place of destination)
This term means that the seller covers all the costs of transport (export fees, carriage, insurance, unloading from main carrrier at destination port and destination port charges) and assumes all risk until destination port, import duty/taxes/customs costs to be borne by Buyer.

DAP – Delivered at Place (named place of destination)
Can be used for any transport mode, or where there is more than one transport mode. The seller is responsible for arranging carriage and for delivering the goods, ready for unloading from the arriving conveyance, at the named place. Duties are not paid by the seller.

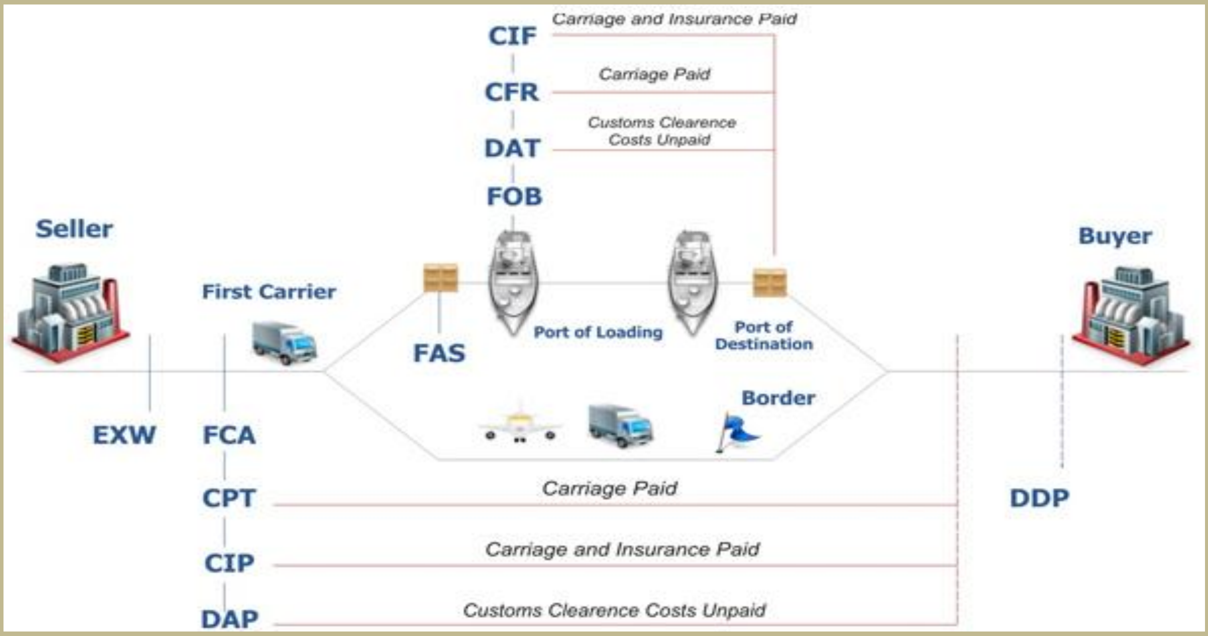
DDP – Delivered Duty Paid (named place of destination)
Seller is responsible for delivering the goods to the named place in the country of the buyer, and pays all costs in bringing the goods to the destination including import duties and taxes.

FAS – Free Alongside Ship (named port of shipment)
The seller delivers when the goods are placed alongside the buyer's vessel at the named port of shipment. The FAS term requires the seller to clear the goods for export. This term can be used only for sea or inland waterway transport.

FOB – Free on Board (named port of shipment)
The seller must advance government tax in the country of origin as off commitment to load the goods on board a vessel designated by the buyer. The seller must instruct the buyer the details of the vessel and the port where the goods are to be loaded, and there is no reference to, or provision for, the use of a carrier or forwarder.

CFR – Cost and Freight (named port of destination)
Seller must pay the costs and freight to bring the goods to the port of destination.

CIF – Cost, Insurance and Freight (named port of destination)
Exactly the same as CFR except that the seller must in addition procure and pay for the insurance too.
A diagrammatic representation:



Graphical Representation which shall clearly indicate the situation

Incoterm 2010	Export customs declaration	Carriage to port of export	Unloading of truck in port of export	Loading on vessel in port of export	Carriage (Sea/Air) to port of import	Insurance	Unloading in port of import	Loading on truck in port of import	Carriage to place of destination	Import customs clearance	Import taxes
EXW	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FCA	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FAS	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FOB	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CPT	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CFR(CNF)	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CIF	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer
CIP	Seller	Seller	Seller	Seller	Seller	Seller	Buyer/Seller	Buyer/Seller	Buyer	Buyer	Buyer
DAT	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer
DAP	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer
DDP	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller/Not including VAT/FAT

This is a very basic paper on incoterms meant to introduce the reader to the concept of Incoterms.

Prantik Mitra
Business Head,
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Traditional Policies

Traditional Policies

After opening of the insurance sector, traditional policies were being seen as out-dated products. An image was created in the minds of the people that in the West people were only buying non-traditional insurance products. But the insurers forgot to tell the people that Term and Whole Life Insurance products were most popular in the West. Initially some insurers promoted term and whole life products but very soon they conveniently dropped this agenda, looking to the mood of the sales force. If in the West people went for market-linked insurance products, it was mainly due to insignificant return on debt funds. For them it was a compulsion which still continues.

A life insurance teacher would tell his students that the cheapest form of insurance would be term insurance and thereafter it would be whole life. Endowment would be costlier and a money-back policy, also called anticipated endowment by LIC of India, the costliest. Obviously the adviser would sell the costliest policy as his incentives are linked with the premium rather than the sum assured.

During earlier years, when LIC of India was the only life insurance company, the performance appraisal of the senior officers on the marketing side was judged more with reference to the sum assured they offered to the policyholders rather than the premiums they brought. Perhaps the principle of 'human life value' was being respected more in the earlier period, though latently, than now.
Now again insurers want to sell traditional products:

Now a new love has been generated in the minds of insurers to sell traditional products due to stringent norms laid down by the regulator with regard to market-linked products. But, the insurers have modified the traditional products in such a manner so that they look like market-linked products.

Let us see some of the present day traditional products:
Limited premiums endowment and whole life policies:
There is no harm in giving an option to pay limited premiums. But if a product compulsorily forces the customers to pay limited premiums, it is unfair. Charging limited premiums compulsorily under an endowment or a whole life policy is not justified. It is doubtful whether this is being done on the demand of the customers. As the premiums under limited-premium- payment policies become very high; the immediate beneficiaries would only be the insurance advisers. In case of early death, the policyholder would be a loser as he had bought a cover at a very high premium.

Get frequent guaranteed survival benefit claims:
Earlier in a traditional endowment policy the sum assured was payable on maturity or on earlier death. The modified endowment products now promise to pay the maturity claim (Sum Assured), which they call 'guaranteed survival benefits' much before the date of maturity in regular yearly, half yearly, quarterly or monthly installments. Hence the present day insurers are now paying the maturity sum assured in advance in installments. As the basic sum assured is always guaranteed in traditional endowment policies, so the part of the sum assured would obviously also remain guaranteed.

The advance payment of maturity sum assured would go against the spirit of a traditional endowment policy where the maturity claims would always become a handsome amount with accrued bonus and would be utilized for a specific financial need, say, old age provision, child's higher education etc. By making frequent payments of the sum assured much before the date of maturity, the insurers want to create an image in the mind of the customers that like market-linked products the traditional products also allow periodical partial withdrawals. Obviously in such a situation, the maturity benefits will be reduced as in the case of market-linked insurance.

Guaranteed Payments:
Many traditional products are now emphasizing on the sales pitch of guaranteed payments under some plans. But in most of the products, it is the sum assured which is being paid in installments. These payments are being referred to as guaranteed payments. It is a well known fact that the sum assured in endowment or whole life policies or under term insurance in case of death was always guaranteed. It is only under LIC of India policies, the payment of basic sum assured is guaranteed by the Government. Hence, the word guaranteed used by all the insurers give confusing signals. Does it mean that a private insurance company will never falter in payment of basic sum assured on the happening of the contingency?

Shiv Mohan Manchanda
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III Contribution

Need for Public Health Insurance Schemes in India

We all have had to deal with sickness and hospitalization at some point in our life. While dealing with this situation we have to handle two aspects - emotional and mental stress; and financial burden due to sudden hospitalization. The latter, namely the burden of financial strain can be reduced through a health insurance policy.

Health insurance is one of the fastest growing segments in India. Although launched in 1986 and growing consistently since inception, this growth has picked momentum only after the introduction of cashless hospitalization facility and increase in health insurance awareness in the country.

Health Insurance and Health care sector are correlated. While health care deals with e medical treatment for certain ailments, health insurance helps to pay the health care costs incurred by the patient.

There is growing awareness about the need to purchase health insurance, reinforced by rising health care and medical costs. However, less than 5% of the population is covered by Health Insurance. This indicates a huge problem of under penetration. People in urban and semi-urban areas are yet to accept health insurance, and often hesitate to purchase it due to the complex rules and conditions set by insurance companies and fear of claim rejection. They also feel it is a waste of money if no claim is made on their health insurance policies.

Insurance companies on the other hand are increasing health insurance premiums every year, virtually making it impossible for the middle class and senior citizens to avail health insurance facilities. The reasons for such increase include rise in medical frauds, Misrepresentation, Non-disclosure of material facts, over treatment and over charging by doctors to patients having health insurance policy, rising diagnostic tests, increasing fraudulent claims etc. leading to claims exceeding premiums.

Speaking on the issue, Mrs. Asha Nair, Director & General Manager, United India Insurance Company Ltd. at the III conference said "Although health insurance is one of the major drivers of growth in the economy, it is also one of the main contributors of high incurred claims ratio, which is around 93-94%. If you add the acquisition cost and administrative expenses, the health insurance is a loss making portfolio for insurance companies".
This can be justified from the data of incurred claims ratio for health insurance companies as given below.

Incurred Claims Ratio (ICR) for Health Insurance Companies in India

Company	2011-2012			2012-2013		
	Premium Collected (Rs. lakhs)	Claims Paid (Rs. lakhs)	Incurred Claims Ratio	Premium Collected (Rs. lakhs)	Claims Paid (Rs. lakhs)	Incurred Claims Ratio
Apollo Munich Health	45,895	21,476	**47%**	59,881	31,537	**53%**
Bajaj Allianz	35,626	23,697	**67%**	47,264	35,520	**75%**
Bharti Axa	9,345	7,517	**80%**	18,098	16,521	**91%**
Cholamandalam MS	17,297	13,234	**77%**	23,740	16,286	**69%**
Future Generali	10,554	9,032	**86%**	13,057	10,525	**81%**
HDFC Ergo	19,621	13,250	**68%**	24,407	15,706	**64%**
ICICI Lombard	1,09,915	94,739	**86%**	1,11,654	94,710	**85%**
IFFCO Tokio	12,613	10,821	**86%**	16,560	14,344	**87%**
Max Bupa Health	9,908	2,709	**27%**	20,722	8,354	**40%**
National Insurance	1,60,644	1,68,816	**105%**	2,09,311	2,21,024	**106%**
New India Insurance	1,97,465	1,92,018	**97%**	2,31,762	2,40,769	**104%**
Reliance General	19,437	16,672	**86%**	21,829	20,653	**95%**
Religare Health	-	-	**-**	3,880	1,421	**37%**
Royal Sundaram	18,515	9,417	**51%**	17,583	8,649	**49%**
SBI General	243	298	**123%**	449	519	**116%**
Star Health	1,06,752	1,03,791	**97%**	84,440	97,925	**116%**
Tata AIA	9,839	5,227	**53%**	11,471	7,736	**67%**
United India Insurance	1,92,361	1,87,902	**98%**	2,16,840	2,15,489	**99%**
Universal Sompo	2,554	2,620	**103%**	3,938	3,611	**92%**

Source : IRDA Annual Report for 2012-2013

The incurred claims ratio is the total value of all claims paid by the insurance company divided by the total amount of premiums collected by them during the same period. The ideal value of incurred claims ratio for any Health Insurance Company should be in the range of 75-90%.

The above table clearly indicates that all public sector insurance companies which are in the business for several decades are having a incurred claims ratio of over 95% and in some cases, over 100% which indicates that health insurance is indeed a loss making portfolio for many insurance companies.

The economically backward classes face more grievous problems. For most people living below poverty line

(BPL) "Health Insurance" is an unheard word although they are exposed to higher risks than other affluent classes. They virtually have no access to even basic health care facilities. Many die every year because of lack of money to pay for their treatment. The basic problems faced by the BPL families are low literacy level, lack of insurance awareness, low earning capacity, religious beliefs, mentality etc. These problems have made it imperative for developed and developing economies to offer free or subsidized health insurance schemes to the general public.

India is also struggling with the challenge of universal health coverage. To address this issue the Government of India through its Ministry of Labour and Employment introduced the Rashtriya Swasthya Bima Yojana (RSBY), a cashless health insurance scheme for Indians below poverty line (BPL) families in 2008.

Beneficiaries under the RSBY need to pay only Rs.30/- as registration fees. The Central and State Government pay the premium for their health insurance to an insurer selected by the State Government for the scheme. The beneficiaries of the scheme are entitled to hospitalization coverage upto Rs.30,000/- The coverage extends to five members of the family which includes the head of the family, spouse and upto three dependents.

Yeshasvini is another notable example of a cheapest health insurance scheme offered to the rural population. Dr. Devi Shetty, Cardiologist, Narayana Hrudayalaya, Bangalore, This winner of the Padma Bhushan award has leveraged economies of scale to provide affordable healthcare to the common man. He, along with the Government of Karnataka, designed the world's cheapest comprehensive health insurance scheme, Yeshasvini involves a contribution of Rs.10/- per month from the beneficiaries. Under the scheme the beneficiaries can avail any covered surgery free of cost during the period if medically necessary.

The scheme covers Karnataka with over 4 million people under the scheme. It is also one of the largest self funded healthcare schemes in the country. The Government of Karnataka provides financial assistance in the form of grants to cover the deficit of resources every year.

ACHIEVEMENT SINCE INCEPTION OF THE SCHEME

Year	Members Enrolled (in lakhs)	Members Contribution (Rs. in Crores)	Govt. Contribution (Rs. in Crores)	No. of Free OPD availed	No. of Surgeries availed	Surgery Amount Reimbursed to Hospital (Rs. in Crores)
2003-04	16.01	9.49	4.50	35814	9047	10.65
2004-05	21.05	12.87	3.57	50174	15236	18.47
2005-06	14.73	16.94	11.00	52892	19677	26.16
2006-07	18.54	21.56	19.85	206977	39602	38.51
2007-08	23.18	27.75	25.00	155572	60668	54.09
2008-09	30.47	36.10	30.00	191109	75053	61.03
2009-10	30.69	41.36	30.00	134534	66796	55.08
2010-11	30.47	41.68	30.00	157480	73963	57.23
2011-12	30.70	45.08	30.00	116690	77619	60.09
2012-13	30.36	58.88	35.00	110842	80401	74.12
2013-14 (upto 31.12.2013)	34.50	49.21	3254.14	99656	62067	58.88

The Government of India has also embarked on an ambitious target of achieving Universal Health Coverage for all. A High Level Expert Group on Universal Health Coverage was constituted by the Planning Commission of India in October 2010, with the mandate of developing a framework for providing easily accessible and affordable health care to all Indians.

It is proposed in the scheme that the Government will pay the full premium amount for the poor below poverty line (BPL), and a part of it for the people who are better off. Affluent sections enrolling for the scheme will have to pay the full premium amount under the scheme. It is evident from the above that there is a need for adequately funded public health services scheme to mitigate the hardships faced by the poor.

> *As Dr. Devi Shetty says "It is unviable to have free health insurance schemes in India. At least some portion of the premium should come from the members of the scheme. If we have a regulation where every mobile phone subscriber is asked to pay Rs.20/- per month for health insurance, we can cover the healthcare of virtually the whole country. Lack of proper infrastructure, shortage of doctors and absence of punitive action against the fraudsters are the issues required to be addressed for effective large scale public health insurance schemes to become reality in India".*

References used – IRDA Annual Reports, Wikipedia, Excerpts of Panel Discussion on "Health Care and Health Insurance – Complementing or Conflicting" held on 23.8.2014 at Mysore.

Compiled by Manish S. Raikar
Asst. Secretary
Insurance Institute of India

Competency development in Insurance

Competency development in Insurance : Ignorance is not bliss

A couple of weeks ago, one of my colleagues delivered a seminar presentation that was not only shocking but also thought provoking. The topic of his seminar was – Insurance is a waste. To prove his point, he narrated a few examples of how he was actually able to save money instead of paying huge premiums for his motor insurance. One of my other colleagues seconded his thoughts. Both of them were referring to motor insurance.

In one case, the colleague was talking about how the "No-claim" bonus was only an eye-wash because the insurance company revised the premium in such a way that the positive effect of the "No-claim" bonus was neutralized. In the second case, the colleague narrated instances from his real life experience wherein he only paid the premium for a third party insurance instead of going in for a comprehensive motor insurance policy. The colleague's advice to all of us was – rather than spending money on insurance premiums, reserve a certain portion of your income for all future liabilities as this is simpler, manageable and easier to administer.

I had earlier worked for British Petroleum (bp) and the company never believed in insurance. They only believed in self -insurance. Rather than pay huge sums of monies as premiums, the company felt that it was better to create a reserve fund from which claims could be met.

My colleague dropped another bomb shell. He said that the very concept of life insurance was flawed. By nature, insurance is expected to indemnify a person and restore him to the original condition before the incident. In case of death, no amount of insurance claim can restore the life of a dead person. I was really aghast to find that he was not aware that the principle of indemnity does not apply in its entirety to Life Insurance as this is what I learnt in the "Licentiate" course material supplied to me by Insurance Institute of India when I first appeared for its exams in the year 2000.

It pains me when people demonstrate their ignorance by saying that insurance is a waste of time, money and effort. Their opinion stems from the casual approach of the insurance sector in dealing with unethical practices. For instance, we all know that motor insurance is bleeding the insurance industry yet there is lack of an innovative approach to deal with the situation. Every vehicle owner who owns a car or a two-wheeler feels that the insurance company owes him his claim money just because he has paid the premium. In this case, it appears that vehicle owners want to cover their vehicle under motor insurance not only because it is compulsory under the law but also because it is an opportunity for them to make a windfall profit in case of a claim. I am afraid *that such unscrupulous practices by a few insurance companies and intermediaries have actually encouraged such illegal and unethical practices by the insured.*

Competency development is an important part of the knowledge management process. It is high time the Insurance industry focuses on developing the competencies of its professionals. Technology is now playing an important role in our lives. New risks are emerging. There is a need for a high degree of innovation. New product development has become a must to meet the challenges of competing in a global market place. Underwriting and claims management both has become much more challenging now as conventional methods are no longer valid. For an insurance salesperson to convince the customer, he needs to have both technical competence as well as sales competence. But many sales executives feel that all that matters is selling. When they have such an attitude, their success becomes difficult to sustain.

It is very important for the insurance sector to work in close collaboration with academic institutions to spot the bright talent who can be absorbed for entry in the organization. Concepts like CRM, Data Mining, Data analytics are becoming extremely popular and relevant today. It would be worthwhile to introduce these concepts in a basic and easier-to-learn format. I was actually wondering how wonderful it would be for insurance companies if they could have data on claims made by insured with a high level of granularity such that it would be easier to predict such claims beforehand.

Prof. Venkatesh Ganapathy

Sigma Report

Liability claims trends: emerging risks and rebounding economic drivers

As per a recent survey, liability is the faster growing risk of business among others. Third party liability is one of the most important risks that firms need to manage. Insurance protects against the risk of large tort awards and defence costs. Liability coverage is generally broader than property coverage. Liability insurance covers unknown and unexpected risks. Property insurance covers losses arising from defined causes and claims restricted to value of the insured goods. The size of the insured liability claims is restricted by policy limits.

Liability claims are subject to changes in social costs and this can lead to unexpected additional costs for insurers. Determining the insurability of liability risks can be challenging. Projecting claim costs of liability risk is difficult. Liability risks are different from property risks because they are to a much greater extent determined by human behavior. In this report Sigma focuses on commercial liability trends in mature insurance markets.

Structure of liability markets :-
Commercial liability premiums written were 160 billion in 2013. It accounted for 10% of global non life premiums or 23% of global commercial lines premiums.

The 10 largest commercial liability markets in 2013

		Premiums & GDP (USD Billion)			Percentage shares	
Rank		Liability	Total non-life	GDP	Liability/Total non-life	Liability / GDP
1	US	84.0	531.2	16802	15.8%	0.50%
2	UK	9.9	99.2	2521	9.2%	0.36%
3	Germany	7.8	90.4	3713	8.7%	0.21%
4	France	6.8	83.1	2450	8.2%	0.25%
5	Japan	6.0	81.0	4964	7.3%	0.12%
6	Canada	5.2	50.6	1823	10.3%	0.29%
7	Italy	5.0	47.6	2073	10.6%	0.24%
8	Australia	4.8	32.7	1506	14.8%	0.32%
9	China	3.5	105.5	9345	3.3%	0.04%

10	*Spain*	*2.2*	*31.0*	*1361*	*7.0%*	*0.16%*
	Top 10	*135*	*1152*	*46857*	*11.7%*	*0.29%*
	World	*160*	*1550*	*61709*	*10.3%*	*0.26%*

Note: non-life excludes health insurance. Premium volumes are for domestic business where separation is possible.
Source - Swiss Re, economic Research & Consulting

Economic drivers of claims:-
Claims trends will likely worsen in the future. The Sigma focuses on claims trends, which are a challenge to capture and assess. The important drivers for liability claims developments are economic, social and legal changes. Calendar-year claims are most commonly used to depict claims growth trends. This data can be overlaid by reverse cycles. After 2004, liability claims started to decline relative to GDP, mostly due to reverse releases.

Growth in general accident year claims incurred vs nominal GDP 1995-2008 and 2008-12

1995-2008	*US*	*UK*
Accident-year claims growth	*6.3%*	*5.9%*
GDP growth	*5.1%*	*5.3%*
Growth gap to GDP	*1.2%*	*0.6%*
2008-12	*US*	*UK*
Accident-year claims growth	*-1.3%*	*-1.3%*
GDP growth	*2.5%*	*1.8%*
Growth gap to GDP	*-3.8%*	*-3.1%*

Note: claims are claims incurred, net of reinsurance
Source - A M Best, SNL, Swiss Re Economic Research & consulting

In the US, macro drivers reduced claims paid for new and old claims after 2008. A similar trend towards lower claims can also be seen in Germany. In the long term, premium and claims growth typically outpace economic growth and inflation. Claims growth is more correlated with healthcare growth than with inflation and wage gains.

General liability claims and macro variables nominal growth 1975-2008

1975-2008	*Us*	*Canada*	*UK*	*Germany*	*France*	*Italy*
Compound annual growth rates						
General liability claims	*7.5%*	*10.0%*	*8.9%*	*5.5%*	*6.7%*	*13.9%*
Nominal GDP	*6.8%*	*7.0%*	*8.3%*	*4.4%*	*6.6%*	*9.7%*
Consumer price index	*4.3%*	*4.2%*	*5.2%*	*2.6%*	*4.4%*	*7.1%*
Wage index	*4.7%*	*4.8%*	*7.2%*	*2.5%*	*6.2%*	*8.4%*
Healthcare expenses	*9.0%*	*8.9%*	*9.9%*	*5.2%*	*7.9%*	*na*
Ratio of claims growth to growth in						
Nominal GDP	*1.10*	*1.42*	*1.08*	*1.23*	*1.01*	*1.43*
Consumer price index	*1.74*	*2.34*	*1.72*	*2.13*	*1.51*	*1.95*
Wage index	*1.59*	*2.08*	*1.25*	*2.17*	*1.09*	*1.65*
Healthcare expenses	*0.83*	*1.11*	*0.90*	*1.04*	*0.85*	*na*
Correlation coefficient of claims growth with						
Nominal GDP	*0.14*	*0.23*	*0.14*	*0.50*	*0.27*	*0.70*
Consumer price index	*0.00*	*0.29*	*0.17*	*0.40*	*0.28*	*0.70*
Wage index	*0.10*	*0.26*	*0.17*	*0.47*	*0.26*	*0.69*

Healthcare expenses	*0.32*	*0.35*	*0.19*	*0.35*	*0.42*	*na*

Claims growth is based on calendar-year claims incurred.
Source - Swiss Re, Economic Research & consulting

Until 2008, liability claims grow faster than inflation and GDP and at a similar pace to healthcare costs. The correlations are stronger for multi-year data sets. Many of these core macro factors are expected to rise and are likely to create upward pressure on liability claims payment.

Forecast of macro drivers, average growth 2014-20

Forecast, average growth 2014-20	*US*	*Canada*	*UK*	*Germany*	*France*	*Italy*
Nominal GDP	*4.7%*	*4.3%*	*4.7%*	*3.6%*	*2.8%*	*2.7%*
Real GDP	*2.8%*	*2.5%*	*2.5%*	*1.6%*	*1.3%*	*1.0%*
Healthcare expenses	*5.5%*	*4.9%*	*4.3%*	*4.4%*	*4.0%*	*na*
Wages	*3.4%*	*3.2%*	*3.6%*	*3.2%*	*2.2%*	*1.4%*
Consumer price index	*2.1%*	*1.8%*	*2.1%*	*1.9%*	*1.5%*	*1.5%*

Source - Swiss Re, Economic Research & consulting

Based on expectations of future claim costs, insurers set aside reverses to meet their future claim payments.

Social and legal drivers of claims:-
Risk exposures in advanced economies are driven by a variety of social and legal factors. Insurers are concerned about the potential for risk accumulation. The trends selected in this issue for review are risk accumulation, hydrotracking, cyber risks, autonomous cars, tort reform, litigation funding and the expanding liability rules in the European Union. Liability clash involves a loss to multiple policies or risks caused by a single event or more broadly by a common cause or the same originating cause. There are always a number of casualty claims stemming from traditional property claims.

Reactions of liability insurers:-
Evolving liability risks call for innovation in products and underwriting techniques. Insurers will be using new tools - Big Data, predictive and forward - looking modeling, and data analytics - to make risks more insurable and accurately priced.

Liability insurers have always faced the need to innovate their product in response to technological and regulatory changes. Cyber, environmental and nanotechnology risks require new products and specialized underwriting. Technology will play a big part in facilitating innovation in insurance. Underwriting is the key success driver of commercial liability insurance and protects against commoditization. Availability and quality of data is a key ingredient for successful underwriting. Insurers must vigilantly monitor emerging risks with potentially long latency. New techniques and technologies are being employed to improve underwriting. Biases could creep into underwriting decisions if behaviors affect pricing and risk selection. Casualty underwriting may be particularly susceptible to cognitive biases.

Predictive and forward looking modeling can improve the understanding of key risk drivers. Insurers now have more data available than even before. The use of Big Data and predictive modeling in commercial lines is increasing. Model analytics can also be used to improve fraud detection. Underwriting expertise is a competitive advantage, requiring more experienced insurers to deal with the complexity of the market. Insurers use product and process innovation and quantitative analysis to improve underwriting quality and better understand new risks.

Source:
Sigma No 4/2014_Swiss Re_ Liability claims trends: emerging risks and rebounding economic drivers

Compiled by Sneha Pednekar
i-Think Member

PMJDY

Pradhan Mantri's Jan Dhan Yojana (PMJDY): New Course for Insurance Inclusion

Introduction

The policy towards financial inclusion is not new in India. It has been a national priority agenda for the Government over the last decade, especially beginning with the 11th plan efforts, to promote inclusive growth in the country.

Efforts are being made by the authorities and the policy making institutions like the RBI, NABARD, IRDA and PFRDA in terms of suitable regulations and guidelines for strengthening financial inclusion. But the debate in the public domain and anecdotal evidence seems to question the outcomes and impact of such inclusive policies.

The results continue to disappoint[1], as there are only 14.48 crore (58.7%) households out of 24.67 crore households in the country, had access to banking services.

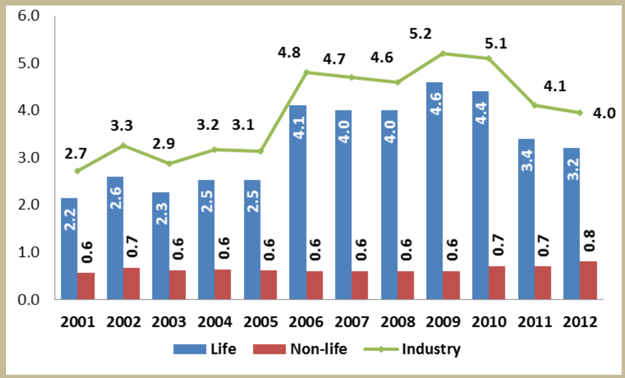
Further, to universalize access to financial services, on 28 August 2014, the Prime Minister launched a nation-wide new programme, namely 'Pradhan Mantri Jan Dhan Yojana (PMJDY)', which aims to cover about 7.5 crore unbanked households in the country with at least one account under this scheme by 26th January, 2015.

This ambitious programme targeted the poor who don't have access to financial services, with an objective that easy access to the banking system (and freedom from scam-artists and moneylenders) can materially lift India's economic prosperity. Under PMJDY, it is planned to provide basic banking accounts with overdraft facility of Rs. 5000 to Adhaar enabled accounts after satisfactory operation for 6 months (one member in a family), RuPay Debit card with inbuilt accident insurance cover of Rs. 1 lakh and Rs. 30,000/- life insurance cover.

Extent of Insurance inclusion

In last 60-years, despite LIC's efforts to include the rural mass, the insurance inclusion numbers are staggering and much below banking inclusion in India. However, after deregulation of the sector in 2000, insurance penetration in the Country has improved and touched the high of 5.2% in 2009, but declined thereafter, due to decline in business. Further in the Union Budget, 2014-45, Government has raised the FDI cap in insurance to 49%, with an objective to push insurance penetration in the country.

Chart 1: Insurance Inclusion in India



Source: IRDA

Issues in Insurance Inclusion under PMJDY:-

The programme is already being implemented and Government has advised the banks to execute the mandate in a mission mode. However, some people consider it a big move forward, while others question the scheme's viability.

Some of the issues relating insurance industry are:-

Insurance Premium: The first issue is who is going to foot the bills for the insurance premium and other costs. For accident insurance, NPCI has agreed to pay the premium of accidental insurance. For life, Finance ministry has finalised that LIC will provide life cover by keeping aside Rs 50 crore from the Social Security Fund. However, in our view, there is a need for proper price discovery through tender process, rather giving it to LIC only. It is estimated that if all the targeted 7.5 crore households covered by 26 January 2015, then the insurance inclusion may reach at the level of 14-15%, which would be comparable the developed markets.

[1] as per Census, 2011

Table 1: Basic Savings Bank Deposit A/c (BSBDA)					
	FY10	FY11	FY12	FY13	FY14
Deposits					
BSBDAs (No in millions)	73	105	139	182	243
Micro Insurance (lives covered % no of BSBDAs)	4.4	6.8	13.6	13.0	-
Source: RBI, IRDA					

***Micro Insurance:** The definition of micro insurance in India is primarily a product-based, monetary one. It was implemented in 2005, but insurers have not readily embraced the concept of micro insurance. For example, by observing micro insurance coverage of the BSBDAs (refer table 1), it is only at 13% in FY13, which means that there is lack of coordination among the stake holders, i.e., between banks and insurers.*

Conclusion

PMJDY is intended to achieve two objectives: better transmission of social welfare benefits and also financial inclusion. If it is to meet both goals, however, the design of the scheme needs to be debated more carefully, from the past experience. It is true that the modalities of implementation of the PMJDY is definitely a challenge, but if it is implemented the way it is talked about, then it will be a serious game changer in the country. However, true financial inclusion will require more than opening bank accounts. So, there is an immediate need for allowing and encouraging entrepreneurial innovation to cater to the varying needs of consumers of financial services.

(Views are Personal)

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Transfer of Title

CRUX OF PROBLEM - "TRANSFER OF TITLE"

The one & only one very serious LEGAL HURDLE confronting the settlement of TL / CTL Claims is "TRANSFER OF TITLE" (transfer of owner ship) of the insured vehicle. The crux of the problem is to whom & when & by whom the "Transfer of Title" should be affected.

CMV Act is crystal clear on the issue of "Transfer of Title". This can be inferred from the interpretation of Sec-55 of CMV Act. Sec-55 specifies in unambiguous terms that the Registration Certificate (owner ship document) should be surrendered for cancellation. Sec-55 also stipulates under what circumstances the Certificate of Registration should be surrendered for cancellation.

Insurance Act only specifies the limit of indemnity and Means & Methods of application of indemnity to be provided under the policy.

Also, it would be pertinent to note that only TL / CTL, Cash Loss, Repair Loss modes of providing indemnity have been explicitly mentioned in the Insurance Act. No other modes of settlement are referred.

An interesting point to be noted is that in Repair Loss & Cash Loss mode of settlement the "Title of Owner Ship" as appearing in the Registration Certificate is not altered as on date of settlement. Status of "Owner Ship" is maintained.

Also it is a known fact that in case of TL /CTL settlement modes the "Title of Owner Ship" by default has to be transferred to the Insurer keeping in tune with the true spirit of "rights of subrogation", immediately upon settlement of claim.

Now where in the Two Acts (CMV ACT & INSURANCE ACT) do you find any ambiguity as regards the "Transfer of Title". Transfer of Title By Whom, To Whom & When is spelt out clearly. The insured either has to surrender the Certificate of Registration to the RTO or Transfer the Title in favour of the Insurers as the case may be. It is either Sec -55 or Rights of Subrogation.

Thus, it is proved beyond doubt that only by adhering to the ACT Transparency and Accountability is brought about. It is this Transparency & Accountability that will go a long way in safe guarding the interest of one & all.

Ashok Girimaji
Chartered Engineer,
Surveyor & Loss Assessor

Insurance Awareness

Spreading Insurance awareness in India- ways and means

Insurance protection is considered to be a Social requirement irrespective of economic status of the population. It is meant for all, in fact it is more necessary for economically medium and poor class of population. It is considered as a protection rather than as spending for saving. However, still the message of its usefulness has not reached the majority of population. It is considered as an expense giving no return. It is a wrong notion because unlike other kind of savings the impact or the benefits of insurance is not immediately felt. When you save in Bank or other investments you get tangible returns which make the people more satisfied rather than taking insurance where the return is expected only on happening of some unfortunate incident. Does this mean that we will not come across any unfortunate incident? Insurance coverage is a protection against perils, be it a product or life and it are a precautionary step for wellbeing of self and/ or the family.

India's insurance penetration is still low as compared to other countries. What this indicates is that much of the population in India, mostly rural area are still not covered under insurance. An awareness programme is the whole gamut of the insurance benefits may build up more confidence/ awareness among the population.

India has basically more of rural population and therefore level of insurance knowledge is poor. Hence an educational programme on various insurance schemes need to be taken to the population.

Ideal Institution to carry on insurance education to the masses:
The Institutions which are in the domain of Insurance education will be the ideal body to create awareness. Say for example, the Insurance Institute of India which has its presence all through the Country by having 91 associated institutes could venture into such programmes. Involvement of insurance companies in such projects will be a compliment to their business as more insurance awareness means more market. Once this kind of awareness programme is established and run on regular basis it will bring more insurance coverage. As said, insurance sector is not to be looked as a profit making business alone, but also social wellbeing.

It is accepted by all the countries that insurance protection to its population is looked as a social cause. Poor knowledge on insurance subject among the population creates a lot of vacuum. Particularly in a country like India which has more of rural population, an initiative in spreading insurance education will prove to be a worth venture. It is also for a social cause.

What role the associated institutes of I.I.I can play in insurance awareness?
With its spread over all the corners of the country, these institutes can make it as a regular activity to visit areas, particularly rural areas and spread the benefits from the insurance coverage. It is not necessary for spreading the awareness programme that an associated institute should restrict its jurisdiction within its geographical area, but can think of covering more area for which it can join hands with other neighboring institutes. They can conduct classes for the people make audio visual presentations through modern technology and make the programmes more interesting. The awareness programme could also be used as a platform to spread the different professional examinations which the I.I.I conducts. By undertaking such programme the

associated institute will not only enhance its own image but also its parent body - I.I.I.

At present many of the associated institutes have little regular activity and do not have ways to enhance value to its image. After all the purpose of establishing the associated institutes is to make progress for itself and assist the parent institute to add more value for its activities.

Have tie up with the Insurance companies
The associated institutes in its endeavor to undertake such awareness campaigns can involve the insurance companies also as a support. As said, more the awareness, more the opportunities and business. In this dynamic world, the scope for expansion is plenty. Through proper approach, right methods and systems the activities of the associated institutes can also become more effective which will add value to its name.

Conclusion
Spreading of Insurance awareness, at present, does not have any established approach though the Government of India has announced novel schemes and aims to cover maximum population. So this is an opportunity for the I.I.I and its associated institutes to take the right line of action to spread insurance awareness.

T.S.V.Subramanian,
Secretary(retd.),
Insurance Institute of India

FDI

FDI increase in Insurance

The increase in foreign direct investment (FDI) announcement from 26% to 49% in the union budget has created a new wave of hope for all the Indian Insurance companies and promoters. The increase in FDI is a part of Insurance Laws (Amendment) Bill, before both the houses of the Parliament. Once approved by both the houses this would benefit the following major groups:

1. *The insurance companies and promoters*
2. *The International Investor*
3. *Policyholders*

An enhanced inflow of capital into Insurance companies will provide them with better world class business practices, accelerate the overall growth of insurance industry, more exposure to foreign expertise, and increase in access to insurance international products and better distributional channels.

India being a vast market of insurance and people of different age groups, insurance companies would be in better position to design innovative products to cater to all of them and achieve a better mass coverage. In Life Insurance business, the gestation period being long, there is a shortage of capital, if growth rate is higher and more losses incurred in initial period. Hence this move of increase in FDI is welcoming relief to all Indian insurance promoters.

The increase in FDI would probably mean a nearly 3 billion USD flowing in to India through different companies like UK's Lombard, France's AXA Group etc. This means more employment opportunities, better office infrastructure, more insurance agents, more people covered through better design policies, more people shifting to saving mode and more money into nation building.

The most important factor would be, this Insurance Bill would enhance the decision making power of Insurance Regulatory and Development Authority (Irda), thereby improving the operational issues of the insurance industry.

However an increase in composite FDI (total of all money from FDI and Foreign Institutional Investors- FII) would not only mean more capital in the sector but also improved technical and operational expertise through foreign partners, right from product innovation , distribution channels up to robust customer service mechanism *all would be benefitted. The faith of FII in Indian economy and growth will lead to better collaboration and willingness to invest, provided all this takes place without any limitations attached to Insurance Amendment Bill In regard to policyholders, the saving component and better customer service are added riders.*

Under Sec80C the move to increase the investment cap from 1 lac to 1.5 lac, will motivate more people to save long term, under Insurance, as tool. Also the premiums paid under life insurance policies are eligible for tax deduction so is the maturity proceeds of policy if the Sum Assured is at least 10 times the annual premium. In case the sum assured is less than 10 times the annual premium, tax will be applicable on maturity benefits; however death benefit in this case will be tax free. As this is the first time that insurance policies are brought under the purview of TDS, the TDS applicable for policies whose maturity proceeds are taxable would be at the rate of 2% which would be deducted by insurance companies and remaining will be paid by policyholder. However for amount less than 1Lac TDS will not be applicable.

The service tax on the premiums for micro life insurance policies up to sum assured of 50000 has been dispensed, this would allow the insurance companies' agents to focus more on small and lower strata group of people and include then into the insurance bracket.

So, hoping for the best, that these steps will surely bring in better prospects in areas of tax incentives, pension and annuity, long-term savings and better insured population.

Mumtaz Shaikh

Takaful

Takaful

Abstract:
The Takaful concept evolved from individual common interests during the Industrial era of the early 1900's. Only eighty million out of the world's 2.5 billion poor are currently covered by some form of micro insurance. Only 3 percent of the poor are insured in India and China and only 0.3 percent of the poor are insured in Africa. In 23 of the poorest 100 countries in the world there is currently no identified micro insurance activity. The majority of the population is in the low-income bracket. On top of that, society's awareness on the importance of insurance is rather low.

Meaning of Takaful:
Takaful is a co-operative system of reimbursement in case of loss, paid to people and companies concerned about hazards, these are compensated out of a fund to which they agree to donate small regular contributions managed on their behalf by a [Takaful Operator] It is described as an Islamic insurance concept which is grounded in Islamic muamalat (Islamic banking), observing the rules and regulations of Islamic law. This concept has been practiced in various forms since 622 CE

Muslim jurists acknowledge that the basis of shared responsibility (in the system of aquila as Practiced between Muslims of Mecca and Medina) laid the foundation of mutual insurance.

Principals of Takaful:
The principles of Takaful are as follows:

- *Policyholders cooperate among themselves for their common good.*
- *Policyholders' contributions are considered as donations to the fund (pool)*
- *Every policyholder pays his subscription to help those who need assistance.*
- *Losses are divided and liabilities spread according to the community pooling system.*
- *Uncertainty is eliminated concerning subscription and compensation.*
- *It does not derive advantage at the cost of others*

Theoretically, Takaful is perceived as cooperative or mutual insurance, where members contribute a certain sum *of money to a common pool. The purpose of this system is not profits, but to uphold the principle of "bear ye one another's burden". Commercial insurance is strictly disallowed for Muslims (as agreed upon by most contemporary scholars) because it contains the following elements:*

- *Riba or Interest: Interest is forbidden for Muslims and since traditional insurance contracts invest in interest bearing instruments these are therefore considered as forbidden.*
- *Uncertainty or Gharar: Under a conventional Insurance contract, there is an element of uncertainty in that the benefit amount or timing is not certain whereas the premium payment is certain.*
- *Gambling or Maisir: This is similar to uncertainty defined above. Some people may get a large benefit while others may not get any benefit. The insurance company is in the business of Risk taking and earning profits from this activity.*

These elements are addressed in a Takaful system by:

- *Investing in non-interest bearing investments as permissible by Sharia scholars.*
- *The contract being that of donation for mutual help rather than a conventional contract where the risk pool is underwritten by the shareholders who bear the risk and return from underwriting.*
- *The distribution of surplus from underwriting to participants with shareholders having no share in underwriting profits.*

There are four models (and several variations) of how Takaful can be implemented:

- *Mudharabah model (profit-sharing): the manager (shareholders) are sharing Profit and Losses with the policyholders; used initially in Far East.*
- *Wakala model: agency fee, received up front from the contributions and transferred to shareholders fund;*
- *A combination of both: Bahrain, UAE and Miiddle East countries;*
- *Al Waqf model: mainly used in Pakistan and South Africa; part of the contributed capital is irredeemable.*

Takaful Models:
The most accepted model for Takaful contracts is referred to as the "Wakalah or Agency" Model. Variations within the model do exist but the scope of this paper has been limited to the key conceptual model and to highlight the differences between Takaful and conventional system of insurance.

Any Insurance arrangement may be divided into two parts. First is RISK sharing and the second is INVESTMENT of Funds.

The investment of funds is usually done under a "Mudarabah" or "profit sharing" arrangement where the Takaful Operator may manage the assets of the fund and have a defined portion of the profits as the Investment manager. In the event that the fund makes a loss the Takaful operator would not receive any remuneration for the investment management activities. Alternatively Investment management may be done for a defined management fee under a "Wakalah" or "agency" contract. Here a percentage of the assets may be charged as a fee, which is similar to what is typically done under conventional unbundled products such as Unit linked life insurance plans.

REFRENCES:
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http://en.wikipedia.org/wiki/Takaful

Sapna Shukla

Know your right

Know your right and be happy

We must be proud, about the rules and regulations which provide for our duties and rights. We indeed have very strong laws in many fields and their basic aims are to provide and protect our rights. As the star of the millennium, Amitabh Bachchan, puts it, "knowledge is the power". If you have knowledge you don't need to have the power of money, politics, guns etc. Sometime we forget our rights or don't know what they actually are.

We need to focus on our knowledge, at least for those sectors where we are involved more. Do you know the basic rights toward insurance? Are you aware of how Insurance Company is liable to give you services within the time frame as prescribed by IRDA? The regulator can make rules for you, but you can take their advantage only when you know these basic rules.

Policyholder Servicing Turnaround Times as prescribed by IRDA

Service	Maximum Turn Around Time
General	
Processing of Proposal and Communication of decisions including requirements/issue of Policy /Cancellations	15 days
Obtaining copy of the proposal	30 days
Post Policy issue service requests concerning mistakes/refund of proposal deposit and also Non-Claim related service requests	10 days
Life Insurance	
Surrender value/annuity/pension processing	10 days
Maturity claim/Survival benefit/penal interest not paid	15 days
Raising claim requirements after lodging the Claim	15 days
Death claim settlement without Investigation requirement	30 days
Death claim settlement/repudiation with Investigation requirement	6 months
General Insurance	
Survey report submission	30 days
Insurer seeking addendum report	15 days
Settlement/rejection of Claim after 30 days receiving first/addendum survey report	30 days
Grievances	
Acknowledge a grievance	3 days
Resolve a grievance	15 days

If Insurance Company does not provide the above services in the given time frame you may directly approach the IRDA and they will definitely support you. This entire thing only is possible when you know at least your basic right towards insurance. IRDA also had made it mandatory to display these banners in every insurer's offices. Only one thing is very important i.e. your knowledge. So be knowledgeable and fight the system with honesty.

Dr. Ajay Kumar Mishra

III Contribution

Living life to its fullest

"Begin at once to live and count each separate day as a separate life" - Seneca

The meaning of the term "living life to its fullest" changes with every person. It actually means to live every moment of life because we don't know what is going to happen in the next moment. Our life is getting shaped by our own choices, actions and thoughts. The results of our actions are both good and bad. We can follow below certain steps to make life easy and simple -

Take hold of the day - Live each day of life as if it is our last day. As people say - Yesterday is history, tomorrow is a mystery but today is a gift, that's why it's called the present. Our life provides us various opportunities to play our role. If we made the right choice of our opportunities, it will make our life meaningful. Start your day with a winning mood and make the right choice of the opportunities coming in the way and enjoy the day.

Accept the Present - This is the best way of living. It means accepting the present the way it is. It doesn't mean just accepting the things that come in your life and not trying to change them. Accept honestly the things coming in your life and try to change them. Be true to yourself and with your decisions and thoughts. And remember one thing that 'Life goes on' and whatever happens in life happens for the best.

Accept you - This is a very important thought. Accept yourself the way you are. Stop judging yourself. Don't waste your time in criticizing or judging and making you wrong. It will create limitations for you. Limitations stop you in your move towards achieving goals in life. Learn to accept your mistakes and try to avoid repeating them.

Accept challenges - Accept challenges in life whether it is personal or professional. Search for new tasks or challenges for yourself. Take a break from routine and visit new places with family / friends. It will help to refresh your mind and also help to learn new things. Create good ideas and thoughts in mind and which further help to move on in our routine life. Life is more meaningful with challenges.

Accounting of activities - Keep a record of your success as well as failures - Just like you account for profit and loss of business. Take time to check the record of your life. The Success part of life teaches us to move on gaining more success, while failures teach us not to repeat mistakes and about how to turn them in success.

Set goals in life - Setting goals in life makes life meaningful. Set small goals and try to achieve them in time. The goals may be for you, friends, family and also professional goals. Set attainable goals based on your capacity.

Be positive - Think positive and everything will happen positive. Don't force yourself for something and also don't get upset or blame yourself for any failure. When you get failures in life then remember the bright sides of life. Blaming yourself will not give anything; you will lose your morale. Always remember the power of positive thinking - be positive, think and do positive things. If you have positive attitude in you and are giving your best, you will overcome your problems and be ready for further challenges. In Helen Keller's words - "Keep your face to the sunshine and you cannot see a shadow"

Be responsible - Always be responsible for your own actions. Be honest to yourself and work. Being responsible is the quality of a good leader. As les Brown said - "Accept responsibility for your life. Know that it is you who will get you where you want to go, no one else"

Be honest - As Thomas Jefferson said - "Honesty is the first chapter in the book of wisdom". Honesty is the best policy. Be honest with yourself and with others. It makes life simpler and helps to avoid negative energy. Honesty helps to build trust with others. When you are honest with you and towards your work, it builds confidence in you.

Develop the habit of sharing - Sharing with others brings happiness. Always share good thoughts, ideas, information and knowledge with others. People around you trust you and it will create good relations with each *other. It will definitely help in development and social progress. Always remember that knowledge increases by sharing it with others. Best said lines for habit of sharing -"Gaining knowledge is the first step to wisdom. Sharing it, is the first step to humanity"*

<u>Delete negative thoughts</u> - Remove or avoid negative energy which holds you back from attaining goals. Try to avoid shadows of your past failure. Take action to solve the causes of any bad thoughts, fear, and doubts and also control your anger. Don't think so much about your mistakes in past. Every day is a new day so learn from the old mistakes, make new goals for the future and live life in the present.

<u>Never give up</u> - Don't give up, always find another way. Look at the problems that others have faced in their life and how they have overcome it. Try to overcome the problem and never give up, even if it seems it is the only option.

<u>Keep learning</u> - Try to learn from each situation that comes in life so that you can respond to similar situations more effectively in future. Try learning something about everything. The secret of success is learning. As Mahatma Gandhi said -"Live as if you were to die tomorrow. Learn as if you were to live forever".

<u>Believe in tomorrow</u> - Yesterday is gone, but tomorrow is yet to come. If you are facing wrong things, remember that there is always tomorrow to do things right. You never know what is there in future. Tomorrow will definitely change your life. So in difficult situation, keep faith in tomorrow. As John Wayne said - "Tomorrow is the most important thing in life. It comes to us at midnight very clean. It's perfect when it arrives and it puts itself in our hands. It hopes we've learned something from yesterday".

<u>Be always happy</u> - We know it is not always possible to be happy all the time. But we try to reduce our pain or problem by trying to involve in things which creates happiness. Unhappiness or pain never comes from external situations. It always comes from your thinking, your own thoughts and your own attitude towards the things. Unhappiness affects personal and professional life. So always remember - Your life is yours nobody is going to live your life, so it is upto you! You only decide what to do to keep away unhappiness and reduce the problems.

<u>Be with family</u> - Take a break from routines and relax. Go for outing with family and take time to appreciate them. Share and express your love towards your family. Listen to others for advice, ideas and views. Be kind and enjoy the company of others. Do not judge others. Make a list of things that you want to achieve in your family life and also keep check on this list to ascertain whether you have startd achieving them. Make new friends, meet new people. Visit new places. Do things which inspire you. To live life to the fullest, you should maintain your health. Do proper exercise, Yoga etc. Laughter is the best medicine. It releases all your pain. Try to enjoy every minute of life.

Life is like a CAMERA, FOCUS on what is important, CAPTURE the good times, DEVELOP from the negative and if things don't work out, take another shot.

"Live life to the fullest, do not give up easily continues with its head held high that you are the master of your destiny and happiness. Love yourself!" - XLettix Guardado

Sneha Pednekar
i-Think Member

Poem

The pepper-gun

Empowerment of the women starts with them and the Government should support them.

Women are embodiments of Goddess Durga, Goddess Kaali and Mother Theresa -draw inspiration from them; The recent election candidatures also don't reflect the confidence of menfolk in you, Then why all the Populist Political parties should not nominate them as candidates? Is it fear that they will set aside the men candidates or else dominate the Election scenario, Is it the male-chauvinism that's raising it's head high!

Children have to be taught about Good-touch and the Bad-touch from their small age, Child abuse is occurring in nooks and corners of the Country. What steps have we taken? Will legislation alone suffice? Will Unruly elements still be free,

Is there no respite for women at Bus-Stops from Eve-teasers, Chain-snatchers roam freely, Child-abusers are lurking at every opportunity and expose their beastly nature and attitude, Where do we find the law-protectors, on the streets, in the street-corners, in the dark alleys, We only react given the worst- situations, hardly do we pro-act!

Pepper-Guns or Pepper Sprays need not be weapon only in Parliament. It is much needed in every purse and hand-bag of every women, student and employee. Chilly-powder is old fashioned, Revolvers are costly and a little too difficult to handle. Self-Defence mechanisms like Karate, Kung-fu are not liked by all women,

Ultimately- it zeroes down to the Pepper-Gun-do use it and also educates your children, The usage has to be inculcated and both girl child and boys have to be tuned with its usage.

Empower yourselves with Education, Advancements in Science and Techology, IT as well; Over and above all these, women are SHAKTIS and if the need arises DEFEND AND ATTACK!

Though the role of women is changing in this modern world-Tougher mould is to be adopted, to deal with the Rowdies, Thugs, Thieves, Maniacs, Perverted-Psychos,

Let not the incidents happening bother you, be confident, careful, watchful, alert in the Public;

Gandhiji said "ONLY WHEN WOMEN WITH JEWELS-ON WALK FREE IN THE NIGHT-SAFELY"

Do we call our Freedom –real Freedom!

S.M.HAMESH KUMAR,
Senior Divisional Manager,
The Oriental Insurance Co Ltd,

Call for Papers

Insurance Institute of India will be sixty years old in 2015. As part of its Diamond Jubilee Celebrations, the institute proposes to publish a compendium of significant papers that would reach multiple stakeholders in the industry and community, both in India and abroad.

The institute invites papers from academicians, insurance practitioners and others for publication in the compendium. The papers will be selected for their originality and freshness of vision, academic rigour and relevance to future insurance practice.

The themes for the papers, alongwith only a few indicative types of questions that may be explored, are given below:

- *Insurance as a concept, and Insurance as a Business: bridging the gap*
  Is there a gap ..If so, what is the gap. Does it have implications for the sustainability of insurance in India and elsewhere… Does it need to be filled. What can be done for the purpose.. What is the role of industry, the regulator, practitioners, customers, community members in this regard…?
- *What people want from the Insurance industry - an empirical study?*
  What would constitute the 'reasonable expectations' of customers with respect to product features, sales and service, relationships, values and corporate identity…? What would constitute an 'irresistible value proposition' … the papers must be based on primary level empirical data collected by the researcher and not published earlier. They must contain deeper analysis of what consumers say and why they say it.

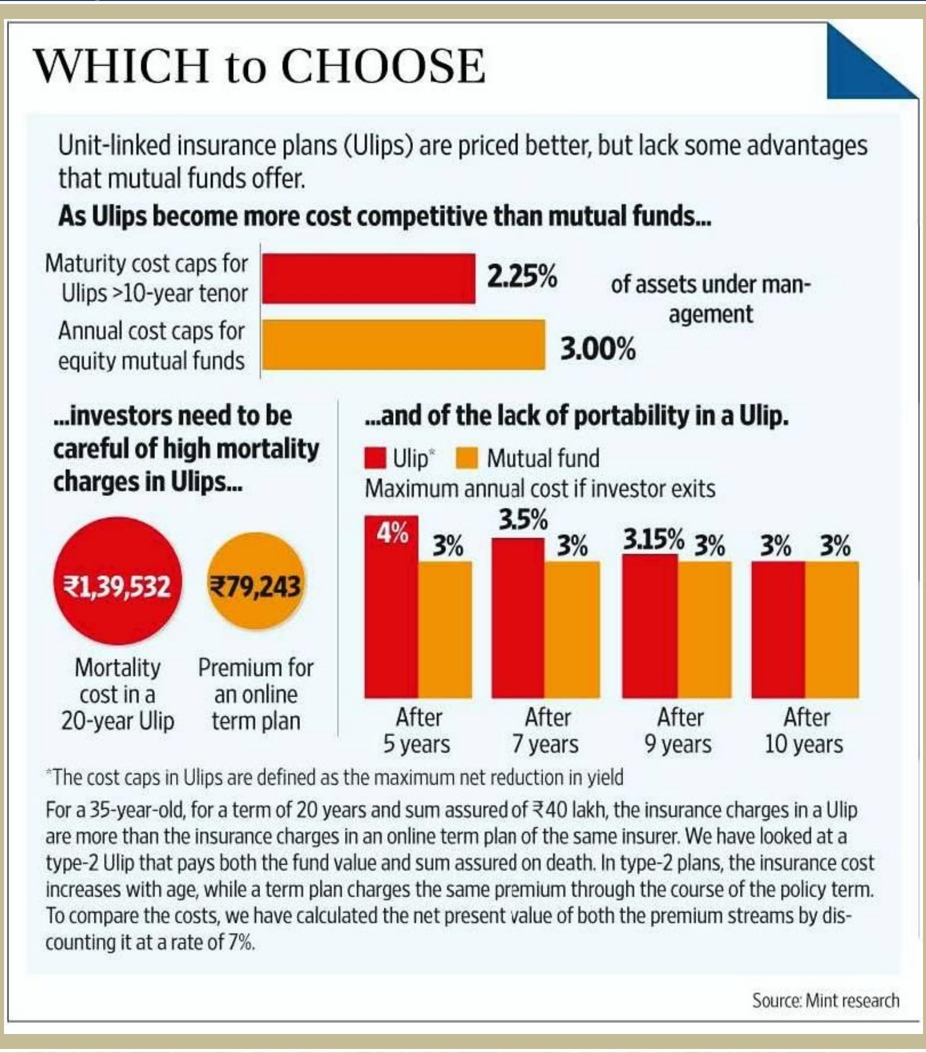
- ***Connecting to Customers: do we need a Paradigm Shift***
  The insurance industry is known to connect with its individual customers on a Dyadic [one to one] basis, through sales, service and relationship infrastructure and transactions. The focus has been on delivery of certain benefits for a price [the premium]. The issue is whether this is the only way to connect with customers or is there something else? Should the industry engage the customers' mind and enhance personal relevance of insurance.. Should there be a mix of operational efficiency and customer intimacy and if so, what should it be.. can technology be used to transform the way we connect and how?

The best paper in each of the above themes would be selected for presentation at a national/ international conference that the institute would hold around mid – 2015, while three other papers on each theme would be selected for presentation at a national seminar that would be held along with the institute's mid - term conference in Feb 2015.

All the papers must reach us latest by 31st December 2014 to library@iii.org.in. An abstract of the same may reach us by 15th December, 2014.

Please contact below officials for any further queries.
Dr. George E. Thomas (Professor – College of Insurance) - 022 26541161, 9869287743
Dr. Shashidharan Kutty (Consultant – Insurance Institute of India) - 9167712575

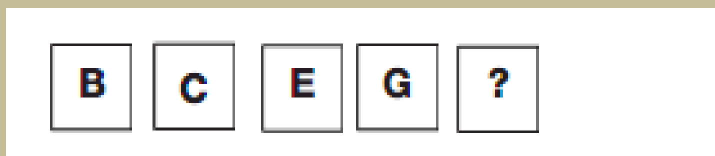
Trends & Survey



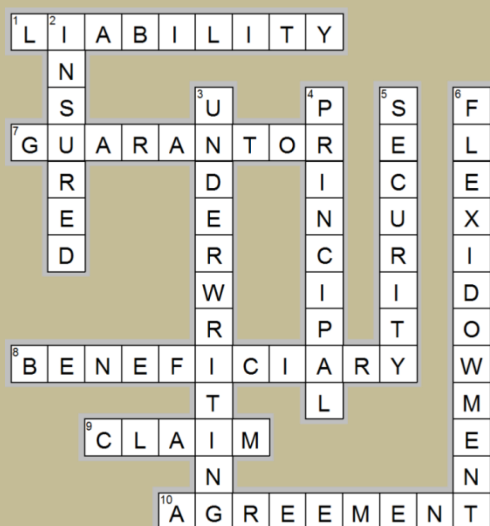
Puzzle

1. *What is missing from the hexagon?*

2. *Which letter replaces the questions mark?*



Answer of Last Month's Crossword:



Happenings at Institute

College of Insurance

List of Programs conducted in the month of October, 2014:

01. ***Special Session on "Business Centre Heads" was conducted from 07th to 10th October, 2014. Total 21 participants attended the session.***

02. ***Special Session on "General Insurance Appraisal" was conducted from 07th to 10th October, 2014. Total 22 participants attended the session.***

03. ***Special Session on "General Insurance Appraisal" was conducted from 13th to 16th October, 2014. Total 17 participants attended the session.***

04. ***Special Session on "Excellence in Management" was conducted from 13th to 17th October, 2014. Total 30 participants attended the session.***

05. ***25 hrs. Brokers Renewal training was conducted from 13th to 17th October, 2014. Total 20 participants attended the session.***

06. ***Special Session on "Business Centre Heads" was conducted from 27th to 30th October, 2014. Total 17 participants attended the session.***

07. *Special Session on "Excellence in Management" was conducted from 27th to 31st October, 2014. Total 30 participants attended the session.*

Training Program

Upcoming Program for November 2014 - February 2015

Sr No	*PROGRAMME*	*DATE FROM-TO*	*FEES WITH RESIDENCE*	*FEES WITH NON-RESIDENCE*	*DESIGNED FOR*
1	*LICHFL*	*8th Nov 2014*			*LICHFL only*

2	*Insurance Brokers Training (50/25 hrs.)*	*3-13th Nov 2014*		*Rs.16800 + S.T./Rs.8200 + S.T.*	*Existing Brokers/applied for Broking License can sponsor their employees for the training*
3	*Appreciation Course - Actuarial Science for Non-life Insurance*	*10-12th Nov 2014*	*Rs.9600 + S.T.*	*Rs.8100 + S.T.*	*Managers of Non-life Companies*
4	*General Insurance Appraisal*	*10-13th Nov 2014*			*National Insurance Co. Ltd. only*
5	*Excellence in Management*	*10-14th Nov 2014*			*National Insurance Co. Ltd. only*
6	*Workshop on Oil & Energy*	*15th Nov 2014*		*Rs. 2500 + S.T.*	*Brokers, Agents, Professionals from Oil & Gas*
7	*New Vistas in Online Insurance Marketing*	*17-18th Nov 2014*	*Rs.8000 + S.T.*	*Rs.7000 + S.T.*	*Managers in Marketing department and direct Marketing Executives*
8	*Business Centre Heads*	*17-20th Nov 2014*			*National Insurance Co. Ltd. only*
9	*General Insurance Appraisal*	*17-20th Nov 2014*			*National Insurance Co. Ltd. only*
10	*Risk Management and PML - Significance*	*24-26th Nov 2014*	*Rs.9600 + S.T.*	*Rs.8100 + S.T.*	*Middle Level Executives in General Insurance Companies*
11	*Business Centre Heads*	*24-27th Nov 2014*			*National Insurance Co. Ltd. only*
12	*Excellence in Management*	*24-28th Nov 2014*			*National Insurance Co. Ltd. only*
13	*Finance for General Insurance Executives*	*27-29th Nov 2014*	*Rs.9600 + S.T.*	*Rs.8100 + S.T.*	*Middle Level Executives in General Insurance Companies*
14	*Management of Property Insurance - Fire (Underwriting)*	*1-3rd Dec 2014*	*Rs.9600 + S.T.*	*Rs.8100 + S.T.*	*Middle Level Executives in General Insurance Companies*
15	*Agency Management*	*1-3rd Dec 2014*	*Rs.12000 + S.T.*	*Rs.10500 + S.T.*	*Middle Level Executives in General Insurance Companies*
16	*Business Centre Heads*	*1-4th Dec 2014*			*National Insurance Co. Ltd. only*
17	*Excellence in Management*	*1-5th Dec 2014*			*National Insurance Co. Ltd. only*
18	*Pension Business Systems*	*4-5th Dec 2014*	*Rs.8000 + S.T.*	*Rs.7000 + S.T.*	*Executives working in Pension Product*

19	*Aviation Insurance*	*8-10th Dec 2014*	*Rs.9600 + S.T.*	*Rs.8100 + S.T.*	*Executives working in Aviation department of General Insurance companies*
20	*General Insurance Appraisal*	*8-11th Dec 2014*			*National Insurance Co. Ltd. only*
21	*Business Centre Heads*	*8-11th Dec 2014*			*National Insurance Co. Ltd. only*
22	*Management of Property Insurance - Engineering (Underwriting)*	*15-17th Dec 2014*	*Rs.9600 + S.T.*	*Rs.8100 + S.T.*	*Middle Level Executives in General Insurance companies*
23	*Leadership Programme for Women Executives*	*15-17th Dec 2014*			*National Insurance Co. Ltd. only*
24	*General Insurance Appraisal*	*15-18th Dec 2014*			*National Insurance Co. Ltd. only*
25	*Leadership Programme for Women Executives*	*22-24th Dec 2014*			*National Insurance Co. Ltd. only*
26	*Marketing Strategy for Branch Managers*	*22-24th Dec 2014*			*National Insurance Co. Ltd. only*
27	*C.I.E. Workshop*	*5-7th Jan 2015*	*Rs.9600 + S.T.*	*Rs.8100 + S.T.*	*Certified Insurance Executives of Corporate Agents as per IRDA Guidelines*
28	*25 hrs. Brokers Renewal of Licence training*	*5-8th Jan 2015*		*Rs.8200 + S.T.*	*Licensed Brokers due for renewal of their license as per IRDA Regulations*
29	*Protection Planning (Life Insurance)*	*5-6th Jan 2015*	*Rs.8000 + S.T.*	*Rs.7000 + S.T.*	*Life Insurance Agents*
30	*Certified Insurance Trainers*	*5-7th Jan 2015*	*Rs.12000 + S.T.*	*Rs.10500 + S.T.*	*Insurance Trainers in companies & ATIs*
31	*Health Insurance (for employees of TPA)*	*12-14th Jan 2015*	*Rs.9600 + S.T.*	*Rs.8100 + S.T.*	*Employees of TPAs*
32	*General Insurance - Liability Lines (International Programme)*	*19-24th Jan 2015*	*$325*		*International participants dealing in General Insurance Companies (Sponsorship only through GICRe)*
33	*Excellence in Management*	*19-23rd Jan 2015*			*National Insurance Co. Ltd. only*
34	*General Insurance Appraisal*	*27-30th Jan 2015*			*National Insurance Co. Ltd. only*
35	*Agency Management*	*2-4th Feb 2015*	*Rs.12000 + S.T.*	*Rs.10500 + S.T.*	*Middle Level Executives in General Insurance Companies*

36	*General Insurance Appraisal*	*2-5th Feb 2015*		*National Insurance Co. Ltd. only*
37	*General Insurance Appraisal*	*9-12th Feb 2015*		*National Insurance Co. Ltd. only*
38	*Reinsurance - Professional Level (International)*	*23-27th Feb 2015*	*S325*	*International Executives working in General Insurance Companies and looking after Re-insurance (Sponsorship only through GICRe)*

Associated Institute

Calicut Insurance Institute

Local Seminar on "Basics of General Insurance" was conducted on 9th August 2014 at Vijaya Hotel, Vatakara, Calicut. Mr . Manoj Kumar, Admn Officer, United India Insurance Co. Vatakara Branch and Sri K.P.Keerthi Kumar, Asstt Manager, United India Insurance Co. handled the seminar.

Different aspects of the Miscellaneous insurance, Personal accident Insurance, Mediclaim Poliocies and Health Policies were discussed. Mr T.K. Gopakumar, Calicut Insurance Institute proposed vote of thanks in the seminar. Total 44 participants attended the Seminar.

Indore Insurance Institute

A National Seminar was organized by Indore Insurance Institute on "Affordable and effective health insurance product for entire population of India" at Santosh Sabha-grah, Y. N. Road, Indore on 10th October, 2014. The seminar aimed at creating awareness regarding health insurance and to bring upon ideas regarding developing of new and better insurance products which can extend benefits to a major section of the population and at the same time the products are financially visible and affordable.

The key speakers in the seminar were as under:
Dr. C H Asrani, renowned Physician, Mumbai; Mr. P. Venugopal, Secretary-General, Insurance Institute of India; Dr. George Thomas, Professor, Insurance Institute of India; Mrs. Priya Bharat, Joint Director, IRDA; Dr. Hasmukh Gandhi (M.D.), Senior Resident Medical Officer, Charak Hospital, Indore; Dr. Ashmit Choudhary, (M.D. Medicine, D.M.)HOD (Deptt. Of Gastroenterology), Synergy Hospital, Indore.

The keynote address was given by III Secretary General Mr. P. Venugopal expressing the need of health insurance in present day situation and relevance of the topic in the current insurance scenario. He appreciated the efforts of Indore Insurance Institute in organizing the seminar. He spoke about the importance of research activities in the area of health insurance in collaboration with the leading educational institutions. He also

informed the audience about the Research wing of III, Mumbai which is constantly trying to contribute to the insurance sector through its analysis and projections of insurance trends and emerging areas of insurance.

Dr. Hasmukh Gandhi stated that there is need of Health Insurance having tie-ups with leading hospitals and an independent agency should periodically review the level of services of the hospital and rate them accordingly. He also stated that it is very important to prevent occurrence of frauds in health insurance sector so that the benefits can be extended to the real needy at affordable costs.

Mrs. Priya Bharat stated that health insurance is the fastest growing segment among the insurance sector. Government is trying to provide universal health facilities coverage for entire population of India and Health Insurance is a major financial mechanism in the implementation of the same. IRDA is having a multi-pronged approach in protecting policy holder's interests. It aims at developing products that are simple to understand.

Dr. C.H. Asrani emphasised on re-designing of existing insurance policies with an aim to make them more consumer friendly and effective in terms of coverage required looking to present scenario in Health care sector. He said that since the cost of health care facilities is increasing day by day so the insurance products should not only provide the reimbursement of hospitalization expenses but also towards prevention of major diseases and aiming at well being of the consumers. Further he stated that the doctors can play major role in popularizing health insurance products and creating awareness among people to avoid small claims and take advantage of accumulating the cumulative bonus.

Dr. George Thomas said that the health insurance products cannot be made affordable unless there is initiative taken to minimize the prevailing high claim ratio. He supported his views with relevant statistics also. He emphasized that the health insurance products should offer specific coverage based on the age-bands as well as on professions. There is a need for continue renovation in the health policies.

Dr. Ashmit Choudhary stated about various preventive measures to be adopted to minimize the occurrence of diseases which in turn would reduce the claim ratio in health insurance sector.

The program was attended in large nos by representatives from BAR Association, Doctors community, Retd. Insurance Professionals, Hospitals, TPA, Surveyors and industrialist apart from our regualr Associates and Fellow members. Mr M.S. Kumar, Ex-President, Indore Insurance Institute summarized the entire proceedings of the program. Mr. H.C. Katariya, Hon. Secretary, Indore Insurance Institute presented vote of thanks to the speakers and all the participants of the seminar.

Calicut Insurance Institute

Local Seminar on "Basics of Life Insurance and an introduction to General Insurance" was conducted on 13th and 14th October, 2014 in association with Govt.Vocational Higher Secondary School, Puthiyara, Kozhikode.

On the first day of seminar, the session was handled by Shri. Surendran on the topic of life insurance . On the second day of the programme , the session was handled by Sri Keerthi Kumar on the topic of Motor Insurance.

Total 57 participants attended the Seminar.

Karnal Insurance Institute

Karnal Insurance Institute successfully conducted National seminar with collaboration of KVA DAV College for women, Karnal on the title "Insurance Awareness and career in emerging trend of Insurance sector" on 17. 10. 2014. It was attended by more than 300 participants. In brief report of the same is given below:

- *Chief Guest – Sh. G. K. Ahuja Sr.Divisional Manager, National Insurance Co., New Delhi*
- *Guest of Honor - Mr. O.P Sharma, Retd Sr.Divisional Manager/Director ATI*
- *Life Insurance Sector & ULIP & MF Speaker – Sh. Parveen Kumar, Hony.Secretary, Manager, LIC of India, Sh.Vijay Mutreja A.O. LIC of India*
- *Insurance History and its Awareness and III Mission & Vision and its Courses/Qualifications structure etc - Sh.Rahul Verma, Chartered Insurer(UK), Council Member III, Branch Manager, National Insurance Company Limited, Gohana, Sonipat, Haryana*
- *Life Insurance Speaker– Sh. Vijay Mutreja, Administrative Officer,Life Ins.Corp.,Gohana,Sonipat*
- *Non-Life Insurance Speaker- Sh.B.S. Daunchak, Advocate, Dy.Manager cum Principal ATI NIC(Rtd)*
- *Claim Awareness & Grievance Management – Sh.Sunil Kumar, Claim-Head-Iffco-Tokio General Insurance Company, Ludhiana, Punjab*
- *Career Awareness in Insurance Sector and Professionally opportunities by professional Speaker – Sh. Surinder Singla, Chartered Accountant, ICAI Panipat Chapter, Faculty Member KII, Karnal & ICAI, Panipat*
- *Insurance Speaker's Coordinator -- Sh. Y.K Arora, Professional Surveyor and Faculty Member IISLA, Karnal*
- *Insurance Seminar's Arrangement Coordinator – Smt. Reena Basak , Executive Member Karnal Insurance Institute, Karnal*

At the end of National Seminar, Technical session was conducted in which queries were attended by the Chief Guest and Guest of Honor including panel speakers and Question answer session was organized that followed by awarding 20 Prizes (Package of III all information Leaflets - IRDA informative Booklet set, III Study Course Book) to participants. IRDA informative Material, provided by III was distributed to all the participants and it was very much appreciated by all, because of enhancement of their awareness. National Seminar also gathered good Media Coverage. In the concluding and vote of thanks session, College Dignitaries honored all the speakers and team of Karnal Insurance Institute with Memento.

Pondicherry Insurance Institute

Pondicherry Insurance Institute has taken classes for Staffs & Agents of Postal Dept. on Postal Life Insurance on 20.10.2014 & 21.10.2014 at Chennai.

Name of the Faculty	*Designation & Office*	*Subject Covered*
Mr. N. Ulaganathan	*Admn. Officer, New India*	*General Insurance*
Mr. T. Kangeyan	*Hga, Lic*	*Life Insurance*

Kottayam Insurance Institute

Kottayam Insurance Institute conducted an Insurance Awareness Programme on 21-10-2014 for the High School students of N S S High School Chingavanam. Smt. Sobhanakumari N C, Staff Secretary, delivered the welcome address. In her address, she explained the need for insurance in remote places like Chingavanam and congratulated the Kottayam Insurance Institute for conducting the awareness programme in their school.

In presidential address the Vice Chairman Sri. M.U.Thomas of Kottayam Insurance Institute explained the role of the Insurance Institute of India in conducting insurance awareness programmes and details about the professional examinations among students. Sri. Georgy Oommen, Manager (CRM), LIC of India, Divisional Office, Kottayam was the key speaker. He explained the concept of insurance with the help of a power point presentation. He also gave some practical assignments to the students relating to insurance and commitment to achieve their goals.

Printed materials supplied by Insurance Institute of India was handed over to the students. 400 students participated in the programme. Hon. Secretary, Council Member and other committee members were actively involved in the programme. Smt.M.R. Ushakumari, HSA, proposed vote of thanks. The school authorities were very enthusiastic about the programme informed that the students, especially those of classes IX and X benefited from the information imparted. As most of the students came from a rural backgrounds this was their first exposure to the field of insurance. Several children expressed their intention of considering Insurance as a career option.

Presidential Address

Sri. Georgy Oommen, Manager(CRM) interacting with students

Dignitaries on the Dais

Trivandrum Insurance Institute

An awareness programme on Insurance was organized by Trivandrum Insurance Institute on 23rd October, 2014 at Vocational Higher Secondary School for Girls, Thiruvallom. The whole afternoon sessions was made available to the Institute for conducting the programme. Smt . Sathy Devi, Principal of the school welcomed the representatives of the Institute. Smt.V Meenakshi, Hon. Secretary welcomed the gathering on behalf of the Institute.

Sri. K Sivarama Pillai, Vice Chairman gave a lecture on job opportunities in Insurance. He also explained the role of IRDA, the functions of Ombudsman etc.

Smt R Rajasree Sr Branch Manager, Direct Marketing in Life Insurance industry explained the elements of Life Insurance.

The Audio Visual Programme of IRDA was highly appreciated by the audience. Sri. N Vinod, Joint Secretary and Sri. Surendrababu spoke about the General Insurance industry in India.

The highly successful programme came to close with vote of thanks by Miss I Latha, Council Member of Insurance Institute of India.
The programme was attended by 115 students of Vocational Higher Secondary with commerce and insurance as optional subjects.

An Insurance awareness programme was organized by Trivandrum Insurance Institute on 24th October, 2014, afternoon at BNV Higher Secondary and Vocational Higher Secondary School. The programme was attended by about 60 students with commerce as optional subjects and teachers. Sri. Rajagopal, teacher welcomed the gathering and Smt. V Meenakshi, Hon. Secretary welcomed the gathering on behalf of the Institute. Sri K Sivarama Pillai , Vice Chairman , gave a lecture on career prospects in Insurance industry.He also dealt with the role of IRDA, Ombudsman and various Branches of Insurance.

The Audio Visual show, prepared by IRDA was well appreciated by the participants. Sri N Vinod, National Insurance Company spoke on general insurance. The programme was followed by a question answer session. The programme came to close with vote of thanks by Sri N Vinod, Hon. Joint Secretary.