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CONTENTS

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EDITORIAL

April 2018 marks the beginning of a new financial year. It also may portend an era of mergers and restructuring in insurance space. While in life insurance this may be occasioned by exits of some existing venture partners and re organizations of the companies, the general insurance business may soon witness the coming together of three PSUs (National Insurance Company Limited, Oriental Insurance Company Limited and United India Insurance Company Limited).

The plan to merge these companies into a single entity as a prelude to listing was announced by the Finance Minister in his budget speech. The new entity would emerge as the largest single player in terms of size and market share in India.

These mergers and acquisition are bound to significantly impact the fabric of the Indian insurance market. They would call for focus on organizational transformation to adapt to the new realities. The Mosbeth Ross Canter's famous epitaph of 'Elephants learning to dance' becomes significant here. Would the future see large organizations combining the strength they draw from scale and size of the small? Will these changes result in companies becoming more sensitive to customer concern? Only time will tell.

The future does not necessarily belongs to those who have acquired world scale. It would belong to those who are world class. Note that scale is not same as class. The latter is defined by the mindsets with which a company approaches the market. The battles of tomorrow will be among mindsets.

This issue being on an open theme, we have placed fifteen interesting articles for our readers.

The theme for the next issue is **'Insurance : Learning from Global Best Practices'**. We invite exciting and well researched articles which should reach us by 31st May, 2018.

Leveraging Technology to Drive Growth

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Technology Innovations can Expand Market Reach, Deliver Immersive Customer Experiences & Increase Customer Satisfaction

Digital technology is disrupting business models across the world. With modern life undergoing digitisation no aspect of our lives today remains untouched. We live through digital media to work, socialise, pay bills, buy groceries, access entertainment, express opinions and even (in some countries) fulfil our democratic duty by voting online.

In line with this evolution, the fin-tech ecosystem has taken Insurance Industry to a new level. Many insurers have already come a long way from the traditional way of doing business and are utilizing technology for Marketing (prospecting), Sales & Servicing.

What does the future hold for the country? The next wave of growth will ride on technology. Artificial intelligence (AI), machine learning, block chain and robotic process automation (RPA), Internet of Things (IoT) have significant potential to streamline insurance operations and enhance customer experience.

Connected Devices and the Potential it Holds

Of all the innovations happening in the technology space, IoT holds the maximum potential from both the customer & company's perspective.

Digital technology is disrupting business models across the world. With modern life undergoing digitisation no aspect of our lives today remains untouched. We live through digital media to work, socialise, pay bills, buy groceries, access entertainment, express opinions and even (in some countries) fulfil our democratic duty by voting online.

Insurers however need to seize the full potential of IoT and harvest the value it has in store. Essentially IoT uses massive data flow from an array of devices like automotive and in-home sensors, wearable gadgets, GPS, telematics devices, smart phones and other sources to identify new business opportunity, assess risks more efficiently and help insurers engage with policyholders proactively.

On the other hand, Customers will get personalised & customized solutions in the domain of Life, health, home and other general insurance solutions. Offering of customised coverage and premium would be possible by tracking down individual behaviour through smart connected devices thus making it possible for the customer to get a personalized solution. This would lead to significant unlocking of customer value since we would be moving away from generalized solutions.

India is witnessing the rollout of Digital India initiative to connect rural areas with high-speed internet networks and improve digital literacy so that every citizen is empowered to access a host of services with a broadband connection. As India's migration to digital platforms gathers pace, cutting-edge solutions will enable consumers to access top-end services on their smartphone's thus enlarging the market multiple times from the present.

Macros of Country

The dynamics of the evolving financial eco system are looking very positive. The integration of Aadhaar into the financial services is enabling companies to build a range of personalised services which would make it easy for the customer to access. Apart from this increasing tech-savvy millennial population, need for superior customer experiences, ease of payments and cheaper/faster alternatives being offered are driving the adoption of digital payments & platform. In a nut shell, the "joined up" financial system is enabling the Insurance Industry to offer end to end solutions which ride on technology thus ensuring that the vast domestic market of the country opens up.

It is ironic that India with a population of 1.3 billion and a GDP of 2.3 trillion dollars has life insurance penetration of about three per cent and general insurance penetration of less than one per cent. Insurance is a tool for protection against financial loss. It is a form of risk management and hence critical that insurance products and their value reaches out to maximum people. With technology aiding the customer reach; it is imperative that the market grows exponentially which as things look today seems to be a reality.

Bringing Executive Coaching to Indian Insurance Sector

Abstract

'Executive Coaching' is no longer a novelty, even on the Indian scene. For a senior executive, it yields multiple benefits across the dimensions of business acumen, organizational dynamics and psychological wellbeing. Some examples of such benefits are accelerating the developmental process, gaining a future-orientation, removal of individual blind spots which was inevitable even for a legendary genius like Newton, availability of a professional confidant with whom to bounce off dilemmas & challenges as well as potential business moves in a trustworthy environment, to name a few. Executive Coaching, as a partnering association between two individuals, aims to bring the best of several organizational intervention tools that have individual limitations, e.g. training has a fairly rigid agenda and lacks the privacy owing to multiple people in audience; consulting aids in solving pre-chosen major problems, that too, solely related to institution, not to an individual; mentoring is an asymmetric interaction with an influential senior; and counseling is averted due to stigma of psychological issues.

Coming to the continually changing insurance milieu, these days there are many formidable challenges faced by senior/ top executives in the Indian insurance sector. Some such worries, on the larger canvas, are: Growing pressure on averages, whereupon the entire insurance business rests,

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value chain disaggregation, managing business partners like third party administrators (TPA) & insurance marketing firms (IMF), sporadic natural calamities having aftereffects on insurance sector, schemes thumped by the government like PMSBY & PMJJBY, InsurTech – Automation, Analytics and Artificial Intelligence – that has promise of boosting the business, but also the pains of having to tame the giant called Information & Communication Technology (ICT), etc. In addition, there are some specific issues too, e.g. concerns of compliance with IRDAI, FinMin, etc., intricate issues of reinsurance, hard-pressing competition from counterparts, and finally, an apprehension of structural consolidation/ mergers, bothering top executives at corporate offices. In such testing times, insurance executives would find catalytic assistance in executive coaching, that would help in prioritizing and alleviating the bewildering mountain of chore.

Basics of Executive Coaching

Executive coaching – which was once viewed as a tool to help correct underperformance – has today assumed a much wider role in making effective leaders further their individual career and institutional contribution. Many companies use coaching to sharpen the skills of executives identified as future leaders. Coaching has evolved into the mainstream because there is a great demand in the workplace for immediate results, and coaching can help provide that by providing feedback and guidance. It develops leaders in the context of their current jobs, without removing them from their day-to-day responsibilities.[1]

As explained in Leadership Competencies Associated with Executive Coaching [2], Executive Coaching is a proactive, one-to-one, collaborative professional development process between a coach and an executive/ coachee. It generally works with existing and emerging leaders to help transform potential into performance and improve business operations. The coach uses a variety of methods to support the learning outcomes, including one-on-one feedback, and resources from numerous types of media like web-based, print, audio, and video. Executive coaching sessions are conducted onsite, via video conference, telephone, or online. Leaders have a special position in the changing milieu and their clarity of objectives, ability to bring the team round to that objective facilitates the desired change. Executive coaches can be a great help in such situations as they do have an insight of the change process. [3]

Development is an inside-out process inasmuch as the 'Being' comes before the 'Doing' and this is exactly where executive coaches meaningfully share this journey with the coachee. Needless to say, the coachee must have the zeal and initiative to start this mission. The coach thus is an invaluable aid to the client and in turn the organization that the client serves.[4]

James Flaherty aptly stresses the significance and value addition of the executive coach in three major points, viz. (a) A perpetual need of innovation felt by most of the businesses in the mainstay areas of products/ services and customer delight, (b) Hard problems of employee retention especially in the era of frequent process improvements and allied workforce reduction, (c) A dire need of cross-cultural interaction that has been fueled by the multinational operations entailed by globalization.[5]

Besides, the organizations face an unending task of heightening the performance that could be best brought from within, using the services of an executive coach rather than thumping the mandate externally.[6]

Organizations face certain problems with their executives, such as lack of motivation due to less awareness regarding their roles & responsibilities and also regarding the processes in the business. They feel less appreciated, ambiguous about their growth, ultimately leading to performance decline which is detrimental not only for the employees but also for the organization. Executive Coaching could be best described – as it is quoted in the handbook of executive coaching[7] – as a process adopted by organizations which takes care of employee motivation for work by guiding them suitably towards the organization's goals & also helping them fully understand their roles & responsibilities so that their skills & expertise can be properly channelized for individual as well as for the organization's goals.

The Coach

The coach hired by the organization for executive coaching must possess certain competencies which are prerequisites to be able to help the executive & ultimately for the organization. Aptly narrated in the handbook of coaching, the coach manifests the following:

- Psychological knowledge – The coach helps an executive in getting crystal clarity about congruency between individual perception and institutional expectation of their roles and responsibilities. Also, the coach is a right person to help an executive attain & maintain the delicate work-life balance that is essential for enhancing productivity.

The coach also takes care of behavioral issues as to how he/she treats, meets and gets along with other employees, thus ascertaining the executive's professionalism at work by tempering his personal traits/ problems.

- Business Acumen – The coach must possess business acumen, meaning an ability to, grasp what the organization's processes are? Where is that particular industry moving nationally & globally? What does the future hold? What are the fault lines within the organization & how to improve upon them? A coach, having an insight of that business segment/ walk of life goes a long way in helping his client.
- Organizational Dynamics – The modern matrix organizations – insurance companies included – go much beyond merely the straight lines and dotted lines of reporting, to include official channels like committees & cross-functional teams; demi-official meetings & conclaves; digital communication routes and a few more subtle ways that have perpetuated in the respective organizational culture. With his discernment, the coach can add value to the executive's efficacy in handling such multifarious channels.

The Coachee/ Executive/ Client

The executive undergoing coaching needs to have an open mind, a penchant for new learning exercises, faith and confidence in the coach. Besides, he should

- Explore changes in vision, values, and behaviors.
- Introspect about his own behavior affecting the systems in which he operates.
- Work in collaboration with his coach and provide him the organizational insight.
- Have a trust in his coach so that the learning process is smooth and swift.

Coaching Process in General

Executive coaching can help the coachee in several ways:

Firstly, coaching opens up a heart-to-heart dialogue – a basic human need. The coach can listen to his client executive with counselor's empathy without being judgmental. This vent then dovetails introspection on interoceptive emotional forces that influence thinking & beliefs, which in turn shape the behavior. After perusing the executive's daily routine as a confidant, improvisations could be made toward better utilization of time & other resources by adopting several techniques that the executive can learn from the coach.

Secondly, the coach can figure out, in a friendly yet firm manner, a blind spot, if any, in the coachee's thinking and help toward correction. Odd as it may seem; even the genius of Newton showed such a blind spot, by drilling two holes in his lab door for passage of his two pets.

Thirdly, using eclectic & discerning skills, a coach assists a coachee in setting & prioritizing multiple goals, in sensing any potential issues, in formulating exact problems and also in conjuring up creative options. The coach plays a reliable sounding board, too, to corroborate the schemes devised by the executive, if consented by the chemistry between the two of them.

Fourthly, a coach can hint at the areas for improvement in the inter-

> Development is an inside-out process in as much as the 'Being' comes before the 'Doing' and this is exactly where executive coaches meaningfully share this journey with the coachee. Needless to say, the coachee must have the zeal and initiative to start this mission. The coach thus is an invaluable aid to the client and in turn the organization that the client serves.

personal realm, trace causal etiological undercurrents, discuss preferred behavior and suggest some corrective exercises of mind-gym. He encourages the coachee to practice, to log the tasks, to gauge the progress, to refine further course and ultimately to reach the goal set.

Next, the coach can guide the executive in watching one's own self-talk, from a vantage stance and edit it, to ward off excessive emotions from straying along unhealthy tracks. This helps to identify early signs of perils like work-life imbalance thus offering a certain degree of mellowing that would otherwise come only with age.

In course, the coach can use apt meta-cognitive skills from his rich repertoire (like 360 degree feedback, feed forward, systems approach, six thinking hats, & more) to make the learning more experiential & convincing, so that solutions evolve from within and culminate into a lasting transformation. This andragogy – adult learning approach – gels well with the ancient proverb: Don't give them fish; Teach them to fish. It promises not only self-sufficiency but also prevents the coachee's dependence on the coach, once the project is accomplished; typically in a couple of calendar quarters. The coach generally proceeds with the discreetness of a diplomat, without throwing his weight. He thus upholds the self-respect of the coachee, reverence of others concerned & the coach's own self-esteem, without trivializing the goal set up by coachee. This Demeanor of balancing the man & his mission is a pleasure & passion of an executive coach. All this is articulated in a collaborative manner by the coach like a low-key catalyst; the main role and recognition obviously resting with the coachee.

Pertinence of Executive Coaching in Insurance Sector

As rightly put by Alvin Toffler, continuous learning, unlearning & relearning has become essential in this fast-paced business milieu; more so when it comes to insurance that has witnessed several phases of transformation - like nationalization of life insurance in 1956 and non-life in 1972, opening of private insurance companies by the turn of the century, automation that has been dramatically changing business processes and customer experience for the past two decades, entry of global operators making the scenario more vibrant, etc. Of late, there is another wave of automation with the impetus of robotics and artificial intelligence. Apart from technological transformation, the insurance function has been innovating its bouquet of products / services, too. Simple and easy as it may seem, to sketch this journey of a few decades in merely a few lines, in reality it has been quite a formidable reengineering of the processes and substantial alteration in the people's mindset.

Now let us turn toward some specific job roles in insurance sector where coaching would yield great results. It will be pertinent to mention here that the grass root level branch heads are kept off this discussion, as our focus is more on senior/ top management. First we deliberate upon the field authorities, next we turn toward the executives at the corporate office and finally, discuss about the top brass.

To start with, consider the position and plight of a generalist viz. a regional/ zonal head. As an authority in the field, he keeps on interacting with a motley of people within the office as well as outside. Typical insiders are the seniors in his corporate office, juniors in the regional office, visiting branch heads in the command area, whereas outsiders include valued customers, officials of state/ local government, inspectors/ auditors, social and influential figures in the locality, etc. Amid these meetings/ phone calls he also needs to devote time to think through a host of matters where the buck stops at his desk. With the vibrant and volatile changes in the insurance sector, many of these issues demand much more time, thereby down-scoping personal development. An executive coach in such cases can work as a friend, philosopher and guide of a regional/ zonal head, with the coaching confined to prioritization & efficacy boosting in the given set up of insurance, but obviously not denting in the mainstream insurance that is the forte of the coachee/ executive.

Next, we take a look at the executives who are heading some vertical/ function at corporate office of an insurance company. On one hand they have to attain and retain mastery over their respective portfolio, say investment, actuarial, reinsurance, underwriting, new product designing, planning, vigilance, etc. and also guide their juniors in those matters. Secondly, they have to ensure and establish the value add from their portfolio, e.g. new product design must keep the company at the forefront by outwitting the competitors and gaining the first-mover advantage by grabbing max business with the new scheme. Thirdly, in doing so many times they have to collaborate with the other verticals/ functions as a team player. Finally, they have to ensure that their portfolio is kept aligned with the prevalent strategies formulated by the chairman and the board for the prevalent season. These points all obviously translate into a dynamically changing scene with which the executive has to cope with, plus also to influence it with his prowess and clout. The executive coach – provided he comes from the BFSI segment – could offer several useful tips and tricks that would not be a direct piece of advice in insurance, but rather a few insightful suggestions that help streamline the coachee's thought process to bring out his best.

Lastly, let us switch the gears and head toward the top bosses i.e. the chairman, directors, general managers and presidents. Many times, the top brass finds extreme loneliness in the corner office. Odd though it may seem, their first and foremost need – not as a leader, but rather as a living person – is sharing his mind with someone. This is where the executive coach provides patient listening like a counselor with an utmost secrecy of the dialogue, like a trusted friend. In addition, the coach may make a context-based recommendation to rectify the selective/ partial perception, by gently pointing out a blind spot of the executive. The coach may indicate the desired approach to the topic, a new vantage that may change perspective, or a seemingly simplistic new practice which, if and when persistently adopted, has potential to enrich the bearing of the executive. Thus, the coach can use his insight, drawn from his BFSI experience and become instrumental in boosting the effectiveness of an executive without transgressing the line of demarcation.

> In course, the coach can use apt meta-cognitive skills from his rich repertoire (like 360 degree feedback, feed forward, systems approach, six thinking hats, & more) to make the learning more experiential & convincing, so that solutions evolve from within and culminate into a lasting transformation. This andragogy – adult learning approach – gels well with the ancient proverb: Don't give them fish; Teach them to fish.

Let me conclude with an interesting titbit. As a consultant, way back in 2004, I was contributing my two cents in some policy matter for a Mumbai-based non-life insurance giant; where I came across a funny-bone-tickling titbit from the insurance domain: Like other corporate entities, any insurance company has a large number of its own assets spread across its several offices pan India. Well, the property insurance cover is necessary, but who will undertake that risk? The owner company itself? That would be an utter logical fallacy! That's why an insurance company – for whom extending property insurance cover to others is its bread and butter – has to resort to some other insurance company for its own property insurance! Drawing a somewhat parallel, an executive – may it be from insurance or any other sector – needs to have outside professional help from Executive Coach; predominantly for a compelling reason, i.e. preventing a blind spot! Long live Insurance; Long live Coaching !! TJ

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Trends that Will Redefine the Consumption of Life Insurance

Abstract

Insurance has been a conventional product with customers who are over 30-35 years, married, having loans and dependents and the key drivers have been responsibilities and liabilities. With the changing social milieu, newer segments have evolved. New products/features /ways of selling and communication is needed to tap this segment.

Some of the trends that will influence the life insurance are - millennials and the concept of 'experiential living, the rental economy The emergence of Single parents through Divorced/ Adoption/Surrogacy and the concerns of these solo parents; Prevalence of Late marriages and late pregnancies and the fertility challenges associated with it and hence the need for reproductive insurance; Savvy and well off senior citizens having a high risk appetite post retirement as well; Changing trends in work place with the emergence of the start up culture, early retirement, gig economy and what all this means to insurers.

Keywords/Phrases

Changes in the social trends
New drivers for insurance
Rise of the new normal
Reproductive insurance
Changes in concept of work life

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It's said, you cannot paint the future with the same brush that was used to paint the past. Insurance has been a conventional product where the purchasers fall in a specific target group – people over 30-35 years, settled in life – married, having a home loan/car loans, dependents etc and the key drivers for the category has been responsibilities and liabilities. While this may still be true, with the changing social milieu, newer segments/clusters have evolved.

There is a need to acknowledge them and the potential of this segment needs to be tapped. This may be in terms of offering new products/ features and/or new ways of selling - distribution channels, sales pitches, mediums to reach this segment, communication etc.

Below are some of the emerging trends that will influence the life insurance business in the future

Changing Demographic Pattern

The Changing Youth

In previous generations, the concept of savings had been hard coded in their DNAs. Once they had their own earnings, apart from shouldering the family responsibility, saving their earnings for the rainy days came naturally to them. Many of today's discretionary expenses were not in the consideration set for the previous generations – travel/entertainment/fine dining to name a few.

With the rising need for instant gratification and hedonistic pleasures, the YOLO (You Only Live Once) generation have a very different mindset when it comes to money & its dimensions – Saving, Spending & Investment. This is not to say that the millennial don't save or invest.

In fact according to a Merrill Edge report, Millennials save 36 percent more than their counterparts, with more than one-third of them setting aside more than 20 percent of their salary per year. They're just more likely to save for short-term goals than ones that are decades away. Hence, investment in products like Bank RDs, SIP and even equity appeal to them.

Millennials have moved from 'owning' to 'renting' and from 'material possession' to 'enjoying experiences'. In fact this 'experiential living' is driving the aspirations of young & old alike. Insurers need to understand what risks these consumers face, predict their needs and how insurance will be relevant to their life. How would a conventional 'security for liability' approach offer any value to a set of people who are not accumulating liabilities?

Moreover Millennials are more educated; tech savvy and they thoroughly research before buying a product. Travel & global exposure is high among this group which has led to a demand for international standards of customer service expectations. Among other things, this means that the sales personnel have to be knowledgeable and need to be equipped to deal with complex queries. There has to be an appeal to the intellect of the customer and sales cannot not be just based on emotions.

According to the Merrill Edge report on Millennials, less than half had prioritized getting married (43 percent, a drop of almost 10 points from previous generations) and even fewer aimed to have children (36 percent, a drop of about 15 points). With Indian Millennials mirroring their global counter parts in most aspects, this trend would also start catching on.

Evolving Nature of The New 'Family Unit'

Emergence of Single Parents (Divorced/Adoption/Surrogacy)

When a 25 year old unwed Sushmita Sen (Former Miss Universe & Actor) adopted a girl child in 2000, it made front page news. 17 years down the line, Tushar Kapoor (Actor) & Karan Johar (Producer & Actor) also made news when they chose surrogacy as the way to parenthood. While these may be just few isolated instances where single people want to enjoy the joys of parenthood, a study conducted in July 2012, backed by the UN, put the surrogacy business at more than $400 million.

There is a rise in the number of single parents due to a rise in divorces. In a country where the divorce rate was just 1 in 1,000 ten years ago, it has now risen to 13 per 1,000 but this is still relatively low– as compared to the US average of 500 per 1,000. While India has no central or even state-wise registry of divorce data, family court officials say the number of divorce applications has doubled and even tripled in cities such as Mumbai, Delhi, Bengaluru and Lucknow over the past few years.

Earlier the normal thing was to get married and have kids but these single parents are redefining 'normal' by choosing to be parents through surrogacy and adoption. However, the joy of parenthood is also marred by higher concerns. Single parents would be more insecure as compared to those of the conventional family unit in terms of their ability to fulfil their role as a single parent.

Their concerns range from expenses involved in raising the child, to the financial impact of death/ critical illness;

the creation of an estate for the child, ensuring there is a guardian/ trust which would take care of the child's financial & other needs in the event of an unforeseen circumstance affecting the parent.

Late Marriages

One look at the metros & tier-2 cities reveals that gone are the days when people married, had kids & were "settled" in their 20s. There is a growing tribe of 30 something who are single & yet do not seem to be in a hurry to get married. With the societal acceptance around it, this is becoming the new normal. Getting old, fear of being alone and bio-clock do not seem to dictate marriages any more.

A direct fallout of late marriage are late pregnancies and the fertility challenges associated with it. In fact infertility has emerged as a prime concern among urban woman. In India, 13% of married women in the age group of 15-49 years were childless in 1981 and this figure increased to 16% in 2001. Insurers do not cover infertility since it's not a critical illness and infertility treatments are deemed not medically necessary. But for the affected family; the treatment is an imperative. Standard infertility drugs will cost anywhere from 1500 - 2500 per month, not including doctor's visits and various tests like ultrasound, hormone injections etc. An In vitro fertilisation (IVF) treatment

costs between Rs.2,00,000/- to Rs.4,00,000/-. Moreover, many couples need to undergo multiple rounds of IVF. Add to this, the out of pocket expenses and hidden costs that are associated, we would find that infertility has a major impact on a couple's finances.

While the likes of Bharatiya Mahila Bank, through general insurance major, New India Assurance had in the past offered insurance with schemes that would provide cover for treatment of infertility and maternity, it did not however, cover expenses like increased out of pocket expenses, reduction in income (Absenteeism/ Leaves, Setback in career).

But a benefit based plan that offers a guaranteed lump sum amount which gives the freedom to use the funds as per the insured person's needs would be a boon for the affected family.

While, with rising age, the fertility level goes down in women, unlike the ovary and eggs, a woman's uterus does not age and she can carry a baby in her 40s or even 50s. This has seen rise in the number of instances where women are having their eggs extracted, frozen and stored.

Many companies in the US provide egg-freezing as an employee benefit. Where competition for top tech talent is fierce, they have since hopped on the bandwagon-including Google, Uber, Yahoo, Netflix, Intel and eBay. Moreover, with the concept of 'freezing of eggs' becoming more acceptable or say normal, that is a trend on the rise even in India. However, egg freezing is not simple, it is a medically invasive process, and extraction costs amount to about Rs.1 lakh, with an additional storage cost of about Rs. 40,000 per year.

In this context, insurers would need to evaluate the concept of Reproductive insurance (Coverage for infertility treatment, IVF procedure, freezing eggs)

Rise of the Well-off Silver Shopper

The silver shoppers (Consumers over 55 years of age) are driving the growth across all retail categories. They have become savvier with their life experiences and want to be a part of every new trend. They are competing with the new generation on all turfs. As much as people talk about the power of youth (and rightly so), the fact is across categories – travel, education, wellness – the silver shoppers are the ones bringing in the 'Big Bucks'. If the numbers of 50+ people lapping up gizmos, taking to social media, hitting the gym, running marathons are anything to go by, the trend is here to stay.

In India, there was a time, when a child, mainly "the son" was the best retirement plan a parent had. However, the current crop of well heeled senior citizens are far from this thought process and believe in independence even in their post retirement phase. This has fuelled them in seeking good returns on investment and have become strong investors in the equity markets. Further, with increasing longevity, a long term affordable health care plan is emerging as a strong need for this segment.

Changing Trends in Work Space

Today, there are wider choices in education and vocation. With security associated with the typical MNC jobs/banking etc diminishing, a conventional job may no longer be the top priority.

On the one hand retrenchment on various accounts (like artificial intelligence) are on the rise, on the other hand, many people are looking to retire in their 40s. What it essentially translates is that people expect to be financially secure by then and would no longer want to work for money alone. They would want to pursue their passion, volunteer for causes and be engaged in activities that are more fulfilling. Some of these may be financially lucrative as well. However what distinguishes it is that the aim of the pursuit is not monetary gains but the true purpose of life. One could liken this to the 'Self Actualisation' phase on the Maslow's theory of hierarchy of needs.

The work life demarcation has become more fluid with people opting for sabbaticals while working full time and people working (gigs essentially) while travelling abroad during such sabbatical. The start-up culture is gaining social acceptance across the country. And this in turn has spawned a new age of entrepreneurs. Infact, IIT/IIM pass-outs are now leaving lucrative packages to form their own start-ups.

According to the Nasscom Startup Report, Nov 2017, India has seen an addition of over 1,000 startups this year alone, strengthening its position as the third largest startup ecosystem across the world. 20% of the startups emerged from tier II and III cities. This takes the total number of technology startups to nearly 5,200.

The old notion of retiring is becoming obsolete. We cannot ignore the implications of increased life and work-life expectancy. Advances in longevity & healthcare are ensuring that many of those who have retired from their jobs are gainfully occupied in a remunerative capacity, well into their 70s as well. While this was always true for the business class, the service class is also joining in on the trend.

In fact retirement is emerging as a phase when one can continue to create value and receive value for those things that you truly love to do, while establishing a balance with other personally fulfilling activities you may want to do more of.

These changes would impact the premium paying ability of the customers and pose a flexibility challenge to insurers.

The Way Ahead

While, the conventional 'fear factors' used to sell insurance have reduced, these would be replaced by newer threats & vulnerabilities which needs to be addressed like Super bugs/H1N1. Insurers would want a critical mass for scaleablity of its product offering, but till that happens, the industry will have to move to more personalised/ customised benefit solutions which can be bundled to address each individual's needs. Infact some of these segments may not be huge in terms of volume but insurers would have to tap them to unlock the value this segment could provide.

The way ahead would be to have a personal risk assessment (a higher form on the need analysis) to help understand the threats and vulnerabilities each individual faces and use insurance to hedge these risks better.

Going forward, customised and ultra niche products with innovative ways to structure the benefits would be the new normal. IJ

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Insured Old Age Homes

The Endings

Old Age Care was never an issue in the olden days. Those were the days when the economic units in society were all *'families'* – big or small.

Care of the aged in families was a part of the daily living chores of family members. This responsibility was shared by all the members of the family – as a sanctioned or a prescribed *duty* – severally and jointly.

The earlier years – may be till the dawn of the nineteenth century – made this need of the old not only a family's responsibility or a social one but also a traditional or religious mandate, by enshrining it as a responsibility in every religious book or scripture of every religious sect of the society – be it *Hindu, Christian* or *Islam* or the other.

Hindus deified mother and father – *Matru Devo Bhava, Pitru Devo Bhava* – by reminding, especially, the sons, that it is a *divine act* to *serve* them till their *end*. This dictum does not stop here. It added *"Acharya Devo Bhava"* – that the other elder, the *Guru* or teacher is also equalised with God.

There is an interesting quote here whose worth is great. It is an anecdote about the famous and legendary basket ball coach *John Robert Wooden.*

"The basketball coaching legend John Wooden told of visiting a star recruit. The young man was terribly rude to his parents. In the end, Wooden did not offer the young star a scholarship. His reasoning, "If he could not be respectful to his parents, then he most likely would not be respectful toward me as a coach…. (the teacher or the Guru.)"

There is a plethora of *Hindu* and other literature which reminds men about their need to take care of and *respect* their elders – which are redundant to quote here apart from what is said.

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The Quran also, almost, equates parents with *God*, by dictating that, *"Worship none but God; and be good to parents…"* Next to *God,* It talks about *parents*.

To quote the relevant text fully, from *Verse 83 of Chapter 2* of *Quran*, we have:

"Worship none but God; and be good to parents, and relatives, and orphans, and the needy; and speak nicely to people; and pray regularly, and give alms."

It further tells about *evicting own people from home*, in the next *Stanza 84*, which is noteworthy if understood to *mean the elders*, specifically.

"You shall not shed the blood of your own, nor shall you evict your own from your homes."

The other major religion – *Christianity* – also has such strict dictums.

In the *Bible Old Testament*, in *Exodus* and in *Chapter 20*, the *12th commandment* says:

"Honour thy father and thy mother: that thy days may be long upon the land which the LORD thy God giveth thee."

There are still more such commandments that stress the need of the young to care for their elder parents:

Exodus: 21:

15: And he that smiteth his father, or his mother, shall be surely put to death

17: And he that curseth his father, or his mother, shall surely be put to death.

There are several such dictums even in the *New Testament* also, and without quoting them, to avoid similitude and redundancy, we may just say that in almost *all* cultures of the world – even during the days of non-availability of social security networks, wise men insisted that *old parents* (and other elders in the family) *must* be taken care of by the children.

Whatever could have been the intentions of these different cultures and religions, one undercurrent and underlying aspect appears to be the maintenance of a certain level of social and economic harmony in those relevant societies.

Even before these written or admitted dictums, there had been certain traditions and customs – even – in the remotest primitive societies, like in *Aztec*, well-neigh systems of *"agreed"* covenants and bindings, suitable to their living bearing.

Though well defined religions and religious systems took form in the later civilizations, there were different types of *"Codes"* prevalent across societies, ensuring harmonious conditions in the societies and between groups in the societies, including the small units of families.

Most of these *Codes* were manmade as representatives of *Gods – Manu Smriti, Hammurabi Codes et al* – in the sense that while most of the *Scriptures* or the *religious scriptures* were divine and God given, like *the Vedas, the Bible, the Quran etc.*

However, the dates of these scriptures and codes are varied, in different cultures and at different stages of the developing civilizations, and they do not tally across the different parts of the world and between different cultures and civilizations.

The Beginnings

There is one argument that comes forth here, that, in those earlier days, the *whole family was a single economic unit* and either a bit of land that was tilled or a fleet of cattle that was reared or a river or a sea that was fished, by the families, were units of financial assets. In essence the *said financial assets* they held and used was the virtual *bread earner* and not *the individual*.

This state of affairs of the so called *joint family systems* having *physical assets as sources of income* (and not humans) made up the then social and economic ways of living and the safe-guards for *these systems* were either the *religious tenets* or the *regal codes*.

As societies developed into more cohesive, cooperative and cogent and well defined *civilized entities*, the contents of these aforesaid scriptures and codes were made into *enforceable legal enactments* by the ruling powers – in the present day context – the *States*.

Leaving aside the copious historical details of such statutes, we shall refer to one such enacted *Indian Law* – pertinent to the present topic – namely the *Maintenance and Welfare of Parents and Senior Citizens Act, 2007.*

Since inception of the *Law*, there had been many Court decisions, under the *Act*, in favour of the parents (and elders).

One such decision is mentioned below.

"Coming to the rescue of an old couple from Ludhiana, who were thrown out of the house by their only son and his wife, the Punjab and Haryana high court invoked the teachings of Guru Granth Sahib, Vedas and Hindu mythology to make the son realize his responsibility towards parents.

Justice Paramjeet Singh reminded the man about the importance of parents as mentioned in Vedas citing a proverb "Maatru Devo Bhava" (revere your mother as god) and "Pitro Devo Bhava" . The judge also referred to Ang (page) 1,200 of Guru Granth Sahib, in which a verse reads, "Kaahay poot jhagrat hao sang baap/ Jin kay janay badeeray tum hao tin sio jhagrat paap (O son, why do you argue with your father? It is a sin to argue with the one who fathered you and raised you)."

The details of the case are as under:

Ludhiana residents *Sukhwinder Kaur* and her husband *Manjit Singh* had two daughters and son *Sunny Kumar*, who graduated in law and married as per his wishes. After the marriage, the boy started living separately with his wife as his family's rented house was small. *Sukhwinder, 63*, continued to work with her husband and daughters and managed to buy a plot in *Shanker Colony* in *Ludhiana* on which she also constructed a house.

In *August 2014*, the boy forcibly entered the house with his wife and occupied and evicted the old parents and their daughters and threatened to implicate them in a false case as they were lawyers.

Thereafter, *Sukhwinder Kaur* approached the district magistrate-cum-deputy commissioner under the *Maintenance and Welfare of Parents and Senior Citizens Act, 2007,* after which the officer on *October 14, 2015*, asked *Sunny* to vacate the house of his parents.

The son had approached the High Court against the District Court's orders.

Dismissing his plea, the HC held that he appeared to be the troublemaker and had no right to forcibly enter the house against the wishes of his parents and gave the verdict with the above quoted *obiter dicta*.

Provisions of the Act

The *Act, inter alia,* provides solace to parents and elders, as under:

Under *Section 4* of *CHAPTER II – MAINTENANCE OF PARENTS AND SENIOR CITIZENS* – the *Act* provides that –

"4 (1) A senior citizen including a parent who is unable to maintain himself from his own earning or property owned by him, shall be entitled to make an application under section 5 in case of –

(i) parent or grand-parent, against one or more of his children not being a minor;

(ii) a childless senior citizen, against such of his relatives referred to in clause (g) of section 2

(2) The obligation of the children or relative, as the case may be, to maintain a senior citizen extends to the needs of such citizen so that senior citizen may lead a normal life.

(3) The obligation of the children to maintain his or her parent extends to the needs of such parent either father or mother or both, as the case may be, so that such parent may lead a normal life.

(4) Any person being a relative of a senior citizen and having sufficient means shall maintain such senior citizen provided he is in possession of the property of such senior citizen or he would inherit the property of such senior citizen;

Provided that where there are more than one relatives, who are entitled to inherit the property of a senior citizen, the maintenance shall be payable by such relative in the proportion in which they would inherit his property."

While the *Act* specifically provides for an *individual's responsibility* towards his parents, the *Act* also embodies the *State's responsibility* also in this regard of senior citizens.

Chapter III of the Act (Establishment of Old Age Homes) provides that it is the responsibility of every *State Government* to establish sufficient Old Age Homes, for *indigent* (destitute) senior citizens.

It can be seen that, in comparison and in proportion to the population, some of the small zones and states have greater number of old age homes. The reason could be the awareness levels available at those regions or the better understanding of the present and future socio-economic trends and needs.

"19 (1) The State Government may establish and maintain such number of old age homes at accessible places, as it may deem necessary, in a phased manner, beginning with at least one in each district to accommodate in such homes a minimum of one hundred fifty senior citizens who are indigent.

(2) The State Government may, prescribe a scheme for management of old age homes, including the standards and various types of services to be provided by them which are necessary for medical care and means of entertainment to the inhabitants of such homes.

Explanation – For the purposes of this section, "indigent" means any senior citizen who is not having sufficient means, as determined by the State Government from time to time to maintain himself."

The Present Scenario

The *Directory of Old Age Homes in India*, published by *HelpAge India* (*2009)* gives the list of old in India.

ZONE	STATE	NUMBER OF OLD AGE HOMES
SOUTH ZONE	ANDHRA PRADESH	114
	KARNATAKA	80
	KERALA	182
	PUDUCHERRY	3
	TAMIL NADU	251
TOTAL		630

ZONE	STATE	NUMBER OF OLD AGE HOMES
EAST ZONE	ASSAM	16
	BIHAR	1
	JHARKHAND	1
	MANIPUR	7
	MEGHALAYA	1
	ORISSA	38
	TRIPURA	6
	WEST BENGAL	6
TOTAL		164

ZONE	STATE	NUMBER OF OLD AGE HOMES
NORTH ZONE	CHANDIGARH	8
	CHATTISGARH	2
	DELHI	38
	HARYANA	12
	HIMACHAL PRADESH	6
	JAMMU & KASHMIR	5
	MADHYA PRADESH	16
	PUNJAB	31
	RAJASTHAN	12
	UTTAR PRADESH	28
	UTTARAKHAND	8
TOTAL		166

ZONE	STATE	NUMBER OF OLD AGE HOMES
WEST ZONE	GOA	25
	GUJARAT	77
	MAHARASHTRA	133
TOTAL		235

It appears from the data of the directory that many of them are not old age homes of the *State Governments* as envisaged by the *Act*, but most of them are established and run by charitable trusts and *NGOs*.
It can be seen that, in comparison and in proportion to the population, some of the small zones and states have greater number of old age homes. The reason could be the awareness levels available at those regions or the better understanding of the present and future socio-economic trends and needs.

Another important feature observed from the data of the directory is that most of the old age homes do not charge their inmates. Accommodation is free of any charges. It is so because, as seen, already a great number of the old age homes are run by *NGOs* on donations or *"charities"* or by religious societies.

This said feature or issue actually leads to the question of the *means of funding*. There could be a situation where due to the paucity of further funds, some of the homes may become *'uncomfortable'* for stay and of lesser *'quality'*, and the very purpose of the home may be derided.

Sources for Funding

Therefore in view of the poor state of affairs of the majority of the old age homes, this paper suggests a few sources for continuous funding.

One method could be to leverage the provisions of the *Act.* The *Act* directs each *State Government* to establish and maintain old age homes, in the long run one in each *District* of the *State.* This obligation on the part of the *State Government* can be fulfilled at least by regular funding - by way of prescribed *'aids'* – to the already established old age homes in its jurisdiction – with *stipulated registration with the Government* – in lieu of the *Act* directive.

> Various mega corporate houses may adopt region wise old age homes with donations in kind or cash under their Corporate Social Responsibility and social conscience causes with certain conditions laid down on the homes, for better control on their donations

These *aids* can be as per inmate of the home so as to make the system more pliable and understandable – and also on strict no profit basis. And these *aids* should be in addition and not to bar the regular existing funding methods of the homes.

This may give a leeway to the *State Governments* from their individual and *"personal"* obligation.

Secondly, the various mega Corporate Houses may adopt region wise old age homes with donations in kind or cash under their *Corporate Social Responsibility* and social conscience causes with certain conditions laid down on the homes, for better control on their donations.

Thirdly, we can aim at *betterment* of old age homes by assuring them that the inmates, when they enter, come *with assured payments (charges) from an insurer.*

The suggested scheme works as under.

Insured Old Age Homes

Whether intentional or unintentional, many a time it so happens that old parents get separated and stranded and uncared for by their children.

Leaving aside the legal provisions for a while, it is the financial provisions that matter at present and needs to be addressed – for a practical solution to the issue of old age care.

Parents who do not have children or single parents or unmarried persons are the people who are exposed more to the risk of uncared for life in old age. It is quite possible to anticipate such a situation by many people. It would have been in their knowledge while they are still in their earning span of life. For such people, they should plan for self funding with good-return-based investments which would buy a decent accommodation into any good old age home when they are old.

Life insurers can come handy here to serve this particular contingent need and make the necessary arrangements.

Life insurers can create suitable insurance products which can be purchased by people during their earning period (for their own selves or for their parents or elders) to provide for their *future* old age expenses – for accommodation (rent), food, clothing and medical expenses at any old age home in India.

In other words, these products are created and purchased to provide for today's needs to avail of tomorrow's contingent old age needs and these contingent needs, being the regular cash flow to purchase the old age home services at a later date – for either self (the policy holder himself and his spouse) or to any *named beneficiaries* (one or more) like the parents of the policy holder.

Further, the product should be able to make a provision for assignment of the policy to a named old age home, either at the beginning of the policy or at a later date, prior to maturity of the policy. There should also be a provision for reassignment to another old age home or changing of the named old age home – during the tenure of the policy but not later – to assure the intended purpose and purport of the product.

It may be noted that what has been suggested above is the *bare outline of the product – a life policy or an annuity policy or a pension policy* – and with the intention of the product clearly stated.

Greater details of the product have to be worked out and further developed, which lie beyond the purview of the present article.

The Economic Value of the Policy

The above suggested policy has manifold in-built utility values.

1. *This product provides assured old age security benefits well in advance creating a sense of peace of mind and confidence to face the old age blues.*
2. *Such an assurance policy will go a long way to ease the funding issues of existing old age homes and also encourage establishment of more number of old age homes across the country.*
3. *With assured cash flows from the assigned policies, the old age homes will improve their services both in quality and quantity.*
4. *Such a policy serves a great national cause by taking "care" of the bulging segment of the nation's senior citizens. As such, the Government also may encourage sale of these policies with a few sops.*

> Life insurers can create suitable insurance products which can be purchased by people during their earning period (for their own selves or for their parents or elders) to provide for their future old age expenses – for accommodation (rent), food, clothing and medical expenses at any old age home in India.

5. *Indian economy gets benefited as the effect and pressure of the ADR (the Age Dependent Ratio) on the economy gets reduced very considerably.*
6. *This policy can also help the State Governments to fulfill their obligations under the Maintenance and Welfare of Parents and Senior Citizens Act, 2007, either independently or as Public – Private Partnership Models – using the suggested insured old age homes scheme.*
7. *This policy can also help the younger generations to rid off the psychological or emotional guilt of their non-performance of their obligations as envisaged under the Act .*
8. *Above all, the prevalence of these policies will help create high levels of the much required social and economic harmony in the Indian society.*
9. *These policies can also be designed to include provision of health care, in case the insured old age homes convert into "insured old age hospices". This can be done by providing 'health care riders' or as two different policies – one for insured old age homes and the other for insured old age hospices.*

Conclusion

Labour mobility has been high over the past few decades, in India. The Younger generations are moving away from their elders to distant places. Many times, their financial and economic conditions compel them to live separately, especially where frequent shifts in jobs or places occur.

Wider urbanization of the lower middle classes across the country and the increase in higher educational acquisitions by the youth in the middle and upper middle classes, and increasing job opportunities abroad, have made this gap between and separation of the elders from the children wider and wider, year by year.

Apart from these socio-economic conditions, the demographic factors – like *increasing longevity and slower birth rates coupled with decreasing death rates* – also started adding greater dimensions to this issue of the growing old age security issues and problems in the country. This has even necessitated the enactment of the *Act* to safeguard the older generations, making it legally obligatory for the younger generations to look after the needs of their elders. But still it is questionable whether *natural obligations* can be guaranteed under a *statute* – like *natural rights.*

As a last word, we must admit that be it any reason or the other, the indigent old parents, neglected and uncared for by their children, are increasing in number in India, and they need urgent and immediate *assured* solace and console. It is believed that the suggestion of this article, of providing a specific- need-based policy will address to a great extent the required assurance and solution. IJ

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The Building Blocks of Future of the Insurance Industry

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Abstract

The Indian insurance is expected to grow to a size of USD 280 billion by the year 2020. The premium income for the life insurance segment reached USD 64.92 billion in FY17. The premium income for the general and health insurance segments reached USD 19.88 billion. This has increased the operational costs of both public and private companies. Due to the nature of the insurance industry, traditional cost-cutting measures may not be effective due to various stakeholders in the insurance industry. The Indian insurance industry has been introducing new products like catastrophe bonds in order to improve risk management. This paper aims to explore the use of the emerging technology, Blockchain, In order to reduce cost and improve risk management functions. The paper is going to focus primarily on blockchain technology and its potential to transform the industry through changes in data collection and dissemination of insurance related data. This primary focus on blockchain will be maintained when exploring the use of other emerging technologies like the Internet of things and AI in the process of augmenting the use of blockchain technology as a part of insuretech.

Keywords

Blockchain, Smart Contracts, insurance innovation, insuretech

What is Blockchain?

The blockchain is a public ledger which has a permanent record of all transactions within a network.

This network can be a centralised or decentralised network; however, blockchain is popular for its decentralised applications. This public ‘digital ledger’ is distributed among all the nodes in a network; ‘nodes’ is the term used to describe participants in a network.

Transactions are recorded in the public ledger in form of ‘blocks’ and these blocks are then joined together to form a blockchain. This technology can be applied to the insurance industry in the form of smart contracts. Smart contracts are digitally programmed and signed agreements. These smart contracts are programmed to enforce an agreement on the occurrence of certain negotiated events.

Challenges Faced by the Indian Insurance Companies

The Indian Insurance Industry as a whole has many major challenges. However, this paper is going to be limited to those challenges which can be potentially addressed by emerging technologies like blockchain.

- **Pricing:** In the non-life insurance segment, there are noticeable signs of price competition. After IRDA removed fixed tariffs for non-life insurance products, increased competition between companies has led to a low price situation. Whereas companies routinely depend on investment income to offset losses caused due to high loss ratio. This situation can prove to be detrimental to customers in the long run as quality is compromised in exchange for short-term gains.

- **Lack of Standardisation:** The Indian health insurance companies have a high claim ratio. This can be attributed to the previous challenge of pricing. Lack of standard pricing structure and collective bargaining capacity of certain large corporations have led to this high claim ratio. Lack of data regarding customers, customer requirement and the market scenario is also a major contributing factor to lack of standardisation.

- **High Dependency on Agency and Middlemen:** Companies utilise numerous distribution channels to distribute their products. One such channel is the agency channel. The share of agency channel in Life insurance segment is around 75% for public sector companies and around 44% in the private sector. In the non-life segment, the share of agency sales is around 31%. LIC, due to its business model has 98% of its distribution through agency channels. Due to the sheer size of LIC in the life insurance segment, the effective total distribution of life insurance products through the agency channels is close to 90%. This can lead to increased costs due to commissions paid. This also reduces the amount of control a company has over the advice received by the end customer before buying the product. This can lead to mis-selling of products which can cause the company to lose premium income in the future as the customer is highly likely to discontinue making premium payments and it can cause a loss of reputation for the company. In case of agency selling, the company does not have much control over the servicing provided to customers after the sale of the policy. In the current environment of increased competition, agents can be tempted to push products which pay a higher commission and this along with lack of control by the companies over the products can lead to a lot of problems like mis-selling for both customer and the company.

- **Servicing:** Servicing of customers refers to all those activities which are undertaken by insurance companies after the sale of the insurance products or policies. Servicing can be tangible like ensuring a smooth premium paying experience for the customer, ensuring that the customer receives all the legal documents concerning the policy bought by the customer or ensuring that a customer has a clear understanding about the various terms of the policy. Servicing can also be intangible like ensuring that the customer has a feeling of security that any future losses will be adequately indemnified by the insurance policy and creating an environment of trust.

- **Frauds:** According to a survey conducted by EY, the Indian insurance companies lose close to 8% of their revenue due to claims fraud and there are some surveys which suggest that frauds lead to losses of close to 15% in the health insurance sector.

- **Incomplete and Inaccurate Data:** The insurance companies depend on actuaries to calculate their pricing and rate making. Actuaries depend on statistical data for calculations. However, there is a lack of a reliable source of data and the available data can be inaccurate or completely falsified. There is a need for constant, reliable and verified sources of data which can be used by actuaries.

FIZZ: Flight Delay Insurance using Smart Contracts

AXA, the French insurance company launched a new flight insurance product called FIZZ.

FIZZ offers flight insurance policyholders automatic direct compensation in case of a delay in their flight.

When a flight delay insurance product is purchased on the FIZZ platform, the purchase is recorded on a blockchain, in form of a smart contract.

This smart contract is connected to the global air traffic databases. When a delay of more than two hours is detected the insurance pay-out is automatically activated.

This is a parametric product. This means that the payout is determined by the occurrence of an event or a parameter.

The smart contract decides the pay-out without any human intervention.

Potential Solutions Offered by Blockchain

Efficient functioning of the insurance industry revolves around the roles performed by many different parties. For example: A normal medical claim settlement process involves the insurance company which pays the indemnity amount, the insured party, the medical institution or medical service provider which has to provide the relevant documents for the claim and a third party administrator (TPA) which provides administrative services to handle the claim from the beginning to the end. Due to the numerous parties involved in this process, the average time taken for claim settlement in India is around 6 months.

The need for these intermediaries arises due to a lack of trust between the parties involved. This long process is designed in a way to ensure that frauds and false claims are minimised. However, this enormous process has led to numerous delays, inefficiency and costs for the company. The numerous incidences of reported fraud can be used as an indicator that this system is fulfilling its purpose. However, the high claim ratio (more than 100% in certain companies) and the need for companies to use their investment activities to offset their losses can be used as an indicator of unreported fraud.

The high claim ratio and loss ratios are also caused by the inaccurate pricing of the products which do not adequately reflect the risks involved. Calculation of risk requires numerous vast amounts of accurate data.

Most of the challenges arise due to the need to maintain trust. The second major cause of these challenges arises due to insurance operations process.

Blockchain provides a solution for most of these challenges by providing a system of a data record which can be accessed by all the parties involved without any discrepancy in the data; this system creates trust. This feature of the blockchain, when complemented by the programmable smart contracts, can be used to address the operational challenges.

Integrated Data Sources

The challenges of inaccurate data, pricing, fraud and servicing usually arises due to a lack of a good system of recording data which can be trusted by every party. Blockchain offers a system in which all the parties involved, upload their data on the blockchain. This data cannot be changed without the consensus of the parties involved in the blockchain. Even, when there is a change in data, this change is also recorded in the blockchain. This feature prevents frauds or manipulation. As the data is uploaded in an automated manner, the company actuaries can reliably depend on this data to accurately calculate the risk involved and

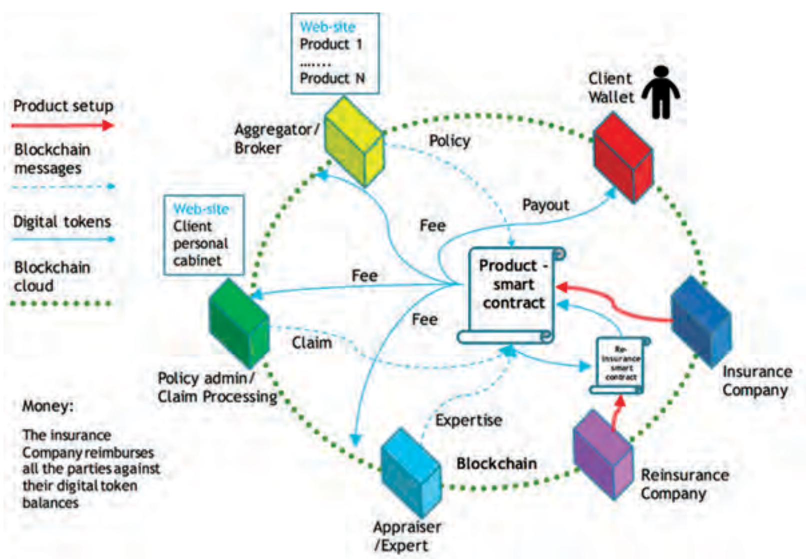

Diagram 1: Blockwise Distributed Insurance Model

recommend the appropriate price. This addresses the pricing challenges faced by the insurance industry. This also addresses the problem of high claim ratio, as all the risks are accurately calculated and priced into the product.

The illustrated diagram is a conceptual model devised by Blockwise. It is a company which provides blockchain based solutions.

The basic component of the blockwise model is the smart contract. These smart contracts help in automating the entire insurance claims process. All the parties are connected to a blockchain. The insurance product of the policyholder is added to the blockchain in the form of a smart contract. When a claim arises, all the parties in the blockchain have access to the smart contract and have access to the parameters which governs the pay-out. This allows easy verification of the claim and approves the pay-out. This whole process can be automated, which in turn can reduce the pay-out time.

> The blockchain is a public ledger which has a permanent record of all transactions within a network. This network can be a centralised or decentralised network; however, blockchain is popular for its decentralised applications. This public 'digital ledger' is distributed among all the nodes in a network; 'nodes' is the term used to describe participants in a network.
>
> Transactions are recorded in the public ledger in form of 'blocks' and these blocks are then joined together to form a blockchain.

Future Outlook and Conclusion

The blockchain technology provides superior security and accountability, which is an important requirement for the insurance industry. The most valuable commodity of the 21st century is data. The insurance industry due to the nature of its work is in a unique position due to its access to a large amount of data. As the amount of data available is increasing on a daily basis, its increasingly challenging for companies to collect, compile, manage, share and analyse the available data. Investment in blockchain is a prudent measure which can be undertaken by the insurance industry in order to be more efficient in the future. This investment can also be used by the industry to offer new products to its customers. The global professional services firm EY recommends that the insurance industry must make investments in the blockchain technology now in order to take advantage of efficiency and opportunities offered by the blockchain technology in the long term. IJ

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The Insurance Sector: Moving Towards A Digital Drive Post Demonetisation

Abstract

The demonetization initiative of the Government has been hailed both as a bold move as well as an ill-timed move; this article looks at how demonetization has affected the financial services sector – in particular the insurance sector. There were benefits to the insurance sector due to demonetization as well as demerits. This article looks at how the insurance sector can support the Indian government in their mission to develop a cashless, digital economy.

Demonetization resulted in a short time spurt in premium incomes. Life insurance, motor and health insurance segments received a boost during demonetization. Crop insurance premiums took a dip. However, the significant lesson that was learnt was that it is possible for the insurance sector to adopt digital strategy and support the government's mission of moving towards a cashless economy. As technological advances abound and consumer adaptability to newer technologies swells, it is the right time for insurance sector to go digital. This will enable the insurance sector to reduce operating costs, improve their margins, enhance their operational efficiencies and pass on benefits to customers. Customers can derive benefits like reduced premiums, wider and new forms of insurance covers, a large number of products to choose from the portfolio.

Keywords

Demonetization, life insurance, cashless, digital, technology, premiums

Introduction

The demonetization move by the Indian Government on 8th November 2016 managed to attract global attention and turned the spotlight on India. The Government set a time frame

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for exchanging old notes and limits for cash withdrawals from banks were established. Though there was inconvenience for the Indian population for a brief spell, it was expected that the situation would stabilize by the 2nd quarter of 2017. This article explores the impact of demonetization on the insurance sector. Though there were gains for the insurance sector due to this move, slump in certain industrial sectors adversely affected the prospects of the insurance sector. Digital payments are now being strongly encouraged by the Indian Government. Sooner or later, the Indian insurance sector must adapt itself so that payments in the industry (be it insurance premiums or claims) are digitally driven.

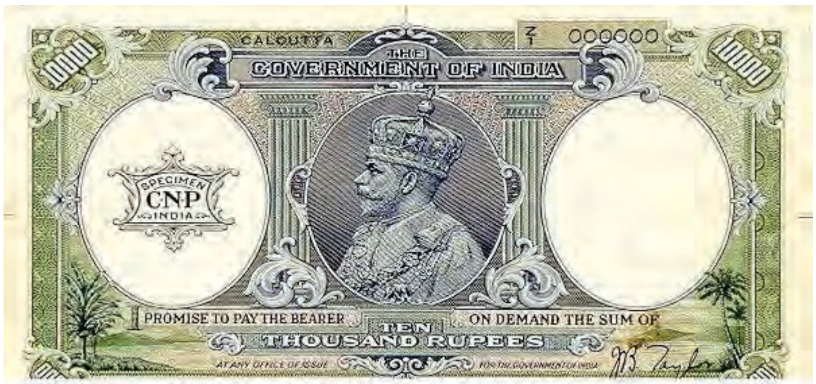
The main objectives of demonetization move were – elimination of fake currency usage, eliminate financing of terrorism activities and to drive the “Digital India” agenda. The intention was to propel India’s economy to a cashless economy. During the period when demonetization drive was in force, the insurance companies extended help to policyholders by extending the grace period for payment of premium and introducing extension counters with additional working hours. Premiums were accepted in cash. This helped citizens of India to deal with the difficulties that they expressed after demonetization was announced.

Demonetization

Demonetization is withdrawal of the already existing units of currency from being used as legal tender. It is often accompanied by the introduction of new units of currency to replace the demonetized currency. Though the primary aim of demonetization was to curb black money and dissuade usage of counterfeit notes that were used to fund terrorism, this move has also encouraged cashless payments by Indian citizens.

The History of Demonetization

In 1946, before India’s independence, a decision was taken to scrape off the Rs.5000 and Rs.10000 notes from existence. However, this move was only partially successful and the notes were reintroduced in 1954.



RBI Rs.10000 Note in, 1938

The next demonetization move was in 1978 when notes of denominations of Rs.5000 and Rs.10000 were abolished for good.

Positive Impact of Demonetization on Insurance Sector

Post demonetization when the government scrapped Rs 500 and Rs 1000 notes, cash carrying companies sought a higher insurance cover. These companies were expecting a spurt in liquidity and had ramped up storage facilities across India. These companies were also seeking to more than double their per-location insurance coverage - though this was said to be a temporary phenomenon.

Insurance covers are provided against theft to companies that manage cash and ATM machine functioning. Covers are also provided to banks so that theft or damage of ATM machines due to natural disasters can be covered. Smaller banks that were normally insuring for a sum of Rs.1 to 2 crores were now demanding covers as high as Rs. 20 crores. This is due to greater amount of cash being transported in the aftermath of demonetization. The situation was expected to stabilize only by April 2017 and therefore with more frequent cash replenishment requirements, demand for insurance would go up. Thus, from this aspect, demonetization has benefitted the insurance industry.

It is expected that the insurance market might expand as income at the bottom of the pyramid (individual and business) is expected to rise. Online channels and mobile channels are already becoming popular. Influence and contribution of Web aggregators will increase over agent force in long term.

A customer who otherwise would not have taken a policy for cover against theft or burglary in his home could have been motivated to seek such covers. However, as the demonetization move was a sudden one, it would have been difficult for the insurance sector to act with agility on the matter. Nevertheless, demonetization could have been effectively used to encourage customers to buy new insurance covers that they did not have.

Growth in Insurance Premiums as a Result of Demonetization

According to the monthly business figures for life insurance companies released by the Insurance Regulatory and Development Authority of India (Irdai), individual single-premiums collected in November 2016 —for all the life insurers—was Rs 6,692 crore; 507% more than the Rs1,103 crore collected in November 2015. Even on a month-on-month basis, the segment grew 170% from Rs 2,481 crore in October.

it as a temporary one. A lot of money that came into bank deposits found its way to insurance products as well. The growth of policies in January 2017 was seen more as an effort by consumers to save tax. Life insurance companies that had large driven distribution systems experienced a positive impact. According to the report released by RBI, premium in life insurance policies increased because of availability of single-premium policies where the amount had to be paid in lump sum.

Big increase in insurance premiums

Demonetization has led to more money into financial products, including insurance

	Premium collected (Rs crore)			MoM growth over October (%)	
	Nov 2015	Nov 2016	Growth Year-on-year (%)	Nov 2015	Nov 2016
Private sector	2,370.54	3,533.33	49.05	-14.24	-0.05
Individual single-premium	204.27	253.63	24.16	0.11	19.81
Individual non-single premium	1,554.44	2,205.50	41.88	-0.72	24.28
LIC	5,182.50	12,528.07	141.74	-34.79	65.46
Individual single-premium	898.78	6,438.22	616.33	8.39	183.65
Individual non-single premium	1,364.71	1,361.82	-0.21	-4.35	-9.86
Grand total	7,553.05	16,061.40	112.65	-29.49	44.61
Individual single-premium	1,103.05	6,691.85	506.67	6.75	169.68
Individual non-single premium	2,919.16	3,567.32	22.20	-2.45	8.58

Total premium also includes premium from group policies

Source: Irdai

The total first-year premium (regular plus single premium) has grown 113% year-on-year (y-o-y) and 45%, compared to October 2016. Though the industry on an average was growing at 28% month-on-month, in November, it grew over 40%.

The LIC of India saw a growth in single-premium business in November 2016. The corporation collected Rs. 6438 crores as premiums for individual single-premium plans compared to Rs 899 crores collected in November 2015.

Life insurance sector benefited due to demonetization. There was a sudden spike in the premium even though

Post demonetization, as bank interest rates on fixed deposits were reduced, agents influenced customers to park their funds in guaranteed insurance products that would deliver them better returns.

Adverse Impact of Demonetization on Insurance Sector

The Prime Minister Shri Narendra Modi announced on 8th November 2016 that high denomination notes of Rs 500 and Rs 1000 would not be valid anymore. Since then customers have been scurrying to banks to exchange their old notes for new notes of Rs 500 and Rs

2000. This step has been appreciated as a bold and transformational step that can have a positive impact on Indian economy. It is also expected to weed out counterfeit currency that is used by terror networks for nefarious activities.

However, this move has also presented its own set of challenges. With lesser cash in circulation, consumers were forced to curb their spending. Experts predicted that life and retirement products might see a slow-down in sales due to lower consumption behavior. Migration of cash transactions to electronic or mobile form is actually taking place. E-wallets are also replacing traditional modes of payment. Payment banks have been launched and services like Paytm are being lapped up by consumers.

Private insurers have often discouraged cash transactions. Even LIC has mandated that beyond a particular amount (Rs.50000 to be precise), cash payments for premium must bear the PAN number. However, unbanked customers in rural areas may find this a challenge. If it is too difficult to renew an insurance cover, they may simply abandon seeking insurance cover. This is not a good sign for the insurance industry. Crop insurance premiums suffered a dip from Rs.230.75 crores in November 2015 to Rs.193.55 crores in November 2016.

Milliman is an actuarial services company. The company said that due to reduction of interest rates in India, life insurance sector would be forced to re-price existing products and lower the bonuses on traditional plans.

New Motor Insurance Business: Since, new motor insurance business is directly related to the new car sales it has seen its impact accordingly. In A class cities mostly insurance companies were short of their targets by 12 to 15%. In B class cities where rotation of cash is more prominent a negative impact of 7 to 10% has been reported by almost all insurers. PSUs where business is significant from B and C class cities have seen an overall impact of around 12-15%.

Renewals-Motor: The impact in A class cities has been very limited as most of the insurers have performed at above 90% expected levels. Availability of e-payments and already being widely used are the reasons that renewals are not much affected in A class cities. B and C class cities have seen delayed renewals and the impact has been 20 to 22% on negative side.

Non-Motor Insurance: Health insurance has seen impact on new acquisition side and targets were short by as high as 25% in B and C class cities. A class cities have seen the impact of 15%. Renewals are not affected much due to nature of product.

Other Line of Business: Rural market has been line under impact and PSUs have suffered due to the same as seen in many products like agricultural, small ticket personal accident covers, cattle insurance and agriculture insurance have seen the impact.

In totality, the actual impact can be measured in next 2-3 months as there may be delayed purchase decision which may actually come into account once the situation becomes normal. Still, industry can't deny the impact of 15% impact on business across the cities and segments.

Impact of Demonetization on Health Care and Health Insurance in India

The National Sample Survey reveals that over 80% of Indian population is not covered by health insurance. A Forbes report stated that the per capita health care expenditure in India is about $60. This is trivial as compared to developed countries. USA spends over $ 8600. Over 90% of healthcare expenditure in India is out of pocket.

Moreover, the health insurance products primarily cater to the inpatient needs, i.e., patients admitted into the hospital, whereas over 60% of healthcare expenditure and majority of healthcare transactions are out patient. In case of insurance cover, the payment is done to the Hospital in cashless manner and to the insured via reimbursement.

In both the cases the instrument of transaction is NEFT or in certain cases cheque and there is no handholding of currency. Since the number of insured citizens is handful, the country did face an initial crisis during demonetization in situations wherein people did not have insurance or bank accounts. This need was well addressed to by the Government in accepting demonetized currency in Hospitals and pharmacies until 24th November 2016. Subsequent to this cut-off date, the sector, which was certainly affected, was the outpatient, wherein the Doctors and clinics were not equipped to handle digital transactions.

Since the medical facilities are cheaper compared to the other developed nations, India is a growing country in terms of medical tourism. In October 2015, India's medical tourism sector was estimated to be worth US$3 billion. It is projected to grow to $7–8 billion by 2020. These patients in super specialty hospitals have been caught in the crossfire of demonetization. The foreign nationals claim that the move has brought a catastrophic change since the Hospitals have refused to accept old currency. Being foreign nationals, they don't have an Indian account to exchange the old currency. However, this is a short-term chaos before setting the long-term order. The situation should ease out in the next quarter while the system is better equipped to handle digital transactions.

The healthcare system would go cashless. The payment industry is in a state of flux, owing to the socio, economic, political and demographic changes driving the market. The industry is witnessing innovations in value chain thereby making it more fragmented. Growth spurt in the adoption of digital payments, entry of non-traditional players, technological innovations and proliferation of immediate payments are largely driving the healthcare technology industry while attempting to create a 360-degree healthcare ecosystem. More e-commerce players like wallet providers; web aggregators and online retail portals are coming into the field of distributing health products and services.

Improved Insurance Penetration: In India, 47% of rural citizens and 37% of urban ones borrow money or sell assets to pay medical bills. Medical cost is one of the most common reasons for rural bankruptcy. One of the reasons for saving surplus currency in certain households was to cater to unforeseen medical emergencies. Thus, the under-penetrated health insurance sector already growing at a CAGR of 23% would receive a major push due to demonetization. Better the penetration, the more economical the cost of insurance for the end consumer. This will drive further growth of the insurance sector.

Better Reserves for Government to Spend: In India, the percentage of GDP expenditure on healthcare is 4%, which is shocking, since it is lesser than certain under developed countries. With more financial reserves at government's disposal due to digitization of payments and less hoarding of paper money, while the percentage expenditure on healthcare may not be altered, the overall quantum of the money spent would certainly increase. This would eventually lead to better quality Government healthcare services.

Overall, demonetization should not be considered in isolation. Now that the economy is cashless and people are learning and adapting the digital modes of payment, with Internet reaching every nook and corner of the country, India would witness a phenomenal movement in overall healthcare ecosystem, touching every citizen positively over time.

Managerial Implications

Today distribution channels for insurance are diverse. Insurers, like retailers, can benefit from adopting a multi channel strategy. Online, mobile, bancassurance and web aggregator channels can be effectively deployed.

Insurance experts have pointed out that it is important to make life insurance mandatory for every employed individual. Every Indian has a PAN card and an Adhar card today. To ensure that every Indian has a life insurance cover, the Government must join hands with the regulator and insurance sector to launch a scheme (say " Pradhan Mantri Jeevan Bheema Yojana"). At a nominal premium, every Indian can be covered for life. In fact, going a step forward, it should be mandatory for every individual to have this cover before seeking motor insurance or health insurance. A good beginning has been made with the Pradhan Mantri Jeevan Jyoti insurance scheme.

The growth in insurance premium as a result of demonetization provided a boost to the insurance sector even though the impact was temporary by nature.

Sr No	Description	November 2015	November 2016	Growth	% Growth
1	Growth in total premium	7533 crores	16061 crores	8528 crores	113%
2	Growth in individual single premium	1103 crores	6692 crores	5589 crores	506.7%
3	General Insurance	7103 crores	9162.81 crores	2059.81 crores	29%
4	Health Insurance	286.42 crores	401 crores	114.58 crores	40%

Source: https://www.pressreader.com/india/business-standard/20170222/282278140099211

Availing of insurance (at least life) must not be made an option. It is true that insurance is a matter of solicitation. But times are changing. Stress levels on the job are increasing. If the earning member of a family passes away it causes great hardship to his family if they are uninsured. So the Government should promote life insurance in a big way.

Demonetization has now paved the path for a digital India. Payments can now be made through a variety of options. The national insurance companies took steps to make it easier for their customers. For example, LIC extended its grace period for customers to pay premiums of several policies without any penal fee for a period of 20 days after the scheme was introduced. This gave people breathing space to make cash transactions.

Demonetization has presented an excellent opportunity for insurance companies to embrace the philosophy of digital India. Payment of Insurance premiums must be made possible through payment banks, debit and credit cards, e-wallets and online transactions. In addition, branches of insurance companies can have cheque depositing machines that can generate an automated receipt for the premium. On realization of the cheque, the customer can be emailed a copy of the premium receipt.

The effects of demonetization can be classified as short term and long term. In the short term, more insurance covers would have been sought by cash carrying companies but as the uncertainty wanes off and things stabilize, this trend may get diminished. In the long term, the insurance sector's prospects can brighten as those industries that were affected by demonetization limp back to normalcy after a lull in their business prospects.

The other long term impact of demonetization is the fact that insurers have to now be ready to completely switch over to the digital mode. Claim payments are being made through cheque or NEFT transfers. However, insurance premium payments are still accepted in cash. It is high time that the mode for payment of insurance premiums completely switches to a digital mode.

The insurers must carefully assess the risks involved in moving towards a cashless regime and plan actions to mitigate any security risks that may arise from such a move. The customer concerns and anxieties in moving towards a digital payment mode must be addressed so that penetration of insurance can improve.

If automated teller machines can disburse cash 24 x 7, then setting up premium payment kiosks at strategic locations near insurance office branches will help ease the burden on the customer. The kiosks can generate automated receipts.

While we are talking about the growing influence and power of the Internet, we must not exclude the large rural population who may not have access to Internet like their urban counterparts. However, mobile phones have penetrated rural India and so this must be taken advantage of. Payment options of insurance premiums through mobile phones must become a reality now. This will however need a great deal of effort by insurers to educate the insured public in rural areas. Providing the services of a "sanchalak" or "advisors" in rural areas can help facilitate payment of premiums and disbursal of claims on time.

Conclusion

Demonetization is expected to shift the country towards a more formal economy. This will result in benefits flowing to all sectors with greater tax compliance. Asset classes like real estate and bullion are considered as security for one's family. Insurance policies and long term investment products have never got the attention that they deserved.

After demonetization, a shift in consumer behavior can be expected. Investors are now reconsidering their financial decisions and switching to channels like mutual funds and insurance. This presents a great opportunity for insurance companies to take advantage of this shift in spending patterns, evolving consumer behavior and the digital euphoria in India to increase insurance penetration and tap the market potential. Thus, demonetization is expected to have a positive impact not only on insurance products but also on insurance-linked investment products.

The banks slush with liquidity in the system were able to sell more of third party insurance products. Nearly Rs. 12.44 trillion entered the organized insurance system. The government's plans to enforce a cashless economy and people downloading e-wallet and e-payment apps on their smart phones are expected to boost the prospects of the insurance sector.

India's life insurance market is valued at $60 billion and it is growing 12% each year. General insurance market is valued at $ 11.44 billion and this sector is growing 17% year on year. Digital move will reduce operating costs and customers can get better discounts and better portfolio of insurance products. More customers prefer to pay premium online rather than pay cash to agents. Cashless settlement by hospitals is being promoted as part of the digital drive.

Insurance services can be extended to more number of people through active Jan Dhan accounts. This can increase insurance penetration in India. Digital push, changing demographics (65% of population aged below 30 years), increased internet penetration through mobile phones (expected to reach 700 million by 2020), consumers becoming more adaptable to technology – all these are signs of game changer.

The right time for the insurance industry to go digital is now. TJ

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Clearing the 'Mental' Block

Now is the time that the whole world is closely observing India's progress with great interest. Be it for economic reasons, socio-political causes or technological advancement, India is now the favourite destination for the entire world. The country is making large strides on various fronts thereby showcasing its potential to emerge as one of the super powers in the near future.

Development in healthcare industry is one such noticeable achievement wherein India has now risen to the level of promoting medical tourism, encouraging foreign nationals to come to India for their medical treatment. Advancement in technology, availability of skilled personnel and abundance of world class treatment options have been possible with the opening up of healthcare industry to private players. However, amidst all the glory, there hides a medical department which has always been undermined: The Department of Mental Health.

Mental illness, as such, is not a topic which is openly discussed even today. Although many agree that this is an issue that needs to be addressed, sweeping it under the rug seems a more feasible option than visiting a psychiatrist or psychologist at the risk of being labelled as "mad". It is quite common to see people taking their children to faith-healers and temples rather than to hospitals and doctors; more so in cases when the issue is related to mental health. This practice is not confined to backward areas of rural India but exists in the urban areas as well.

Mental health is an integral and essential component of health. The World Health Organisation (WHO) constitution states: "Health is a state of complete physical, mental and social well-being and not merely the

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absence of disease or infirmity." An important implication of this definition is that mental health is more than just the absence of mental disorders or disabilities. It is a state of well-being in which an individual realizes his or her own abilities, can cope with the normal stresses of life, can work productively and is able to make a contribution to his or her community. On this basis, the promotion, protection and restoration of mental health can be regarded as a vital concern of individuals, communities and societies throughout the world.

Mental illness is any disease or condition that influences the way a person thinks, feels, behaves and/or relates to others and to his or her surroundings. Although the symptoms of mental illness can range from mild to severe and are different depending on the type of mental illness, a person with an untreated mental illness often is unable to cope with life's daily routines and demands.

The Diagnostic and Statistical Manual of Mental Disorders (DSM) is the American Psychiatric Association's standard reference for psychiatry which includes over 450 different definitions of mental disorders. The International Statistical Classification of Diseases and Related Health Problems (ICD) is published by the World Health Organization and it contains a section on psychological and behavioural disorders. The diagnostic criteria and information in the DSM and ICD are revised and updated with each new version. A study conducted by the National Commission on Macroeconomics and Health in 2005 reported that nearly 5% of India's population suffer from common mental disorders such as anxiety and depression. The World Health Organisation report in 2011 specified that one out of seven people in India i.e., 15 per cent of India's population were depressed and in 2015, one out of five people in India i.e., 20 per cent of Indian population were stated to be depressed. This implies an alarming increase in rates of depression by five per cent of the population in just a four years' time span, raising severe concerns.

Some of the more common disorders prevalent in the Indian context are depression, bipolar disorder, dementia, schizophrenia and anxiety disorders. Symptoms for these may include changes in mood, personality, personal habits and/or social withdrawal. Inspite of frequent incidents of suicide and stress-related violence, mental and emotional healthcare is heavily stigmatised by society. The fear of being ridiculed, or the absence of options, has today led India to being ranked 122nd out of 155 countries (positioned behind a majority of SAARC nations) on the World Happiness Report 2017 as released by United Nations Sustainable Development Solutions Network on 20th March 2017. While India boasts of its large population in the age group of 20 - 59 years of age, there is an alarming fact revealed by WHO report that suicide is the third largest cause of death among the 15 – 35 year olds in the country, an age group accounting for ~50 per cent of India, as against a world average of 32 per cent !

With such a large target group to cater to and the dismally low levels of awareness about mental disorders, the Government of India took up the task of providing mental healthcare in a phased manner from the early 80's. The challenge remains that the patients need continuous treatment and regular follow-up attention but there is a severe dearth of skilled manpower and necessary infrastructure and technology to meet the requirements.

The National Mental Health Programme, started in 1982, was the first dedicated move by the Government of India to tackle this issue. The Five year plans implemented by the Planning Commission of India for various developmental activities gave an impetus to the cause by identifying areas such as ensuring the availability and accessibility of minimum healthcare for all, to encourage mental health knowledge and skills in general healthcare and to promote community participation in mental health service development. The efforts broadly included modernisation of mental hospitals, implementation of government initiatives through District Mental Health Programmes, and encouraging research and training in mental health for improving service delivery. The role of NGOs and Public-Private Partnership for the implementation of the above mentioned initiatives was encouraged, for improving the efficiency of the programmes.

The World Health Report, released by the W.H.O. in 2001, reported that 67% of countries in South-Asia have mental health legislation and rest of the 33% have no such law. Mental healthcare in India over the last 25 years has seen an intense period of growth and innovation. A lot of legislation has been carried out by the various Governments. right from the period of attaining independence, to address the issue of Mental Healthcare in India. The Indian Lunacy Act of 1912, which was the first law on the captioned subject, was superseded by the Mental Health Act, 1987 as the former was considered an inappropriate act for the mentally ill. The enactment of 'The Persons with Disabilities Act 1995' focussed on the equal opportunities, protection of rights and full participation of disabled persons. However, the efforts made by the Government in tackling the ever increasing problems related to safeguarding the rights of mentally ill persons remained inadequate.

The passing of the Mental Healthcare Bill, 2016 by the Honourable Rajya Sabha, on the 8th of August, 2016 is being regarded as a very significant step taken by the Indian Government in providing a holistic approach to address the deficiencies that the earlier legislations were marred with.

The Bill, once enacted, shall repeal the existing Mental Health Act, 1987, which is vastly different in letter and spirit. The Act of 1987 had been widely criticised for proving to be inadequate to protect the rights of mentally ill persons. The Bill also lays down certain parameters for determination of mental illness, seeking to use nationally and internationally accepted medical standards, especially the standards adopted by World Health Organisation. The Bill also seeks to preclude irrelevant factors in the determination of mental illness. It provides every person, except a minor, with a right to make an Advance Directive, specifying the way the person wishes to be cared for and treated for a mental illness and also to appoint a nominated representative, who is entrusted with the task of protecting the interests of the person suffering from mental illness.

The Bill adopts a rights-based approach for the first time in the mental health legislation of India by creating a rights-based framework for mentally ill persons. This is a remarkable difference from the Act of 1987, which provided only general protections against indignant or cruel treatment, Chapter V of the present Bill operates as a charter of rights for persons with mental illness, consolidating and safeguarding the basic human rights of these individuals. The Bill guarantees every person the right to access mental health care and treatment from mental health services run or funded by the government. This right is meant to ensure that mental health services of good quality be widely accessible and are provided without discrimination at an affordable cost. The Bill also recognises the right to community living; the right to live with dignity; protection from cruel, inhuman or degrading treatment; treatment equal to persons with physical illness; right to relevant information concerning treatment, other rights and recourses; right to confidentiality; right to access their basic medical records; right to personal contacts and communication; right to legal aid; recourse against deficiencies in provision of care, treatment and services.

The Indian Insurance industry has a direct correlation with this legislation as the Bill explicitly focuses on the Right to equality and non-discrimination and specifies that every insurer is bound to make provision for medical insurance for treatment of mental illness on the same basis as is available for treatment of physical illness. Once the Bill gets passed and becomes an Act, the Insurance industry would experience a serious challenge in not just offering an apt coverage to the target group but also settle the claims in a rational, objective and just manner. The legislation provides for treating of claims arising out of mental illness claims with the same efficacy as those arising due to physically illness.

This is the biggest challenge the industry would face and it is not limited to just insurers but all the stake holders including Third Party Administrators, Claims investigators and Intermediaries as well. For dealing with the aspects of physical illnesses and their coverage requirements, there are several qualified medical practitioners working in various capacities in the insurance industry. Attaining and maintaining similar servicing standards for managing the insurance of mental illness is bound to be quite a humongous task – the basic reason being dearth of qualified psychiatrists and psychologists in the country.

> This is the biggest challenge the industry would face and it is not limited to just insurers but all the stake holders including Third Party Administrators, Claims investigators and Intermediaries as well. For dealing with the aspects of physical illnesses and their coverage requirements, there are several qualified medical practitioners working in various capacities in the insurance industry.

The seriousness of the situation can be understood from a reply given by the Ministry of Health and Family Welfare in the Lok Sabha in December 2015 that there are 3,800 psychiatrists, 898 clinical psychologists, 850 psychiatric social workers and 1,500 psychiatric nurses nationwide. This implies that there were three psychiatrists per million people, according to data from the WHO, 18 times fewer than the Commonwealth norm of 5.6 psychiatrists per 100,000 people. It needs to be carefully analysed how the insurance industry can cope with such a scarcity where the core medical domain itself does not have sufficient skilled manpower.

The only hope for the insurance industry to tackle this issue of scarcity of skilled medical specialists is to rely on the international practices being implemented by insurance companies across the world, more so in the areas such as designing of proper coverages and apt policy wordings as also setting up a seamless claims handling procedure in place. The fact that most of the insurers in India have global players as their Joint Venture partners makes it possible to incorporate international practices customised to suit the Indian context and requirements. Premium rating would also pose a challenge as the actuarial data related to incidence and cost of treatment for mental illnesses in India is very limited as there was no systematic collation of data on the subject in the past for this stigmatised field of medicine.

The health insurance schemes in India typically exclude coverage for "any mental illness, psychosomatic dysfunction, or problems connected to psychiatric conditions." Interestingly, the non-coverage of mental services in the health insurance in India has always remained a glaring exception. Though there is no scientific or logical rationale to exclude mental illness from the realm of health insurance, the exclusion remained in the policies. Furthermore, a number of other related exclusions in the contract, such as exclusion of self-inflicted injury make it difficult to expand health insurance for these consequences of mental conditions.

It is important at this juncture to focus on how the global insurance markets tackle this risk profile. The non-life insurers offer coverage to mental illness that arises due to sickness or accident. A victim of an accident or a traumatic sickness many a times undergoes severe mental stress leading to psychiatric disorders. The coverage takes care of hospitalisation and treatment expenses as is applicable to any other physical illness claim. However, the imposing of conditions such as waiting period for new policy holders, capping on day-care and OPD procedures, copayment options, capping on lifetime limit and so on may vary from insurer to insurer. The same practices may be implemented by the Indian insurers by suitable customisation of the product features.

The exclusion of coverage for suicide related claims for the first year of the policy period is a prevalent practice among life insurers in India. The exclusion clause operates similar to the waiting period clause imposed by non-life insurers.

However, the criticality of mental well being has long been undermined by both non-life as also life insurers. None of the Critical insurance policies specifies mental infirmity or its related sicknesses in their list of critical illnesses. The treatment of mental illness may stretch over a longer duration of time due to which many families suffer under financial burden and debt while taking care of treatment of their beloveds. A critical illness policy to address such a requirement will be a great boon for those affected.

There are several positive implications consequent to the inclusion of mental illnesses in health insurance. It is understandably not easy to realize universal coverage of mental health care in a short period, but ensuring health insurance coverage for mental illnesses is an important step in the right direction. India has a vast geographical spread with varied levels of economic and health development, and the dependence on Government agencies alone can never meet the growing requirements adequately.

Insurance Industry has always been innovating and evolving to cover the newly emerging risks. Perils like HIV AIDS, War, Terrorism, Tsunami and many more which were hitherto considered uninsurable are now being covered by insurance policies, though for a sustainable premium cost and at determined terms. Mental illness is a risk which needs serious attention to establish a foolproof mechanism not only for crafting effective cover but also to efficiently handle the claims processing. It is not just about implementing legislation but helping someone to lead a better life. As India is ensuring universal access to health care, it is a welcome step indeed that insurance parity shall be ensured henceforth, which will enhance the access, affordability and coverage of mental health services. Mental health insurance will facilitate medical care for the mentally ill and improve their outcomes, benefitting the society in the long-term.

All it requires is clearing the mental block and rising to the occasion thereby contributing to a healthier social fabric of the nation at large!!! TJ

Technology to Drive Operational Efficiency in Insurance Sector

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Abstract

Today, insurers around the world face a common challenge to grow the business while remain profitable. Uncertain economic conditions, regulatory pressure, operational inefficiencies, and the need for improved technology that add value in terms of customer experience, improve transparency and risk management. For all classes of insurance business to remain viable in the era of complex regulatory mandates and health care exchanges, they must review all the other areas of plans to seek efficiency improvements and optimize processes to drive down costs. Well it is no longer an option to sit on the sidelines. Insurance companies must automate and streamline to succeed.

Keywords

Financial market, Technology, Operational efficiency, Insurance, TAT, Cost, Risk management, MCRM, KPO'S, Data Analytics

Introduction

The process where in insurance companies drive down the operational cost associated at the time of issuance of the policy till the claims settlement stage by optimally utilising the limited resources (i.e. time, money and people) which would result in increased efficiency, profitability and ensuring the high quality of services by eliminating the leakage in delivering optimal efficiency. Current throat-cut competition in the market leads all the insurance companies to look back their operational expenses to sustain while remain profitable. The trends now have been changed that the customer is demanding for best services. To come up with customer expectation thus cutting unnecessary expenses that adds value of the financial health of insurance companies. This paper sheds some light on the various models and its implication as well as suggestions on how insurance companies effectively drives their operational efficiency. Frauds are the drivers that influence the overall expected growth in terms of profitability that result in operational failure. Through technology it facilitates the insurance companies to deal with the problems and provides solution to the same.

Operational efficiency is the capability of an enterprise to reduce the unwelcome and boost asset abilities in order to convey quality items and administrations to clients. A hierarchical operational efficiency relies upon factors like skill full and capable laborers, appropriate innovative movement, legitimate acquirement complete, come back to size of the organizations, store network controlling among numerous others. Moderately, more productive firms have a tendency to keep up greater steadiness levels as far as yield and working execution contrasted with their other industry peers (Mills and Schumann, 1985).

Figure1: Ways to achieve operational efficiency

Literature Review

Yates Jo Anne (1999) inspected the early selection and utilization of computers by life insurance companies in 1950's utilizing Anthony Giddens Structuration Hypothesis as hypothetical focal point. It knew how pre computer punched card classifying technology was utilized as a part of insurance operations and utilization of computers in early computer period. A large portion of the circumstances, it prompts expect the fortification of existing structures. It is likewise useful in understanding the new ways and inventive employments of computer technology in insurance.

The term "efficiency" is seen in both the mechanical association and key administration gathered fills in as the result of firm-particular factors, for example, administration aptitudes, development, cost control and piece of the overall industry as determinants of current firm execution and its soundness. As per Kalluru and Bhat (2009).

Operational Efficiency in Insurance Sector: - The Problem

Indian Insurance industry faces major problems in terms of underwriting losses, high claim ratio, frauds, mis-selling of the insurance products that can increase the number of cancellations resulting into unnecessary expenditure for the company. Insurers now seek efficiency improvements and optimize processes to drive down operational cost. Over and above the challenge is to grow the business while still remaining profitable. Uncertain economic conditions, regulatory pressures, operational inefficiencies, and of course the need for improvement in transparency and risk management adds to the complexity in this task. In this highly competitive market, especially in Indian context the practice of discounting of premium rates carried out by general insurers reduce the profit margins hence making it difficult for other insurers to deviate from standard practices and be innovative.

Why'' Technology'' to Drive Operational Efficiency

As we all know insurance is a service driven and paper –oriented industry. This stands as the main reason for the change in working style of the insurance

> Today, insurers around the world face a common challenge to grow the business while remain profitable. Uncertain economic conditions, regulatory pressure, operational inefficiencies, and the need for improved technology that add value in terms of customer experience, improve transparency and risk management. For all classes of insurance business to remain viable in the era of complex regulatory mandates and health care exchanges, they must review all the other areas of plans to seek efficiency improvements and optimize processes to drive down costs.

companies, for the better means of finding new ways to handling information as well as finding new and improved form of manual processes that today push mountains of paper from place to place and department to department. As per the technology takes new folds and In the era of digitalization it becomes essential for all the sectors, specially service oriented sector like insurance, to use technology in order to drive down operational cost, reduce complexity, improve efficiency in operations, also to serve customers in the shortest time possible and thus paving a path for growth and success. The key is managing the processes and paper optimally to achieve the most favourable results. Technology add advantages for the insurance companies so that they can serve their clients in terms of better customer experiences thus helps in minimising the cost factor and increasing quality in service to grab the market share at large.

Challenges for the Industry

However, the challenge of integrating legacy systems with rapid development and disruptive technologies – together with higher customer expectations- means strategic decision making around operational change is becoming very complex. Basically the insurance companies are facing challenges in twofold; firstly, harnessing current technology to improve as well as enable existing systems and processes. Secondly, leveraging the future technology that will drive change for the insurance industry as a whole and improve customer experiences.

Factors that Drives Operational Efficiency

Eliminating Manual Processing at the Time of Policy Servicing and Claims:-Reducing paper from the business is the first challenge for the

insurance companies as a majority of insurers process their policy and claims largely on manual basis, those companies need to be zealous not only to minimize errors but reduce the cost about nine times more per claim as compared to electronic processing. These costs include human resources, postage and other factors.

Tracking the Required Information Electronically:- Paper document management and archiving can be labor intensive and expensive, given the long record retention requirements for regulated content in the life cycle Processing, storing and retrieving records can be significantly improved when moved to electronic environment Automated record retention policies improve archiving processes. The need for physical storage space for paper records is also significantly reduced or eliminated altogether. Central filing and document tracking is can be automated, eliminating the need for physical document management.

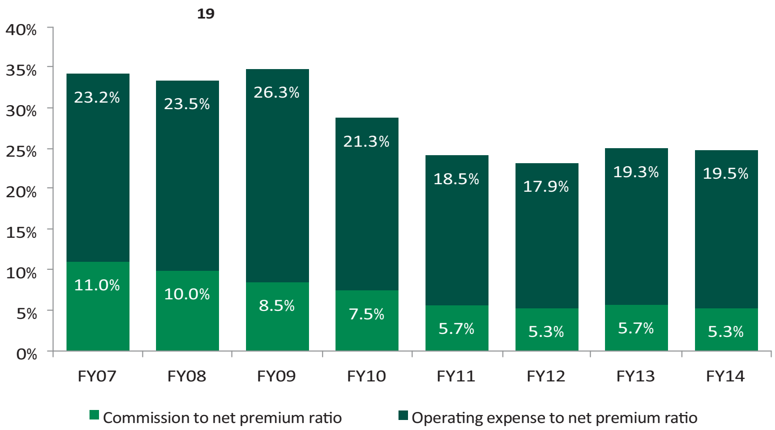
Automating Claims Management:- It helps the insurance companies in reliability track and report data in real time on the other hand it supports better decision while managing compliance thus increases productivity.

Reducing Claims Settlement Time Frames:- every insurance customer wants easy and quick claim settlement. By eliminating several procedures while settling claims effectively. Reducing the time directly add efficiency in terms of better customer engagement and a social welfare towards society by accessing your customers emotions when claim arises. E.g. hassle free processing.

Cutting Costs and Streamline Processes:- Making fast and simple integration with other system for straight-through processing while reducing turnaround time through increased automation makes company ready for streamline operations. E.g. through the technique of data management, data analytics and fetching information's from other sources like Aadhar, pan card and repository.

Real Time Information to the Customers:- it is hence proved that in most of the cases customers want to talk or want same customer executive during their service tenure hence it will easy for the insurance executive to handle the customer with more care. Every customer wants to know the status of their claim or policy on real time basis so it's the duty of the insurance company to provide such information's on the spot. E.g. this can be done through chat bots.

Improving Underwriting Turnaround Time on Complex Risk: - Underwriting has few stages, so the Insurance companies have to reduce the turnaround time for underwriting complex risk through accepting technology in their business process to eliminate competition and identification of risk in proper manner.



Source: IRDAI Handbook2013-14

Figure 2:- Cost Ratios Of Private Life Insurers

How We Actually Drive Operational Efficiency in Insurance Sector

Through technology we are going to bring down the cost in below three stages:

- At the time of issuance of the policy
- At the time of underwriting process
- At the time of processing claims

Step- 1

At The Time of Issuance of Policy

- At the time of issuance of the policy, in case any changes need to be made in the proposal form or policy documents due to errors, omissions, endorsements or at the time of withdrawal of product printing cost of policy documents can be saved through digitalized forms. Or we can say paper-less proposal forms would leads to cut down the cost.
- In India, almost 70% of the insurance business come through agency channels whereas online distribution channels is on a booming track but the population living in semi-urban and rural areas which is our key segment are still untapped for insurance business.
- A note is to be kept in minds that buying behavior of the customers for insurance products and trust factor, acknowledge the current and future trends of the insurance industry we are looking forward to provide suggestions for the same.

Best Practices:-1

- Firstly, we have to upgrade the extent of mainstream distribution channel like agent with technology by providing e-portals to directly issue policy without filling manual proposal form depending upon the criteria set by the company generally on the basis of business\target achieved. This initiative will be taken to open the doors for driving the operational efficiency.
- The smart phone consists of thumb impression sensor that protects from forgery signature and this can be used to replace cover notes. Cause even agents try to do backdating in cover notes, the might cover a accidental car who's insurance has expired and get a claim.
- Insurance companies have to ensure that cover notes are issued in proper date and time wise order.
- This is a system to ensure there are no frauds with cover notes. So this technology can be used to reduce the use of cover notes and biometrics can help the company to ensure only the agents are able to access e-portal to issue policy online without the need for cover note.

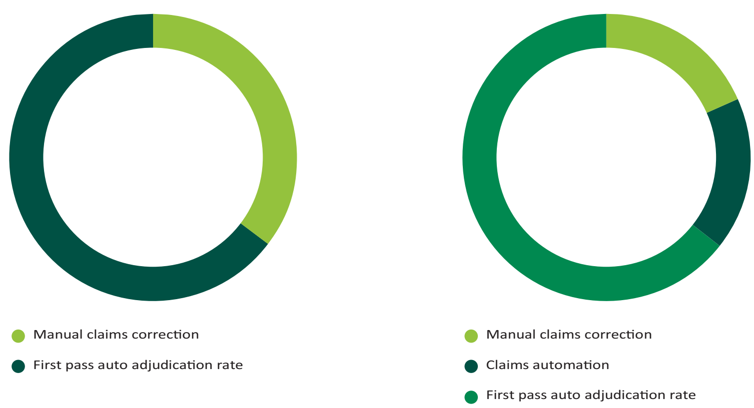


Figure 3:- Manual vs. First Pass Auto Adjudication Rate

- Insurance companies have to adopt BPO (business process outsourcing) model in underwriting which enables in which policies received on real time basis will be underwritten by the available underwriters which may be cross-branch, cross-regional or cross- state underwriting process. In other words, it will become possible to take decision whether to accept the policy or reject or otherwise ask for additional documents (if required) within an hour* of receipt of proposal form. This will help the insurance company to decrease their turnaround time (TAT) with less resources.
- If no action taken by the underwriters due to any reasons the proposal form after a reminder would be escalated to the next level with alarm. Emergency underwriting will be taken place when the time exceeds one hour the proposal form redirected to the emergency zone.
- Special handling to that risk which needs to be address more closely to prevent and detect frauds.
- In order to prevent miss selling of insurance products and to minimize the number of cancellations a rating of agent's concept can be implemented where company's employee will call and ask customers to give rating to their agents based on certain set of criteria and level of satisfaction of customer. Further he can verify that all important points were being told vividly, this rating will help the insurance company in making strategic decisions in case of life insurance.

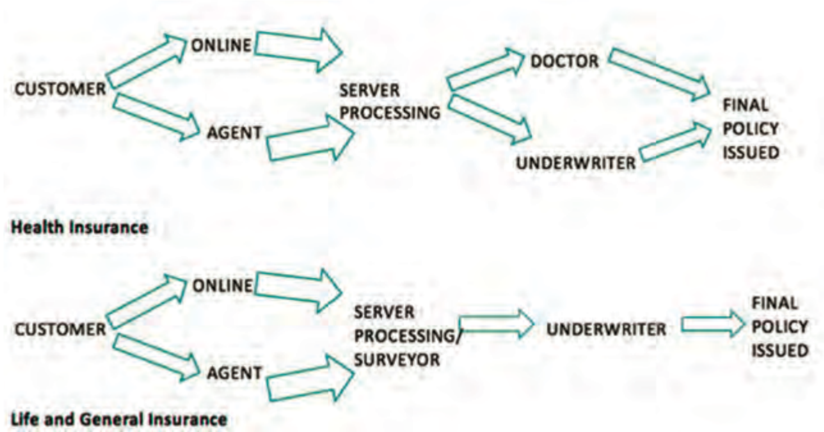


Figure 4:- BPO Model for Underwriting

Eliminating Frauds to Drive Operational Efficiency

Eliminating insurance frauds might be a game changer for insurance companies to drive their operational efficiency. Insurance frauds itself take place since inception after taking the policy resulting high claim ratio for the insurer. Frauds in the insurance industry can be broadly categorized in to

1. Policy holder's/claims frauds
2. Intermediary frauds
3. Internal frauds

Best Practices: - 2

We proposed another mode that is "agent claim ratio" in which insurance companies will be able to know the claim ratio of a particular agent. E-PORTALS & E-CALCULATORS will help agents to get real time update and access from hand held devices, e-portals & e-calculators should day to day updated by the insurance companies.

It will also help agents to quote rates in terms of premium and also categorized the new business which is coming in the category of preferred; non-preferred, and declined. E-calculators will give real time quotes and real time breakup of the premium.

Mostly in case of frauds agents helps the customer to commit fraud as well as helps the customers in settling fraudulent claims we call it hard and soft frauds.

- Mean while in the case of surrenders as well as frauds. linking Aadhar to all the insurance products will not only help to take better decisions in terms of financial underwriting but also to snaffle policyholder's claim frauds to a great extent.
- Through Aadhar card, we will extract KYC and through pan card, we would get to know financial situations. This would help in prudent underwriting.
- As more and more policy is registered online the role of repository will increase and will help us in pre-policy data and in future, it could be great source for information for underwriting decisions and product modeling.
- Agent should be online KYC complied and real time data of

the business brought against the amount claimed by the policy holder to be looked at for future business brought and treated as early warning signal, if the result comes out to be a liar.

- Encouraging digital payment system instead of cash payment helps the insurance companies in tackling premium related frauds 'commission rebating'.
- Generally company's takes liberal steps while addressing the sum assured between 1 lakh to 10 lakhs which suggests that almost 85% - 90% of the life insurance frauds take place in above bracket which needs more care. (source:- economic times)
- Most of the frauds by way of insurance are taken on dead people. Insurance companies need to create database and use analytics to detect frauds at entry stage.
- Insurance companies need to draw up a list of corrupt investigators and having tie-ups with several agencies to detect proven frauds cases as well as suspected frauds.

Best Practices: - 3

To decrease turnaround time (TAT) in claims and automated claims management system as well as eliminating manual processing at the time of claims we propose another model that is ''MCRM'' (mobile customer relationship management) which works on computers system as well compatible with tablets. MCRM helps insurance companies to manage claims with effective communication and it allows the customer to access real time claims status.

- MCRM allows the surveyors to get real time claim information as well as the site location on real time basis through text. Surveyors are allowed to upload the photographs and survey note in just one click and it allows the employees to settle claims much faster and easier in fact Customers can access the status of the claim on real time basis. This system allows no paper work in which every new claims flash on the dashboard.
- Passing the survey note with editing will be much easier and convenient and all the information can be accessed anywhere at any time. It has all the security features in terms of safety where any authorized person will able to keep eyes on every aspect.
- Pending claims will reappears on screen with alarm. One can see the performance of all the employees and the most important it helps in data collection of each claim as a step towards improving accuracy for timely claim settlement. And much more features in terms of handling insurance business as the MCRM is concerned.

Strategic Capital

Strategic capital is a money that every insurance company in India is looking for acquiring new customer and to expand their business, create synergy within the organization through experience curve of new partners by cutting down of cost, decreasing turnaround time which will enable to improve overall efficiency of the company.

Conclusion

Emerging technologies and innovations are beginning to transform the insurance landscape for that they have to use it to enable new ways to measure, control, and price risk, engage with customers, reduce cost and expand insurability. Technology is the only solution for the insurance companies to drive their operational efficiency so it's better to adopt as early as possible to sustain in the competitive market. Only through technology insurance company can increase their speed and efficiency thus allows insurers to increase revenue by automating service processes that were once exhausting and time- consuming. It brings transparency in the business and helps the insurance companies to decrease turnaround time and being a service oriented sector only by adopting technology insurer can fulfill the customer expectations and tackle against frauds to a great extent. For insurance companies, the consideration of Aadhaar card, pan card, data analytics, and data bank would act like a medicine to aid against high claim ratio, frauds, increased operational cost, for a long term. TJ

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Workplace Fraud Insurance: It's Time Businesses Paid Heed

Abstract

Workplace fraud is a business reality and can take many forms from embezzlement, forgery, and computer fraud. These frauds can affect the business operations, lead to job losses, or a severe reduction in stock prices as well as loss of trust. In this article, we will discuss some of the recent cases of workplace fraud and cyber fraud in India. Next, we will mention some of the underlying causes and factors behind these frauds. Finally, we will take a look the coverages offered by commercial crime and cyber risk insurance policies. While insurance alone cannot prevent cases of workplace and cyber fraud, it can help in mitigating their impact. Business should not look at these insurance coverages as an added cost of doing business, but as a risk mitigation measure and a business enabler.

Keywords

fraud, corporate fraud, cybercrime, cyber fraud, risk mitigation, cyber risk policy

Workplace fraud is a common, everyday occurrence and a business reality. Every business, whether it is large or small, is vulnerable to these crimes. Workplace fraud can take many forms, including embezzlement, forgery, theft of inventory and other assets, and more frequently, computer crime. Many of these frauds can continue for years before they are discovered. They can have a huge impact on the business operations, including loss of customer trust, job losses, decline in stock prices, and even bankruptcy.

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Workplace Fraud is a Real Risk

Over the past decade, India has witnessed many scams like the Satyam Scandal (which ultimately led to 2 year ban on audit practice of a Big 4 firm , the 2G Scam , Sahara Scam, Wanna Cry virus, Petya etc to name a few. In recently weeks, financial frauds have made headlines, with cases of Mumbai and Delhi based jewelers and a pen manufacturer coming to light. To keep such instances in check, certain regulations have been put in place. For example, the Companies Act 2016 requires specified types of companies to establish a vigilance mechanism for their directors and employees. Similarly, SEBI has mandated setting up a whistleblowing mechanism for listed companies in India.

From Startups to Large Companies

Workplace frauds continue to dominate the corporate world, from startups to large corporations. Recently, we learnt about a cab aggregator ordering an investigation into allegations of fraud against the company's head of HR and administration. The executive in question had been allegedly involved in favouring select recruitment vendors and in return receiving money. The scale of this scam is estimated to be worth millions of dollars. The cab aggregator firm in question has hired one of the 'Big Four' audit firms to lead the internal probe. In a separate case, examples of fraud by employees of a food delivery service had come to light a couple of years ago.

Public Sector Banks at Risk

We cannot ignore the nearly Rs 13,000 crore fraud in state-run PSU bank by some of its employees who issued fake Letter of Undertaking (LoUs). These employees used SWIFT, the global financial messaging service to move millions of dollars across borders every hour by smartly bypassing the core banking system (CBS) These employees were aware of the loophole in the bank's software system, and took advantage of it.

Cyber Fraud: The Emerging Risk[1]

A growing number of types of fraud are being perpetrated by electronic means. Hacking, slamming (changing the telephone service without the customer's knowledge), phishing (acquiring user names, passwords, credit card information), identity theft and other forms of business fraud are some of the most difficult to control. As technology becomes more critical to organizations , the number of cyberattacks have increased. In many cases, a single incident can inflict damage to the tune of hundreds of millions of dollars. According to the World Economic Forum's 2018 Global Risks Report, cyber-related risks are two of the top five risks facing corporations.

Recent Examples of Cyber attacks encountered in India

WannaCry and Petya[2]

It is considered one of the biggest cyber attacks in history and the top five cities impacted by the ransomware attack were Kolkata followed by Delhi, Bhubaneswar, Pune, and Mumbai. Almost 60 percent of the ransomware attack attempts by the malicious WannaCry virus was targeted at enterprises, while the rest were on individual customers. WannaCry infected computers that ran on older versions of Microsoft operating systems like Windows XP. The cybercriminals demanded a fee of about $300 in crypto-currencies like Bitcoin for unlocking the devices that were affected. The impact was huge and services of organizations like the Police Department in Andhra Pradesh, West Bengal State Electricity Distribution Company Limited (WBSEDCL),a government-run hospital in Odisha were affected. On the other side of the country, over 120-odd computers in Gujarat that were linked to GSWAN (Gujarat State Wide Area Network) were affected, and the computer systems of the Maharashtra Police department was also partially hit. Other parts of the country, including Delhi, some districts in Kerala, etc. were also affected.

Similarly, in June 2017, the Petya worm affected the operations of India's largest container port, Jawaharlal Nehru Port (JNPT) near Mumbai. In addition, manufacturing units of many global companies were also affected due to Petya attack.

Data Breaches

Indian restaurant search and discovery service provider Zomato reported in May 2017 that the company's database was breached, which led to personal details of 7.7 million users being stolen. It was reported that the leaked information was listed for sale on a Darknet market. Following the incident, Zomato contacted the hacker, who took down the data.

Frauds Put Corporates at Risk

Wikipedia defines a fraud as "a deliberate deception to secure unfair or unlawful gain, or to deprive a victim of a legal right. Fraud itself can be a civil wrong (i.e.a fraud victim may sue the fraud perpetrator to avoid the fraud or recover monetary compensation), acriminal wrong(i.e., a fraud perpetrator may be prosecuted and imprisoned by governmental authorities) or it may cause no loss of money, property or legal right but still be an element of another civil or criminal wrong."

1. http://www.brinknews.com/its-time-to-quantify-cyber-risk-exposure/
2. https://www.gizbot.com/internet/features/cyber-attacks-that-affected-india-in-2017/articlecontent-pf82318-046533.html

According to a recent KPMG survey report, weak internal controls are a contributing factor for nearly three fifth of the frauds. We will now look at some of the major factors that contribute to fraud.

Major Contributors to Fraud: Insiders, Outsiders and Collusion[3]

According to the 2016 report by KPMG International titled Global Profiles of the Fraudster"; 38% of the employees who commit fraud have work for more than 6 years in the organization and 58% of the fraudsters are Management and Executive members.

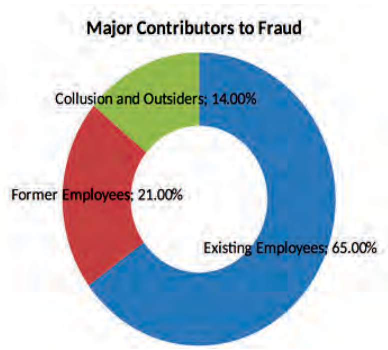

Figure 1: Major perpetrators of Corporate Fraud. Source: Global Profiles of the Fraudster, KPMG International, 2016

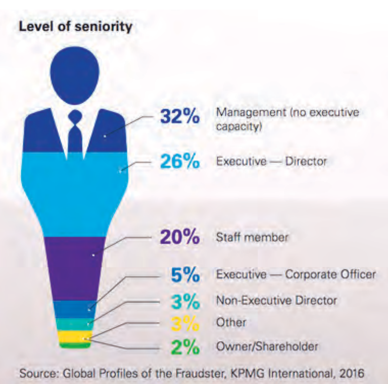

Figure 2: Fraud can occur across all levels of the organization. Source: Global Profiles of the Fraudster, KPMG International, 2016

How Can Businesses Control and Prevent Business Fraud?

A highly ethical business culture is an essential element in any effective fraud prevention and deterrence program but still the risk to business due to crime persists. The determined fraudster or thief will exploit control weaknesses in even the most well prepared organizations. Therefore it is of vital importance that the Indian corporate understands the importance of Commercial Crime Insurance Policy as well as Cyber Risk Insurance Policy.

What are Commercial Crime and Cyber Insurance Policies and What Does it Cover?

A commercial crime policy typically provides coverage against the following:

- loss of money
- securities
- other assets resulting from employee theft, computer fraud, forgery,
- loss of employee benefit plan assets etc.

Cyber Risk Insurance Policy Typically Provides Cover Against the Following:

- Legal Liability to others for Privacy Breaches or Computer Security Breaches
- Loss to Data/Information
- Loss of Revenue due to cyber attack
- Public Relation Expenses
- Regulatory Actions or Scrutiny expenses
- Incidental Expenses to respond to Cyber Attack
- Cyber Extortion Expenses

The following are the definitions of some of the coverages which are offered in a commercial crime and a cyber risk insurance policy

Employee Theft Cover: It includes loss of securities, money or other property by theft or forgery by the employee of the company.

Premise Cover: It includes losses from destruction, wrongful abstraction, theft of securities or money from the policyholder's premises by third-parties.

Transit Cover: It comprises of losses from disappearance, destruction of money or security outside the policyholder's premise by a third-party.

Depositors Forgery Coverage: If the insured or the insured's bank, at the request of the insured, shall refuse to pay any of the foregoing instruments (cheque, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum certain in Money, made or drawn by, drawn upon the insured) alleging forgery or alteration, and this refusal shall result in a suit being brought against the insured, then any reasonable legal expenses will be considered as a loss under the policy.

Computer Fraud Coverage: It comprises of losses which a policyholder has to endure due to computer fraud made by third-party along with the expenses which the policyholder has to incur due to a exploiting a computer system.

Additionally, Companies Can Also Opt for the Following Extensions:

Care Custody and Control for Money and Securities: Coverage includes loss of third party money or securities which is in the care custody or control of the insured.

Credit Card Forgery Coverage: Coverage includes Theft of the insured's assets or funds due to forgery or alteration of any written instrument

3. https://assets.kpmg.com/content/dam/kpmg/pdf/2016/05/profiles-of-the-fraudster.pdf

required in connection with any corporate credit cards.

Cover for Outsourced Employee, Temporary Employees, Interns, Trainees, Students, Contractors and Sub-Contractors: Employee definition to include outsourced employee, temporary employees, interns, trainees, students, contractors and sub-contractors.

Data Reconstitution Costs: Coverage includes costs incurred in reproducing or amending the software programs or systems following a Criminal Act in respect of the use of the computer hardware or software programs or systems owned and operated by the Insured. (Correction costs).

Damage, Destruction & Disappearance of Money or Securities: Coverage includes financial loss due to physical loss of or damage to or actual destruction or disappearance of money or securities.

Fees, Costs & Expenses: Coverage includes any reasonable legal fees, costs and expenses incurred and paid by the Insured in the Defence of any demand, claim, suit or legal proceeding.

Use of Investigative Specialists: Cover is extended to include the fees and expenses of an investigative specialist, to investigate the facts behind a loss covered or loss potentially covered under this policy and to determine the quantum of such loss.

Criminal Damage: Cover is extended to include loss sustained as a result of criminal damage committed with the principal intent to cause the insured to sustain such loss.

Violent or Forcible Theft of Property by any Other Person: Loss caused by theft or attempted theft following entry to or exit from the premises by forcible and violent means by any other person (third party)

Interest Payable or Receivable: Amount of any interest which would have been receivable but for a loss covered under this policy, or which becomes payable by the insured resulting directly from a loss covered under this policy.

Cyber Extortion: Coverage includes financial loss suffered by the Insured due to extortion. Extortion includes any threat to :

i) cause impairment to Computer Systems

ii) deny access to Computer System or Communication System

iii) sell or disclose confidential security codes or confidential information

iv) introduce or activate a Malicious Code

v) cause an insured to surrender Money, Securities or Property by reason of having gained unauthorized access to Computer Systems that results in Money, Securities or Property being surrendered.

In most of the cases, commercial crime insurance policy comes with a deductible clause which states that at the time of loss, a part of the claim would require being paid by the policyholder. The insurance company would pay the remaining amount. Further, most of the insurance companies allow customizing commercial crime insurance policy to cover various fraud-related losses as per the company's specific requirements.

Although insurance can help recoup some monetary losses resulting from fraud, other losses can never be recovered, such as losses resulting from adverse publicity, the disruption of operations, and time spent with law enforcement officials and others.

While it is not possible to completely eliminate fraud risk, it is possible to reduce the risk and to minimize fraud-related losses and other consequences through effective loss control measures. Reduction of fraud risk requires a thoughtful, comprehensive, and proactive approach. Fraud risk management includes establishing effective loss control measures that focus on prevention, detection, and response. Given the potential costs of workplace fraud including cyber fraud,, proactive fraud risk management makes good business sense. TJ

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Liability Insurance (The Most Growing and Vibrant Form of Insurance)

Abstract

Liability insurance is one of the most growing and vibrant form of general insurance. The same is a compulsory form of insurance in most of the countries for covering those at risks being sued by third parties for negligence. Liability insurance is very different form of insurance from property insurance. Property insurance covers the first party while liability insurance covers the third party .Liability insurance is a growing market in USA, UK and in other advance countries just because the people of these countries are very much aware about their rights and remedies. The decisions of judiciary and law of these countries are very much friendly towards claimants. The prevailing attitude of the people of these countries is — "If I suffer because of somebody's negligence, let's find that somebody, sue him and get compensation." The same kind of mindset is developing in India also. In this article, I will tell you about different types of policies under liability insurance and what are the drivers and different forms of liability insurance in India. and what are the underwriting considerations. Liability segment always occupy a niche space in the Indian market and the segment is recording an annual growth of around 10 to 20%. Currently liability insurance accounted for only about two per cent of the overall general insurance market.in India. Popular liability insurance policies

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include product liability, credit liability, environment liability, director and officer (D&O) liability, product liability, clinical trial liability, public liability, employment liability; Professional indemnity Insurance etc. In terms of the new areas, products such as cyber liability insurance might see good demand, considering the rise in cyber-crimes in India. D&O is the fastest-growing product in Indian market. The reason for the same is that Indian regulators, as well as various international regulators are very aggressive in investigations. Due to role of media in carrying out scrutiny, awareness on D&O policies has been on rise.

Keywords

Claim Made Basis, Occurrence Basis, Retroactive Date, Tort, Breach of Duty, Damages

What is Liability Insurance?

Liability Insurance protects you against financial loss if your action, your negligence or due to condition of your property, a third party is injured or killed or third party's property gets damaged. it also protects you if third party suffer loss as a result of relying in your services or advice.

How Legal Liability Arises.

Legal Liability arises from 3 classes of legal wrongs:

- **Crime** (Cannot be covered under insurance)
- **Tort** (Can be covered under Insurance)
- **Breach of Contract.** (Contractual liabilities are generally not covered under insurance)

Categories of Tort

- Negligence
- Strict Liability

Note: Both are covered under liability insurance.

What is Strict Liability?

Strict liability is a legal term referring to the holding of an individual or entity liable for damages or losses, without having to prove carelessness or mistake. The doctrine of strict liability is commonly applied to cases involving defective products. Such a claim relies, not on wrongdoing, but on the inherent hazards of the situation or product.

When pursuing a legal action for liability, the plaintiff must generally prove that the defendant was somehow at fault, whether by negligence or direct fault, for the damages incurred by the plaintiff. The law, however, recognizes there are certain circumstances that are so inherently dangerous or hazardous, that there is no need for the plaintiff to prove direct fault or negligence.

Strict liability, also referred to as "absolute liability," applies to such issues as injuries or other damages caused by a defective product, damages caused by animals, and engaging in certain hazardous activities. An individual or entity may be held strictly liable in both civil and criminal actions.

Examples of Strict Liability

- Workman Compensation Insurance
- Motor Accidents
- Explosives

Note: Whether you are negligent is not relevant

Statutory Liability May Arise Out of

- The Public Liability Insurance Act 1991
- Workman Compensation Act
- Motor Vehicle Act 1988
- Other acts pertaining to various professional bodies such as errors and omissions for
    - ❖ Certifying authorities
    - ❖ Insurance brokers
    - ❖ Stock depositary acts

Liability Insurance protects you against financial loss if your action, your negligence or due to condition of your property, a third party is injured or killed or third party's property gets damaged.

What is Negligence in Tort?

Negligent torts are the most prevalent type of tort. Negligent torts are not deliberate actions, but instead present when an individual or entity fails to act as a reasonable person to someone whom he or she owes a duty to. The negligent action found in this particular tort leads to a personal injury or monetary damages.

The elements which constitute a negligent tort are the following: a person must owe a duty or service to the victim in question; the individual who owes the duty must violate the promise or obligation; an injury then must arise because of that specific violation; and the injury causes must have been reasonably foreseeable as a result of the person's negligent actions.

Elements of Negligence

- There must be a legal duty of care to another person
- There must be a breach of that duty.
- The claimant must have suffered damages , and
- The damages must have been proximately caused by the branch of duty

Legal Liability can Arise from:

Employees

The same is covered under WC policy, employer's liability, D& O Policies

Customer/Clients

Cover under product Liability, errors and omissions, cyber liability

Third Parties

Cover for bodily injury & property damage under public liability policies Shareholders/stakeholders in an org./ Govt. and regulatory bodies under Directors and Officers Liability policy.

Need for Liability Policies

- To satisfy statutory requirements
- To satisfy contractual requirements
- Demanded by the legal scenario of the country of operations
- To effect risk transfer

Primary Reasons Why Liability Insurance is Sought in India:

- The statutory and regulatory environment. (Like New Companies Act, Employee Compensation Act, Cyber Act, Environment Act, Consumer Protection Act)
- Indian companies venturing overseas. (International Partners/ vendors of Indian companies insist upon it as a trade practice)
- Defence costs.
- Overseas companies investing in India. (Work outsourced to India and consequently liabilities attached also outsourced)
- Public awareness about their rights
- Stringent laws
- Punitive damages
- Products are more complex than ever
- Consumers expect products to be designed with safety as a priority
- Companies' Bill amendment & Satyam fiasco fuelling Indian firms to take Liability covers

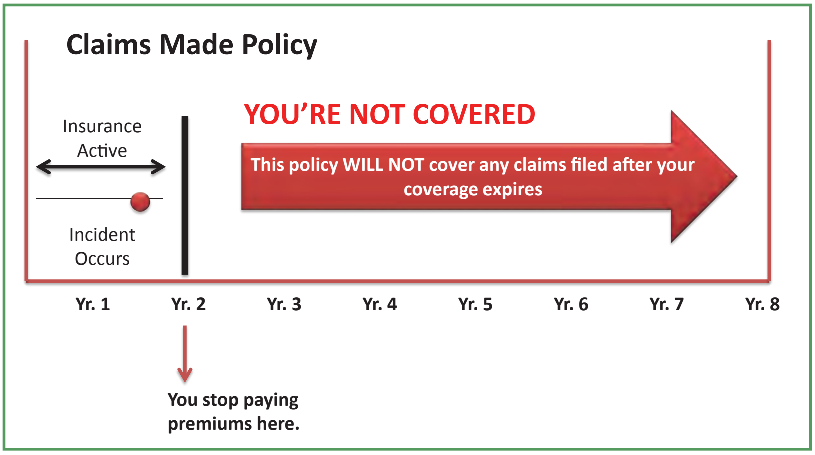
Increasing judicial activism in the country leading to demand of casualty line products

Types of Damages

- Special: Quantifiable Monetary Losses.
- General: Pain Suffering and loss of amenity etc
- Punitive : to reform or to deter the defendant and others

Common Terms Used in Most Liability Insurances

- AOA - Any One Accident
- AOY- Any One Year
- Retroactive Date



- Claim Made Basis / Occurrence Base
- Period Of Insurance
- Policy Period
- Extended Claim Reporting Clause
- Claims Series Clause
- Right to Defend / Duty to Defend
- Territory v\s Jurisdiction
- Deductible v\s SIR

Retroactive Date

In general, most claims-made insurance contracts include a retroactive date. Your policy's retroactive date is the date on which your liability coverage begins, meaning you are covered for incidents that cause injury or damage to a third party that occur on or after this date as long as the claims related to these events are filed while your liability insurance is still in force. Typically, your policy's retroactive date is the date on which your professional liability contract is written and will not change as long as you continually renew your policy.

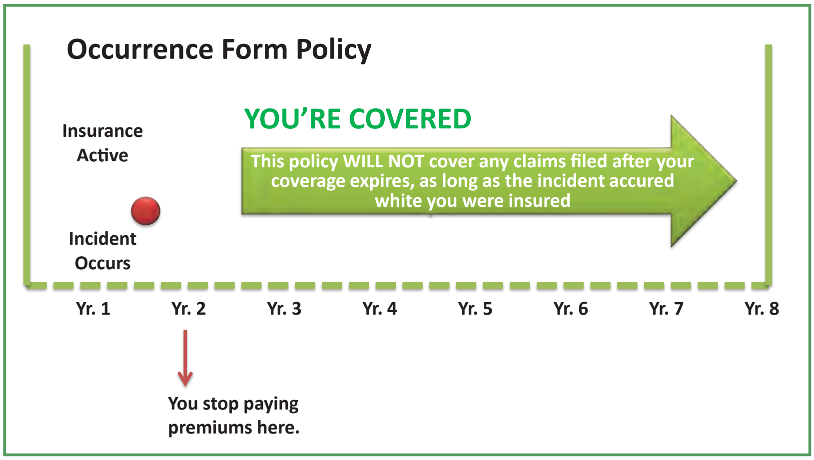
Claims Made Wording

- The event-giving rise to the claim should have occurred during the period of insurance
- And the claim should be made during the policy period (12 months during which the Policy is in force)

Occurrence Based Wording

The event-giving rise to the claim must occur during policy period and typically, the insurer would respond whenever the claim is thereafter made on the Insurance Company.

Claims Made vs. Occurrences
Occurrence: Covers *event* that occurs during policy period
Claims Made: Covers past work Where *claim* is made during policy period.



Duty to Defend / Right to Defend

Right to Defend

Insured has to defend himself in the event of a claim and insurer can invoke his right to defend only in extreme circumstances.

Duty to Defend

Insurer has a right as well as a duty to defend the insured in the event of a claim.

Claims Series Clause

Series of damages Relating to same cause /batch Same fault in design / manufacture / instruction for use or labelling Supply of same product / service Treated as one claim.

Territory v\s Jurisdiction

Territorial Limits define where in the world the loss can occur. If the territorial limits exclude USA/Canada then a loss arising in the USA would not be covered. Jurisdiction defines where a claim may be brought against the Insured. If the Jurisdiction excludes USA/Canada then even though the loss occurred in SA, there would be no cover if the matter was heard in a Canadian court.

Deductible v\s SIR

SIRs and deductibles, while quite different, but both are designed to accomplish the same goals. Each imposes a specific layer of risk onto the insured, almost always the primary layer, above which insurance limits attach. In each case, the premium for the insurance directly excess of the SIR or deductible is credited to reflect the fact that the insured is assuming some amount of primary risk.

How Does Liability Policy Works

- Insured must be legally liable to pay damages
- The damages must result from bodily injury or property damage.
- The Bodily injury or damages must result from an occurrence of accident
- The accident must occur during policy period and in coverage territory
- The claim must be made against the insured during policy period
- Liability as per limits of insurance

How to Select the Sum Insured in Liability Policies?

• In Liability Policies , the sum insured is referred as Limit of Indemnity. This limit is fixed per accident and per policy period which is called Any One Accident (AOA) limit and Any One Year (AOY) limit. The ratio of AOA limit to AOY limit can be chosen from the following:

- 1:1
- 1:2
- 1:3
- 1:4

Types of Different Products in Liability Segment

- Public Liability
- Product Liability
- Commercial General Liability
- Workman Compensation
- Professional Indemnity Insurance
- Director& Officer Liability
- Cyber Crime
- Employment Practices Liability Insurance

Public Liability

This policy covers the amount, which the insured becomes legally liable to pay as damages to third parties as a result of accidental death, bodily injury, loss or damage to the property belonging to a third party. The legal cost and expenses incurred in defending the case with prior consent of the insurance company are also payable subject to certain terms and conditions.

Types of Public Liability Policies Available:

- General Public Liability Policy (Act Only)
- General Public Liability Policy (Industrial)
- General Public Liability Policy (Non Industrial)

Add On Covers

Public liability Policy can be extended to cover legal expenses arising out of

- Sudden and Accidental Pollution
- Act of God Perils,
- Transportation Risk
- Carriage of treated effluents etc

Product Liability

Product liability insurance protects against claims of personal injury or property damage caused by products

sold or supplied through your business. It is designed to help protect your business by ensuring that if this happens, you do not have to pay any legal or court costs.

As a manufacturer, supplier, exporter, or trader you could be held responsible to compensate either your vendor or your customer or your end user or any third party for any Bodily Injury or Property damage arising from your products. Product liability insurance provides indemnity for claims arising out of accidents caused on account of any injury/damage or pollution from products.

Product

Any tangible property after it has left the custody or control of the insured, which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by or on behalf of the insured.

Category of Product Liability

Design Defect - product designed by the manufacturer in such a way that creates dangers and risks of harm to the user. A manufacturer by design placed the fuel tank in an area of the vehicle that it knew would make it susceptible to breaking, and causing fires, in the event of a collision;

Manufacturing Defect - some act or omission during the manufacturing process causes the product to fail when being used. A tire manufacturer used substandard practices in its plant, resulting in the components of the tire separating and failing later while being used;

Warning Defect - a product is dangerous because it does not contain warnings, instructions or labels that apprise the user in regard to the dangers or proper uses of the product. The manufacturer knew about prior problems with a particular vehicle condition, but did not advise consumers or the public of those dangers with the product through labels or instructions.

Product Recall Insurance

Product recall Insurance covers those expenses which are associated with recalling a product from the market. Product recall insurance is typically purchased by manufacturers such as Auto, food and beverage, toy and electronics companies to cover costs such as customer notification, shipping costs and disposal costs. Coverage generally applies to the firm itself, though additional coverage can be purchased to cover the costs of third parties.

Commercial General Liability

CGL is a comprehensive policy covering General Liability and Product Liability.

General liability arising out of premises & operations that provides protection against any claim for compensation that may arise due to an accident causing Bodily Injury or Property damage arising from:

- Business operations
- Sudden & accidental Pollution
- Transportation

Prodct Liability arising due to the use or consumption of your products that provides protection against any claim for compensation that may arise causing bodily injury or property damage arising from"

- your products &
- Completed Operations

Others Add On Covers in Commercial General Liability Policy

Cyber liability insurance coverage is designed to protect IT businesses against liability and expenses arising from the theft or loss of data, as well as liability and expenses arising from a breach of data security or privacy, particularly when you are hosting client information.

Major Extensions :

Defence Costs	General Liability	Product Liability	Technical Collaborators Extension	Vendors Liability Extension
Batch Clause		Medical Expenses	Fire Damage Cover	Liability arising from Act of God including tsunami and earthquake
72 hours Sudden and Accidental pollution.	Liability arising from use, ownership or operations of lifts and elevators	Liability arising from supply of food and beverages in the premises	Liability arising out of Travelling of executives worldwide	Non Owned and Hired Auto Liability coverage
	Terrorism legal liability cover	Additional insured whenever required by contract	Waiver of subrogation wherever required by contract	

Professional Indemnity Insurance

Professional Indemnity insurance often referred to as professional liability insurance or PI insurance, it covers legal costs and expenses incurred in your defence as we as any damages that may be awarded if you are alleged to have provided inadequate advice, services or designs that cause client to lose money.

Generally, the Cover is Taken by:

- Doctors
- Architects, Consulting Engineers, CAs
- Medical Practitioners (Doctors)
- Accountants
- Lawyers, Other professionals (Like Surveyors etc)

Director and Officers Liability Insurance

What is Covered?

The Policy covers the legal liability including costs to defend any civil and / or criminal action against the Directors and / or Officers holding a responsible position in an organisation made by any Shareholder/ Employee/ Customer/ Competitor/ Member of Public or any Regulatory Body for any wrongful act, error or omission committed by them.

Cover	Description	Who is the insured	What is at risk?
Side A	Protects assets of individual directors and officers for claims where the company not legally or financially able to fund indemnification	Individual Officer	His/her personal assets
Side B	Reimburses public or private company to the extent that it grants indemnification and advances legal fees on behalf of directors/officers	Company	Its corporate assets
Side C	Extends cover for public company (the entity, not individuals) for securities claims only	Company	Its corporate assets

Need for D& O Cover.

Directors and Officers are now perceived as professional managers who should be accountable for their action and can be held personally liable if their neglect results in a loss to shareholders or other entities. Claims may particularly occur in case of mergers/ takeovers, disinvestments, liquidation/ bankruptcy, share issues (particularly I.P.Os), change in share holding and where ADR/ GDR programmes have been floated. Action may be brought against Director/ Officer under Civil Law, Criminal Law or Consumer Forum.

Examples of Wrongful Acts, Which Can Be Alleged Against Director/ Officer

Shareholders

Incorrect allotment of shares, misstatement or misleading statement in Prospectus, breach of trust, neglect/ omission to discharge duties, failure to supervise/ regulate properly etc. leading to financial loss to shareholders.

Employees

Unfair dismissal/ discrimination against employees, sexual or racial harassment, mismanagement of pension/ retirement funds.

Customers

Wrong advice on products.

Failure to maintain services

Competitors

Restrictive trade practices e.g. price fixing

Regulatory Bodies

Offences under Companies Ordinance and Legislations.

Who is Protected by the Policy?

A Policy is normally arranged in the name of the Parent/Holding company and provides protection to the Directors and Officers of that Company and also to:-

- The Directors and Officers of all subsidiary companies.
- The directors and Officers of all Subsidiary companies acquired or created during the period of the policy.
- This policy may also be extended to provide what is termed as "Outside Board" protection.

What Protection is Provided?

The policy protects the Directors and Officers against-

- It covers the directors and officers who commit a Wrongful Act in their capacity as directors and officers of the company.
- Legal costs in defending allegations or suits brought against them alleging wrongful act.
- Any awards granted to the claimants against the Directors & Officers, including out of court settlements.

Extensions

- Outside Directorship Liability
- Spousal Liability Coverage
- New Subsidiary Cover
- Run Off Cover for Retired Directors or Officer
- Bilateral Extended Reporting Period\)
- Emergency Defense Costs:
- Aggregate Reinstatement

Underwriting Considerations Under D& O Insurance

- Financial condition of a company
- Nature of its business activities
- Quality of its management
- Diversity of its business activities
- A company's length of time in business
- Takeovers, mergers and acquisitions
- Diversity of its business activities
- A company's length of time in business

What is Cyber Liability Insurance?

Cyber liability insurance coverage is designed to protect IT businesses against liability and expenses arising from the theft or loss of data, as well as liability and expenses arising from a breach of data security or privacy, particularly when you are hosting client information. While your clients should carry their own cyber liability for the data and personally identifiable, confidential information stored on their servers, IT firms are wise to protect themselves with their own third-party coverage as well.

Covers

- Denial of service attacks or inability to access websites or systems
- Unauthorized access to, use of, or tampering with data
- Disclosure of confidential data (invasion of privacy)
- Loss of data or digital assets (malicious or accidental)
- Introduction of malicious code or viruses
- Cyber extortion or terrorism threats
- Personal media injury (defamation, libel, or slander) from electronic content
- Regulatory action, notification, or defense expenses

Cyber crime costs the global economy more than $400 billion a year and the costs will continue to grow

- Crisis management and public relations expenses
- Data or system restoration
- Business interruption expenses

Who Should Have Cyber Liability Coverage?

Every company that handles any personally identifiable information or provides any type if IT-related work should have Cyber Liability Insurance. If a cyber-claim arises, the firm or the affected party's attorney can name all parties who were part of the project in the suit. (This even includes third parties with no direct contact).

Having adequate coverage in place protects your company from business interruption, damaged equipment, lost reputation, fines, and the costs of compliance with state and credit monitoring laws.

What are Litigious Market for Liability Insurance?

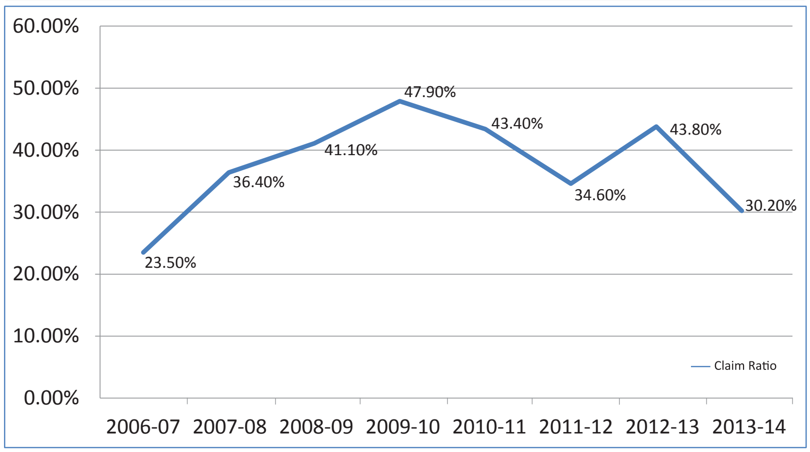
U.S.A, Canada, European Countries (Particularly Germany; Sweden; UK; Ireland; France; Austria; Hungary) Australia, New Zealand.

Why These Market are Litigious.

- Punitive Damages
- High Defence Cost
- Stringent Laws
- Courts are Very Sympathetic towards Plaintiff Plaintiff does not need to bear the cost of bringing the action (Because of No Win No Fee System).
- Contingent fees System
- Class Suit Action

North America is the biggest market with an estimated 58% of global liability premium followed by Europe with 28%. The Asian market grew by 10% (2007-2014) against the global average of 1%. The market of Asia is dominated by Japan, Mainland, China, Hongkong, Taiwan and South Korea. India is 6th Largest liability market in Asia with estimated premium of around Rs 1800 Cr. The Market is still underdeveloped. Penetration was just .01% of GDP in 2014 but grew at a healthy clip of 44% over 2014-15. Underwriting Profits in Liability segment have remained strong and rates of liability insurance have been relatively stable.

Liability Claim Ratio



Way Forward

Liability Insurance is a long tail business with having low frequency and high severity claims.Liability risks are challenging to underwrite and price due to their long-tail nature, which often results in claims being settled many years after business is written. Insurers need to take advantage of their underwriting expertise to improve pricing. Likewise, they must maintain capital strength to manage the long-tail nature of the business and the rising claims costs, such as those from the growing litigation funding industry.

Redundant claims reserves from prior-year claims have been another factor supporting insurers' profitability in recent years. However, a pick-up in liability claims growth will drain reserves, and an accelerated depletion of reserves in the case of severe claims could erode the profitability of existing books of business.

A number of technological, social, and regulatory changes will drive liability insurance in the near future. Cyber risk and the liability from emerging technologies, such as hydrofracking and autonomous cars, may become more prominent in claims. Claims severity and demand for liability insurance will increase as economic growth accelerates and because of technological, social, and regulatory changes. IJ

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Index of Insurance Frauds

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Abstract

Insurance frauds have been costing insurance companies a great deal. Most of the developed countries have made certain categories of insurances compulsory like motor and medical insurance. People are being forced to take various forms of insurances against their will. They consider it as an additional unwanted expense as they have to cut down on other spending. Therefore they engage in lot of fraudulent activities in order to make profit. The concept of insurance is built on the premise of sharing the financial burden through the mechanism of pooling. But now this is being challenged by the insured who view insurance as a burden.

The present study surveys various literature on the fraudulent activities carried out in different countries in various forms of insurances. The study aims at the creation of an index of the factors that increase the occurrence of fraud globally. This paper aims at identifying the various factors that have been found to increase the likelihood of fraud in an insurance claim and also explore various approaches that are used throughout the world in preventing and controlling fraud. It is observed that fraudulent activities are more prevalent in case of mandatory insurance like motor and health. These kinds of practices seem to be occurring around the world

Keywords

Insurance fraud, claim padding, deliberate concealment, staged accidents, false declaration

Introduction

The most prevalent frauds occur in Motor insurance, which is mandatory (Bashir, Madhavaiah, & Naik, 2013) (Primorac, 2016). Occurrence of fraud is also very high in health insurance (Jordan, 1977), followed by life and property insurance. In a recent survey, it has been found out that in India; most of the third party claims made are bogus. Such claims are carried out with the support of legal professionals who assist in creating bogus accidents. As per the results of India Forensic Research, a loss of Rs 15,171 crore is incurred due to fraud in both life and non-life insurance every year, a loss of Rs 15,171 crore is incurred (Bashir, Madhavaiah, & Naik, 2013).

This research aims at developing an index of factors that have been identified to have increased the occurrence of fraud in different countries and in different categories of insurances. The results should prove to be worthwhile to insurance companies, regulators, legislators, consumers and the insurance industry as a whole, by serving as a guide to establish preventive and control mechanisms so as to eliminate the additional costs incurred in paying undetected fraudulent claims and mitigating fraud. It would also increase the awareness level of even smaller insurance companies and help them sustain in the market as insurers now become more vigilant in providing insurances only after a thorough scrutiny of all relevant factors.

This paper is organized into five sections. The paper gives an overview of insurance fraud and its types, to begin with, addresses reasons for committing fraud, the impact of fraud and the main section contains factors that have been identified to increase the likelihood of fraud. The next section discusses approaches in detecting insurance fraud. The last section presents conclusion and recommendations.

Objectives

1. To ascertain the factors that increase the likelihood of fraud in an insurance claim and create an index compiling different types of fraud committed across the world and across several categories of insurances.

2. To determine control mechanisms to reduce the occurrence of fraud by analyzing fraud detection measures undertaken in various countries.

Research Methodology

This research is descriptive in nature and purely based on secondary data collected from various articles published in Indexed Journals. Numerous pieces of previous research exist relating to Insurance fraud which focused on a particular type of fraud (such as Motor insurance fraud) or which was restricted to a particular country or state. In this research, the results of such researches have been analyzed to arrive at a solution that can be used globally as factors that increase the likelihood of insurance fraud in many countries as well as the control mechanisms employed in different regions are identified.

Analysis

Insurance Fraud

Insurance fraud is a willful act of obtaining money or value from an insurer under false pretences or material misrepresentations (Derrig, 2002). Duffield and Grabosky (2001) pointed out that, fraud means deception. The claim is obtained in a deceptive manner by the insured. On the part of the insurer, fraud can happen due to concealment or omission of material facts that could benefit the insured or the applicant. Insurance frauds can take place either at the individual or at the corporate level. In any case, it is meticulously planned and executed.

Classification of Fraud

Internal and External Fraud

Frauds can be either internal or external. Internal fraud can be either involving the employee, manager or a board member. This kind of fraud is carried out against the employer i.e., the insurer, by instigating the employees. External fraud is carried out by stakeholders who are not the employees, like, policyholders, applicants, etc. Sometimes, even agents, brokers and Third Party Administrators are also involved wherein false statements and bogus claims are made.

Underwriting and Claim Fraud

There are frauds which occur during the underwriting process itself. This is perpetrated by the insurers normally during the renewal stage. For instance, where the insured is due for a No Claim Bonus, the underwriter conceals this benefit and charges a higher premium. This is a deliberate concealment on the part of the insurer

which is against the principle of utmost good faith. Claim padding is the most prevalent fraud in India which refers to deliberately inflated, false or fictitious claims.

Soft and Hard Fraud

The soft fraud, which is a type of claim padding or build-up fraud, in which, the claimants inflate the damages exponentially of an otherwise legitimate claim. On the contrary, hard fraud is a form of fraud which is intentionally planned to dupe the insurers. It is a minutely executed scam that rips off the very being of insurance. Soft fraud is opportunistic; however, hard fraud is a planned one and is a criminal offence (Derrig and Krauss, 1994; Derrig and Zicko, 2002; Sparrow, 1998, 2000). Some of the instances of hard insurance fraud include, bogus claims wherein the accidents are staged i.e., an episode that has never happened is enacted. These conspiracies also involve professionals like medical doctors, lawyers and patients. These staged accidents are mainly carried out to claim insurance compensation by the workers. Sometimes, even agents intentionally fail to remit premiums to the insurer.

Impact of Insurance Fraud

Insurance frauds affect both individuals (insureds) as well as insurers. The impact of insurance frauds is as follows:

To individuals:

- Cost of insurance rises as the average household ends up paying higher premiums to cover the cost of insurance fraud.
- Genuine claims of innocent insureds are also scrutinized thoroughly to detect fraud thus increasing the claim processing time.

To Insurers

- The profitability of the company is directly impacted as a result of settlement of undetected fraudulent claims.
- Insurance frauds will increase the costs of an insurer who will have to employ trained claim handlers and allocate the necessary funds required for investigation.
- Insurance companies that do not use control mechanisms for fraud will have higher risks of failure and loss.

Table 1: Index of Frauds Prevalent Across Countries and Different Insurance Products

Countries	Frauds	Present in Following Types of Insurance
India	• Padding Claim Amounts (Inflated Claims)	All Types of Insurance (Bashir, Madhavaiah, & Naik, 2013)
	• Repeating Claims For Similar Losses	Health Insurance (Nils Mahlow, 2016), Motor Insurance (Heins, 1996), Marine Insurance, Fire and Consequential Loss Insurance, Group life/Health Insurance, Worker's Compensation Insurance (Pandey T. Joji Rao, 2013)
	• Staged Accidents/Scams Using Professionals' Help	Health Insurance, Motor Insurance (Irfan Bashir, 2013)
	• Deliberate Concealment/ Misrepresentation of Facts At Application Stage As Well As Settlement Stage	All Types of Insurance (Bashir, Madhavaiah, & Naik, 2013)
	• False Declarations of Value of Property/Subject Matter (Idv)	Motor Insurance (Bashir, Madhavaiah, & Naik, 2013)

Countries	Frauds	Present in Following Types of Insurance
United States	• Padding Claim Amounts (Inflated Claims)	All types of Insurance (Heins, 1996) (Mittelman, 1984)
(New York, Minnesota, Massachusetts) and Europe (UK)	• Repeating Claims For Similar Losses	All types of Insurance (Miyazaki, 2009)
	• Staged Accidents/Scams Using Professionals' Help	Health Insurance (Mittelman, 1984), Motor Insurance (Primorac, 2016), Marine Insurance, Engineering Insurance, Property Insurance, Fire and Consequential Loss Insurance, Group life/Health Insurance, Worker's Compensation Insurance (P.McCall, 1996)
	• Deliberate Concealment/ Misrepresentation of Facts At Application Stage As Well As Settlement Stage	All types of Insurance (Miyazaki, 2009)
	• Declaring High Value For Old Stocks	Inventory Insurance (J & Taskin, 2008)
	• False Declarations of Value of Property/Subject Matter (Idv)	Motor Insurance (Hoyt, Mustard, & Powell, 2006), Marine Insurance, Engineering Insurance, Property Insurance, Fire and Consequential Loss Insurance (Miyazaki, 2009)
	• False Declaration of Quality of Safety/Fire Equipments	Marine Insurance, Engineering Insurance, Property Insurance, Fire and Consequential Loss Insurance (Gatzlaff & Avila, 2015)
	• Import of Total Loss Vehicle And Claiming Full Value	Motor Insurance (Gatzlaff & Avila, 2015)
Canada (Quebec)	• Padding Claim Amounts (Inflated Claims)	All Types of Insurance (Heins, 1996) (Mittelman, 1984)
	• Repeating Claims For Similar Losses	All Types of Insurance (Miyazaki, 2009)
	• Staged Accidents/Scams Using Professionals' Help	Health Insurance (Jordan, 1977), Motor Insurance (Primorac, 2016), Marine Insurance (Ingram, 2009), Fire and Consequential Loss Insurance (Tonenciuc, 2015), Group life/Health Insurance, Worker's Compensation Insurance, Travel Insurance, Agriculture Insurance, Employee Fidelity Insurance (Lovret, 2000)
	• Deliberate Concealment/ Misrepresentation of Facts At Application Stage As Well As Settlement Stage	Health Insurance, Motor Insurance, Marine Insurance, Engineering Insurance, Property Insurance, Fire and Consequential Loss Insurance (Tonenciuc, 2015), Group life/Health Insurance (Dionne, 1983), Worker's Compensation Insurance (Gatzlaff & Avila, 2015)
	• Declaring High Value For Old Stocks	Inventory Insurance (Dionne, 1983)
	• False Declarations of Value of Property/Subject Matter (Idv)	Motor Insurance, Marine Insurance, Engineering Insurance, Property Insurance, Fire and Consequential Loss Insurance (Tonenciuc, 2015)
	• False Declaration of Quality of Safety/Fire Equipments	Marine Insurance, Engineering Insurance, Property Insurance, Fire and Consequential Loss Insurance (Dionne, 2013)
	• Import of Total Loss Vehicle And Claiming Full Value	Motor Insurance (Tennyson, 2008)
Spain	• Padding Claim Amounts (Inflated Claims)	All types of Insurance (Primorac, 2016)
	• Repeating Claims For Similar Losses	All types of Insurance (Tonenciuc, 2015)

Countries	Frauds	Present in Following Types of Insurance
	• Staged Accidents/Scams Using Professionals' Help	Health Insurance (Li, Huang, Jin, & Shi, 2008), Motor Insurance, Marine Insurance (Gabaldón, Hernández, & Watt, 2014), Engineering Insurance, Property Insurance, Fire and Consequential Loss Insurance (Ai, Brockett, Golden, & Guillén, 2013)
	• Deliberate Concealment/ Misrepresentation of Facts At Application Stage As Well As Settlement Stage	All types of insurances (Caudill, Ayuso, & Guillén, 2005)
	• Declaring High Value For Old Stocks	Inventory Insurance (Bolancé, Ayuso, & Guillén, 2012)
	• False Declarations of Value of Property/Subject Matter (Idv)	Motor Insurance, Marine Insurance (Faber, 1997), Engineering Insurance, Property Insurance (Watt, 2003)
	• False Declaration of Quality of Safety/Fire Equipments	Marine Insurance, Engineering Insurance, Property Insurance, Fire and Consequential Loss Insurance (Pons & Rodríguez, 2011)
	• Import of Total Loss Vehicle And Claiming Full Value	Motor Insurance (Gavriletea & Moga, 2011)

Discussion

There are many types of frauds that have been found out to be common across countries and categories. Claim Padding has been found out to be one of the most occurring type of frauds across countries as well as the different types of insurances. Dissimulation or misrepresentation of information during application and subsequent concealment or alterations of facts are also one of the main methods employed by insureds to commit fraud (Dionne, 1983). Staged accidents that are deliberately carried out using the help of professionals like doctors, lawyers, etc to dupe the insurer has been found out to be another way of fraud by insureds. Under Motor Insurance, there are instances where a 'Total Loss' vehicle is imported and a total loss claim is registered (Hoyt, Mustard, & Powell, 2006). Declaring high value for old stocks and claiming the same is a type of fraud committed in insurance taken for stocks and inventory.

Table 2: Fraud Prevention Measures Adopted by Different Countries

	Measures to Prevent Fraud
United States (Hoyt, ustard, & Powell, 2006)	• Antifraud law enforcement (statutes enacted by 43 states in US) • Increasing Penalties • Allocation of more funds to detect and prosecute violators
	• Implementing regulations requiring insurers and insurance regulators to devote more resources to reduce insurance fraud • Recognizing the presence of suspicious circumstances
India (Bashir, Madhavaiah, & Naik, 2013)	• Identifying the claimants' characteristics such as behaving in an aggressive manner, and resistance in giving accurate information, etc • Mismatch between disclosure of the claimant and circumstantial evidence

Frauds can be detected by thoroughly investigating for inconsistent information on the presented claims. For instance, it could be noticed through investigation that the accounts provided by the claimant does not match the circumstances of the claim. There have been instances wherein Total Loss vehicles are imported to defraud the insurers by claiming under used cars category in the Middle East.

Discussion

Frauds can be detected by thoroughly investigating for inconsistent information on the presented claims. For instance, it could be noticed through investigation that the accounts provided by the claimant does not match the circumstances of the claim. There have been instances wherein Total Loss vehicles are imported to defraud the insurers by claiming under used cars category in the Middle East. Also, frauds can be detected by observing the claimants' behavior. For instance, aggressiveness, resistance to supply the required information is indications of inappropriate behaviors (Bashir, Irfan; Madhavaiah, C; Naik, J Rama Krishna, 2013). Fraud can be prevented if proper measures are taken from the application stage itself, i.e., by conducting strict and efficient risk surveys, by disseminating maximum possible information from the insured about all relevant factors and cross questioning. However factors such as undeclared health issues are hard to detect in case of health insurances. Also, in group insurance policies, each proposal should be scrutinized thoroughly to identify suspicious factors. Sudden audits (external- by authorities), internal audits and a sound internal governance system

can reduce the occurrence of internal fraud. Recruitment of direct employees, strict laws and regulations will contribute to a fraud-resistant environment in the company.

Conclusion

Motor insurance (Third party liability) witnesses the largest number of frauds committed as it is the most common form of insurance taken across the world due to its compulsory nature. Also, Italy has been found out to be the country which has the maximum occurrence of fraud considering the kind of technology used in committing such frauds and also, weaker regulations and legislations (Porrini, 2014) (Banks, 2004). It may not be possible to completely eliminate fraudulent activities as the types of frauds being committed are increasing as there are rapid technological changes and advancements. However, if the necessary precautions are taken by educating underwriters about the various types of frauds that may occur at different stages of insurance, huge losses due to fraud can be prevented (Vanasco, 1998). Concealment or dissimulation of facts at the time of application renders the contract void ab initio. The paper aimed at increasing the awareness level of insurers as well as consolidating the different types of frauds committed across countries as well as different categories. The scope of research is wide as the entire world has been considered for the formulation of the index, there is insufficient data for many countries and thereby detailed researches on individual countries would help in developing researches on the topic further. IJ

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Policy Holders Perception Towards the Microinsurance Policies

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Abstract

Microinsurance has emerged as a means for protection of the interest of the poor. Naturally a research interest in microinsurance has grown to find ways and means of making the service delivery more effective and to provide maximum welfare to the needy. This paper attempts to know the perception among the policyholders towards microinsurance. This study is descriptive and analytical in nature. Analysis is based on primary data which was collected from 390 respondents by adopting multi stage random sampling procedure. The findings of the study indicates that the perception of the policyholders is more on risk coverage as they perceive as a product of 'protection to family'.

Keywords

Risk, Microinsurance, Social Protection, Perception

I. Introduction

The social protection goal of governments and the discovery of business proposition in marketing insurance products by private players led to the growth in the insurance business and evolution of various types of insurance products. The insurance sector acts as a mobiliser of savings, a financial intermediary and a promoter of investment activities. For some time, insurance was limited to certain specific risks and some groups of society, ignoring the needs of the more vulnerable groups namely the people in the poor segment. Uninsured risk leaves many poor households more vulnerable to the losses arising from negative shocks such as illness, natural calamities, accidents, etc. State provided social security measures are inadequate to cover all kinds of household risks. Microinsurance has been seen as one of the major risk managing tools for the poor and people in the low-income groups and a potential market for business. Experiences across countries in the world show that microinsurance has the potential to reduce household risk impacts. In view of this, there is a widespread interest in analyzing how microinsurance plays a meaningful role in household risk management and how effective insurers are in reaching and serving the needy.

II. Evolution of Micro Insurance in India

The term Microinsurance was derived from a natural development from the older term 'Micro – finance' (Shwetha Rana, 2014). India has many informal insurance schemes. These schemes are often small, run by cooperatives, churches and non-governmental organizations (NGOs),which pool their members' contributions to create an insurance fund for a specific purpose, for example to cover funeral costs. In some countries, there is specific legislation to regulate these schemes, however in India, no such law exists; any organization conducting insurance has to comply with the stipulations of, among other regulations, the 1938 Indian Insurance Act as amended. The recognition of the plight of the poor, who have occupations that are risky in providing incomes to the families on one side and the emergence of a competitive, open environment that could lead to the neglect of the rural and weaker sections of India, the Insurance Regulatory and Development Authority of India (IRDA) passed the IRDA (Obligation of Insurers to Rural or Social Sectors) Regulations Act, 2002.

As per the act, every insurance company is required to engage with the rural and social sectors by complying with mandatory obligations. These require that seven per cent of all life insurance business should be generated from the rural and social sector in the first financial year, and this should increase annually to reach 18 per cent by the sixth financial year. For general insurance, two per cent of insured premium in the first financial year should be from rural social business, increasing annually to five per cent in the sixth year.

III. Micro Insurance Regulations

In order to facilitate the penetration of insurance to the lower income segments of population, IRDA had formulated the microinsurance regulations. Microinsurance Regulations, 2005 provide a platform to distribute insurance products, which are affordable to the rural and urban poor and to enable microinsurance to be an integral part of the country's wider insurance system.

The main thrust of microinsurance regulations is protection of the low income people with affordable insurance products, so that they could cope with and recover from the common risks with standardized popular insurance products adhering to certain levels of cover, premium and benefit standards. These regulations allow Non-Government Organizations (NGOs) and Self Help Groups (SHGs) to act as agents to insurance companies in marketing the microinsurance products and also allow both life and non-life insurers to promote combi-microinsurance products (combination of different lines of business).

IRDA undertook the review of the Microinsurance Regulations, 2005 comprehensively. In this connection, the Authority notified the Amended Regulations on 13th March 2015 wherein it has permitted several more entities like Business Correspondents of Scheduled Commercial Banks, District Co-Operative Banks, Regional Rural Banks, Urban Co-operative Banks, Primary Agricultural Cooperative Societies, other Co-Operative Societies, RBI regulated NBFC-MFI's to improve penetration of microinsurance.

IV. Micro Insurance Products

Two types of products are offered, Life Microinsurance products and General Microinsurance products. Life Microinsurance products to protect from life cycle risks, it designed as per the terms stated in table 1. General Microinsurance products means to cover any health insurance contract, any contract covering the belongings such as, hut, livestock or tools or instruments or any personal accident contract either on individual or group basis, as per terms stated in table 2.

Table 1: Life Insurance

1	The sum assured under an insurance product offering life or pension or health benefits shall not exceed an amount of ₹ 2,00,000
2	The annual Premium shall not exceed ₹ 6,000 p.a in a Micro Variable insurance product under Non linked Non-par platform
3	Add on riders may be offered in accordance to the provisions of the extent regulation
4	Microinsurance Schemes marketed to a Group with a minimum Group Size 5

Source: IRDA notification, March – 2015

Table 2: Non-life Insurance

S. No	Type of cover	Sum assured (₹)	Term of Cover	Age of entry
1	Dwelling and contents or livestock or tools or implements or other names assets or crop insurance – against all perils	₹1,00,000 Per asset/ Cover	1 year	NA
2	Health insurance (Individual)	₹1,00,000	1 year	Product Specific
3	HealthInsurance Contract (Family/Group)	₹2,50,000	1 year	Product Specific
4	Personal accident	₹1,00,000 (Individual/Family/ Group)	1 year	Product Specific

Source: IRDA notification, March - 2015

V. Literature Review

Nearly all insurance schemes are linked with micro-financial services. Life and health are two most popular risks for which insurance is demanded (Ahuja, R. and Guha-Khasnobis, B. 2005). Linking insurance to the SEWA Bank has produced important benefits (McCord, Isern, &Hashemi2001;Chatterjee. and Vyas, 2005; Garand, 2005).Yeshasvini Trust's health insurance scheme is affordable to the poor (even with the recently increased premiums) because it focuses on high cost/low frequency events. In case of a SHG insurance scheme, a need to de-link life and health insurance from educational scholarship was found. Further, the expectations of SHG members did not match with appropriate awareness about the benefits and limitations of the insurance product (Kanitkar,2005). Tanejaand Sihare,(2011) evaluated Rashtriya Swasthaya BimaYojana (RSBY), an innovative mass level micro health insurance initiative of the Indian Government and found that it provided positive results. Devadasan, (2011) evaluated two health insurance schemes and found that both are satisfactory. They found that uninsured also have same level of satisfaction, they as such suggested that to improve the quality of care for their clients, the scheme managers need to negotiate actively for better quality of care with empaneled providers. The determinants of health insurance are: amount of income, healthcare expenditure number of children in a family, age and perception regarding future health care expenditure (Bhat and Jain, 2006). Households with a sick house hold head do not purchase as they have less income flows in financing the insurance premium. Households with a higher ratio of sick members are more likely to purchase insurance (Ito and Kono, 2007). Willingness to pay correlated with income but relative WTP (expressed as percent of HH income) correlated negatively. The correlation between WTP and education is secondary to that of WTP with HH income. Household composition did not affect WTP. (Mark Dror, Radermacher, and Koren, (2007).The low-income population is not familiar with insurance and intangible products and therefore there is a need to educate the client group to know what he or she is buying and understand the benefits that one can get from buying an insurance policy (Tinsy Rose Tome and Selvam, V.2012; Ayandev Saha ,2012). However, Kirti Singh and Gangal, (2013) on the other hand revealed 73.36% of the people are aware of microinsurance.

VI. Research Question

Microinsurance has emerged as an important tool for protecting the low-income group people in India. Studies have revealed that the penetration is limited in India, but, higher in South Indian states like Tamil Nadu (Erik Bleekrode, 2013; Raja Lakshmi & Indira, 2013) indicating need for developing penetration strategies. The finding stimulates interest in making an interesting research question as follows.

- What is the perception towards of microinsurance among the policyholders?

Existing research has no precise answers for the above question. There are studies on performance evaluation of delivery channels (McCord, Isern and Hashemi, 2001; Chatterjee, and Vyas, 2005; Garand, 2005) and insurance purchase determinants ((Bhat and Jain, 2006;Ito and Kono, 2007;Mark Dror, .Radermacher and Koren, 2007). but the utility of their findings is limited for Nagapattinam district which is different to other regions. The findings of other regions are also not conclusive. As such, the findings of this study expected to provide useful information to improve sales of microinsurance in other areas. For insurance providers in the study area, it offers information for further action to enhance the outreach and efficacy of the insurance.

VII. Objectives

1. To understand of microinsurance market in India
2. To investigate the perception towards microinsurance among policyholders

VIII. Methodology

This study is descriptive and analytical in nature and field survey method was adopted. Both secondary and primary data were used. Secondary data were collected from books, magazines, research articles from referred journals, etc. Primary data were collected from 390 respondents across the Nagapattinam district by adopting multistage random sampling method. Nagapattinam District was chosen as it is one of the most vulnerable district in Tamilnadu by natural calamity such as; flood, cyclone tsunami and drought (UNDP, 2007; Beulah Thangaraj, 2011). In second stage the agent organizations were identified based on the more number of policies, third stage was the selection of blocks and panchayats based on the number of policies. Finally 390 as the sample size was calculated by using a formula developed by Yamen 1967. Statistical tools like descriptive and factor analysis were used to know the perception about the microinsurance among the policyholders. Table 3 shows the block-wise sample of respondents.

IX. Analysis and Discussion

In this section, the major findings of the study were discussed. The discussion consists of the profile of the respondents, perception towards the microinsurance and the factors of perception.

i. Socio-Economic Profile of The Respondents

The microinsurance holders included in the study are 390 women who are also member of self -help groups. Around 75 per cent of them are in the range of 31-50 years age group. Majority of them are married and educated up to school level. About 64 per cent of them live in thatched houses. Barring 8 per cent of the respondents, all the respondents have annual income above ₹11, 000 and annual savings below ₹10, 000 through SHGs. The respondents have borrowing for ceremonies, education and food. Majority of the respondents (72 per cent) have availed loan from informal sources like money lenders, friends and relatives.

ii. Perception about Micro Insurance

The views of the respondents, who are micro-insurance holders, regarding insurance benefits are

Table 3: Sample of Respondents: Block-wise Summary

S. No.	Name of the Block	Policies given				Total	Sample
		Avvai Society		Dhan Foundation			
		Total	Sample	Total	Sample		
1.	Nagapattinam	2560	68	450	12	3010	80
2.	Vadaranyam	450	12	1980	53	2430	65
3.	Sirkali	6000	159	3250	86	9250	245
	Total	9010	239	5680	151	14690	390

The main thrust of microinsurance regulations is protection of the low income people with affordable insurance products, so that they could cope with and recover from the common risks with standardized popular insurance products adhering to certain levels of cover, premium and benefit standards.

depicted in Table 4. The respondents have given their views on a five-point Likert scale of agreement. The benefits of insurance which found good agreement of policy holders perceived are those which have an average value of 4 and above. The benefit statement 'To provide security to my family' found strong agreement (4.99). The other two benefit statements that found good agreement are: 'To meet the expenses at the time of serious accident' (4.0) and 'To meet unexpected medical and hospital expenses' (4.0). Thus, insurance is seen as a provider of security in case of unexpected events like accidents and diseases.

Insurance can also be tension reliever. The other two benefit statements agreeable are: 'To safeguard from loss income during unemployment' (3.78) and 'To make me feel tension free' (3.70).

Table 4: Views of Respondents about Micro Insurance (N= 390)

S. No.	View	Mean	SD
1.	To provide security to my family	4.99	.07152
2.	To meet the expenses at the time of serious accident	4.00	.08778
3.	To meet un expected medical and hospital expenses	4.00	.07170
4.	To meet the children's education	3.14	.36039
5.	To meet the unforeseen financial emergencies	3.07	.25417
6.	To avoid borrowing in future	3.02	.10140
7.	To motivate me to create savings	3.00	.11334
8.	To make me feel tension free	3.70	.46330
9.	To expand the current activity	2.99	.05064
10.	To safeguard from loss income during unemployment	3.78	.42392

Scale 5- Strongly agree 1- Strongly disagree

iii. Factors of Perception

Factor analysis is conducted to identify the major themes of fear. Bartlett's test of sphericity and Kaiser-Meyer Olkin (KMO) measure of sampling adequacy were used to examine the appropriateness of factor analysis. Table 5 shows the results of sampling adequacy. The approximate chi-square statistic is 1979.902 with 45 degrees of freedom which is significant at 0.05 level. The KMO index (0.841) is also large (>0.5). Hence, the sample is adequate to run factor analysis.

Table 5: KMO and Bartlett's Test

Kaiser-Meyer- Olkin Measure of Sampling Adequacy.		0.841
Approx. Chi-Square		1979.902
Bartlett's Test of Sphericity	df	45
	Sig.	.000

Results of Principal Component Analysis for Product related qualities are tabulated in Table 6 and 7.

Retaining only the variables with Eigen values greater than one (Kaiser's criterion), we can infer that 37.20 % of variance is explained by factor 1; 8.96% of variance is explained by factor 2 and 6.82% of variance is explained by factor 3 and all together, all three factors contributed to 53 % of variance explanation.

Table 6: Factor Analysis – Total Variance Explained

Factor	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1.	4.184	41.843	41.843	3.720	37.201	37.201	3.038
2.	1.348	13.480	55.323	.896	8.957	46.158	2.593
3.	1.124	11.236	66.559	.682	6.823	52.982	2.770
4.	.718	7.183	73.742				
5.	.588	5.881	79.623				
6.	.501	5.012	84.635				
7.	.415	4.145	88.780				
8.	.404	4.043	92.823				
9.	.370	3.700	96.524				
10.	.348	3.476	100.000				

Extraction Method: Maximum Likelihood.

Table 7 shows the factor loadings of the 10 items. Factor loadings are high in case of factor 1 (4 out of 10 variables have factor loading >0.5). It reveals that 50% of the variables are clubbed into one factor. But on the basis of theory, we can infer that there must be more than one factor. Therefore, Varimax Rotation was ran, to obtain factors that can be named and interpreted. Under Varimax Rotation also 4 out of 10 variables have factor loading s >0.5 in case of factor 1.

Items 4, 5, 6 and 7 constituted the first factor. The researcher conceptualized and labelled this factor as 'Financial Plan'; Items 8,10 and 9 constituted the second factor and this was conceptualized as 'Peace of Mind'; Items 1,2, and 3 constituted the third factor and was conceptualized as 'Protection to life 'factor.

Table 7: Pattern Matrix Factor Loading

S. No.	View	Factor		
		1	2	3
1.	To provide security to my family	.390	.268	**.627**
2.	To meet the expenses at the time of serious accident	.440	.382	**.806**
3.	To meet unexpected medical and hospital expenses	.501	.410	**.744**
4.	To meet the children's education	**.743**	.360	.451
5.	To meet the unforeseen financial emergencies	**.749**	.383	.484
6.	To avoid borrowing in future	**.765**	.390	.399
7.	To motivate me to create savings	**.553**	.378	.433
8.	To make me feel tension free	.368	**.759**	.331
9.	To expand the current activity	.357	**.717**	.415
10.	To safeguard from loss income during unemployment	.417	**.740**	.327

Table 8 below presents the factors with the respective items.

Table 8: Views of Respondents about Insurance (N= 390)

S.No.	View	Mean	SD
	Factor 1: Protection to life		
1.	To provide security to my family	4.99	0.07
2.	To meet the expenses at the time of serious accident	4.00	0.09
3.	To meet un expected medical and hospital expenses	4.00	0.07
	Factor 2: Financial plan		
4.	To meet the children's education	3.14	0.36
5.	To meet the unforeseen financial emergencies	3.07	0.25
6.	To avoid borrowing in future	3.02	0.10
7.	To motivate me to create savings	3.00	0.11
	Factor 3:Peace of mind		
8.	To make me feel tension free	3.70	0.46
9.	To expand the current activity	2.99	0.05
10.	To safeguard from loss income during unemployment	3.78	0.42

Scale 5- Strongly agree 1- Strongly disagree

X. Conclusion

Generally, in India people's perception on insurance is saving aspect rather than the security aspect (Vijalakshmi, 2015). So Microinsurance products design must be based on those lines of perception. However, the findings of this study show that the perception of the policyholders is more on risk coverage as they perceive protection to family and followed by financial planning. So, the insurance companies should design the Microinsurance policies with varieties of coverage with endowment.IJ

> As per the act, every insurance company is required to engage with the rural and social sectors by complying with mandatory obligations.

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Demand for Health Insurance and Impact on Women Empowerment–A Community Based Study of Rural Pune, India

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Abstract

Background: Set in rural Pune, Maharashtra, this research study traces the arduous journey from the brink of womanhood to community health worker and leader, under the watchful eyes of society. The area of interest is 'Community participation and utilization of healthcare services by women'. Community participation includes strengthening responsibility, community bond and provides a platform for diffusing health care interventions. Professional and academic efforts have been geared towards area of interest. This research area "Comparative Study of effectiveness of Community Based Health Insurance (CBHI) on health seeking behavior of women in rural Pune (Maharashtra) is enabling to understand the social, cultural and political components of community health in India and become an efficient public health professional. The job profile at the United Nations Population Fund (UNFPA) was an opportunity to further strengthen by knowledge and skill set.

Objectives: The purpose of this research is to understand community based healthcare approach and its association with NHM mission, vision and guidelines. The main objectives of research are: 1) To examine difference in health risk, health seeking behavior, health utilization between insured and non-insured women of selected self-help group women; 2) To study out of pocket health expenditure incurred by insured and non-insured women; 3) To study length of policy and use of medi-claim in terms of reimbursement according to cost of hospitalization, time lag, type of illness with special reference to maternity benefits of insured women;4)To examine apprehension about community based health insurance among non-insured women. By this research, an attempt to understand the various linkages, which motivate individual and community to participate in health care activities.

Data & Methodology- Data has been collected from 15 villages according to concentration of SHGs in clusters. Preparation of schedule to conduct this research study helped me a lot while interviewing during self-help group and claim meeting in village headquarter.

Summary & Conclusion- Community mobilization and society activation is one of the major challenges for diffusing healthcare services at the grass root level.

Hence one can feel that **"community engagement concepts"** will help to understand how factors other than incentive, such as health behaviour of individuals, family and community can affect utilization of health care services. This research will help me understand the various linkages (variable) between community participation and utilization of health care services for women in rural India.

All the self-help group women try to play their role at each stage of life with work- life balance and fights against societal evils against women's health issues related to primary, secondary and tertiary care. It is great experience to conduct this research study of community based health insurance; a real hope for others provides a lucent impact to proceed in a community health path. All women with wings of hope took me under emotions to know exactly the way they always ready towards to perform their duties of multifarious role in the society towards health improvement of women under NHM umbrella. Now there is need to focus and understand role of self-help groups to create women empowerment for successful implementation of women health insurance program at village level.

Keywords

SHGs, NRHM, CBHI, Claim, Community Leader

Introduction

Health Insurance has shown little development in rural India and especially for women among all the strata of society. It has not been able to evoke enthusiasm among women as insurers in India. There is a need to examine this issue for acceptability, affordability and friendliness of the health insurance policy in rural India and especially for women because women are more vulnerable towards health risk in any society (Ravallion et al 1997). The purpose of this research is to offer a review of this matter with reference to combined approach of micro finance and group health insurance at community level for women in rural India. In the health insurance market more than 27 insurance companies as a provider and very few has designed special product for female and rural population of India.

Participation of women in decision-making and policy formation is the key point of the overall development of the community and society. There are different levels of women who participate in urban and rural area, at political as well as at grass root level, In grass root level women participation is in the form of Mahila Mandal, Mahila Samitis, Mahila Samajams, Mader Sangams, self-help group (SHG) and community based organization (CBO) etc. Community based health insurance is a way by which women's actively participate in the area of empowerment, health development. Community-based health insurance is an emerging and promising concept, which addresses healthcare challenges faced by rural poor. CBHF is very effective in sub Saharan countries and emerging concept in India. In India CBHF like SEWA, Yashaswini, Student Health Home, BAIF and Karuna Trust are performing the outstanding role in the health care activity as well as women empowerment.

Literature Review

A review of literature on this context is discussed and presented; it provides the intellectual context of the subject. As per the comment received from universal health coverage in India, this research through the light on health insurance minutely and made correction as per government policy and program on universal health coverage and sustainable development goals. Now these solutions are based on scientific evidence and people may be having knowledge about health insurance.

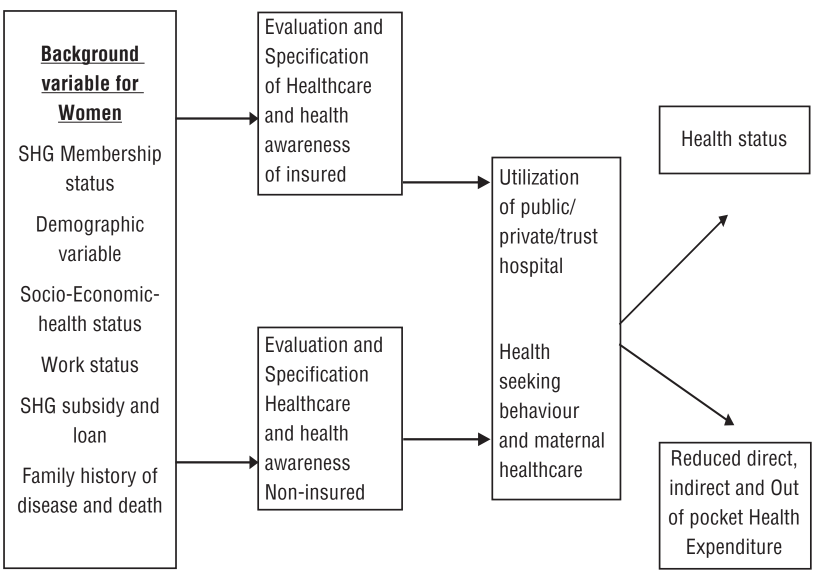
Health insurance can be either compulsory or voluntary. Compulsory health insurance is normally found within obligatory public scheme. Health insurance can also be offered at a community-level and is known as community-based health insurance. It is usually voluntary, but could be compulsory if the community so decides. In community-based health insurance scheme, the people of the community pay a predetermined amount and depending on the benefits packages available, will have access to various health providers and services. Concept of CBHF was there in India in different form and name at different places. Originally, the concept of the CBHF is originated from the sub-Saharan country of the Africa (N. Devdasan, Kent Ranson, Wim V. Damme and Bart Criel, 2004). Recently improvement in health has been achieved because of participation of community in the form of policies, financing, and health services that makes interventions more equitably accessible. Community participation protects populations against many health problems (Preker, Langenbrunner, and Jakab 2001; and Preker et al. 2001a and 2001b).

Conceptual Framework

The framework developed on the theory of insurance and health insurance is modified; where in the arguments are in favor of health insurance with its primary aim to protect a patient and family from financial disaster and how the mode of payments can be simplified. Further to emphasize that health insurance help in eliminating sickness as cause of poverty and helps reducing anxieties associated with financial medical and moral. Particular in the context of rural women, arguments that utilization of health services makes a difference if one covered under health insurance or otherwise.

Murray framework for community based health financing was modified for the current study after the extensive review of the literature of health economics. This conceptual framework is used for evaluation and specification of health care and health awareness among insured (case) and non-insured women (control). The logic behind rational of comparison has been added with more details. Since the objectives are closely connected with conceptual framework, there is a possibility that some elements may have been re-emphasized in analysis.

Figure 1 Conceptual and Theoretical Framework



Research Questions

Based on literature reviewed following research questions have been framed:

1. What are the linkages between insured and non-insured women socio-economic and health characteristics belonging to self-help group?
2. How do the insured and non-insured women utilize health services belonging to self-help group in rural India?
3. What is their willingness and ability to pay for renewal, continuity or enrolment for community based health insurance with self-help group (SHGs) membership?
4. What are the options to reduce out of pocket health expenditure in terms of affordability and acceptability for self-help group women?

Objectives

Based on the above literature review and conceptual framework, objective has been designed as follows. The following are the specific objectives of the study :-

1. To examine difference in health risk and health seeking behaviour between insured and non-insured women of selected self-help groups in rural Pune, Maharashtra.

2. To study utilization and health expenditure on health services by insured and non-insured women.
3. To study length of policy and use of mediclaim in terms of reimbursement according to cost of hospitalization, time lag, type of illness with special reference to maternity benefits for insured women.
4. To examine apprehension of non-insured women about health insurance.

Sampling and Methodology

The present study based on primary data collected from selected villages in Pune, Maharashtra. Although, this research consists of three forms of data collection: primary, secondary and ongoing data of micro finance and micro insurance industry. But the main focus of study based on primary data for insured and non-insured self-help group women under Bhartiya Agro Industries Foundation (BAIF) coverage area, a community based health insurance scheme in rural Pune, Maharashtra.

The target population for present study was women of the age group 18-70. Sample has been taken from exiting registered self-help group in 15 villages of Pune, Maharashtra. Out of these registered SHG insured and non-insured women in the age group 18-70 has been interviewed for primary data analysis. Sampled women have been selected in each village based on self- help group density according to registered SHG's village wise surrounding Haveli and Daund block of Pune district.

The process of selecting two sets of women; insured and non-insured suffice the main objective of the study. The present study is a based community based research confined to specific category, i.e. self-help groups. Hence sampling for the present study is founded on the main objective of the research; hence the population characteristic are not necessary to be compared with 2011 census. The combination of quantitative (statistical) and qualitative data of women is an important attribute for community based study.

Figure-2 Pune District Taluka Map India

- Only a small percentage of CBHI beneficiaries are hospitalized, so these type of households was to be sampled.
- Secondly, reproductive health problems beneficiaries being hospitalized.
- Thirdly there are about some of villages having SHG women families enrolled more women into SHGs.

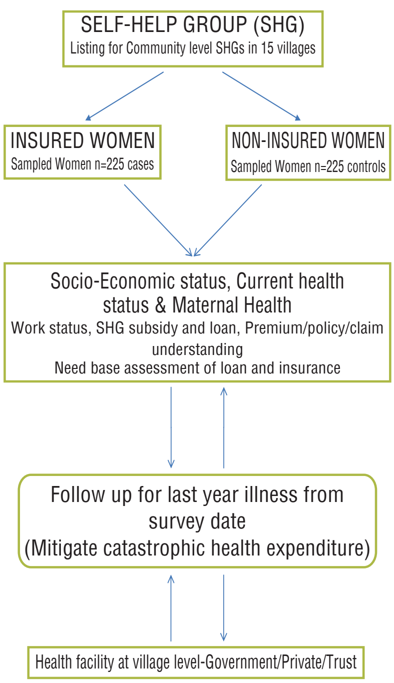


Figure 3 Sampling Framework of Study Area

The last two observations indicate that stratification on clusters was needed if the survey was to shed light on the all observations. As discussed above, the population- SHG households consisted of three categories:

- Hshg - SHG family enrolled
- Henr – SHG family enrolled into CBHI
- Hnenr - SHG family not enrolled into CBHI

450 SHG Household in 15 villages of Pune has been selected through Stratified Random Sampling Method, Focus was insured vs non-Insured rural women, where HH had SHG based microfinance activity in all 15 study village profile. Two stage stratification of women with the random selection at the second stage has been used as per list of SHG's member in all 15 study villages. All the 15 villages, where insurance program is running, have been covered. The sample has been taken from registered self-help group in 15 villages of Pune, Maharashtra.

Out of these registered SHG's insured and non-insured women in the age group 18-70 has been interviewed for primary data analysis.

Sample size= 450 women =15 village *(15 women members of SHG who are insured + 15women members of SHG but non-insured)

Participation of women in decision-making and policy formation is the key point of the overall development of the community and society.

Analysis-

Characteristics of the respondents, husbands and households members is analyzed to have an understanding about the setting in which SHG women are placed. In an attempt understand health characteristics of the household; the health seeking behavior of household member on the basis of per capita health expenditure without considering either place of treatment or type of illness. Utilization of health services is examined with respect to common health problems and reproductive health experiences.

Table 1 Demographic Characteristics of Women

Characteristics	Non-insured (n=225)	Insured (n=225)	Total (n=450)
Age of Women			
< 24	19.0	7.6	13.2
25-29	29.8	25.4	27.6
30-34	24.0	28.0	26.1
35-39	16.7	20.8	18.8
40+	10.5	18.2	14.3
Age of Husband			
<24	3.9	0.4	2.1
25-29	17.4	11.8	14.6
30-34	25.6	26.1	25.9
35-39	20.5	21.2	20.9
40+	32.6	40.5	36.5
Women Age at Marriage			
<18	20.2	6.1	13.0
>18	79.8	93.9	87.0
Male Children Ever Born			
0	26.4	36.0	31.2
1	49.6	51.1	50.4
2	20.5	12.5	16.5
3+	3.5	0.4	1.9
Female Children Ever Born			
0	31.0	31.1	31.0
1	47.3	53.4	50.4
2	15.5	12.9	14.2
3+	6.2	2.6	4.4
Male Children Surviving			
0	27.5	36.0	31.8
1	48.8	51.9	50.4
2	20.6	11.7	16.1
3+	3.1	0.4	1.7
Female Children Surviving			
0	30.2	31.1	30.7
1	47.7	54.5	51.1
2	15.9	11.7	13.8
3+	6.2	2.7	4.4
Total	**100.0**	**100.0**	**100.0**

> There is need to focus and understand role of self-help groups to create women empowerment for successful implementation of women health insurance program at village level.

The findings indicate a parallel pattern between groups of women of SHGs; whether insured or non-insured. This aggregated data revel that there is use of public-private mix of health institutions by both the groups of women. Analysis with the use of decision model clearly bring out significant association between household standard of living with utilization of health services; and certain individual characteristics of women's such as education and income that determine use of health services in addition to whether she is insured and non-insured.

Social Characteristics of Respondents

The study reveals the following social characteristics with regard to the religion, type of family and educational level of the respondents. The main focus was on effect on health insurance coverage and financial planning of the insured women, the findings reveal that not only the insurance helped the families to have better access to health but also helped in improving quality of life, particularly a chance to improve their children's education standard. In contrast the non-insured women have been spending a substantial proportion of their income for health and have an adverse impact on their quality of life. This is largely due to poor awareness levels on health, coupled with in adequate public health facilities to the needs of the community.

Table 2 Social Characteristics of Respondents

Characteristics	Non-insured (n=225)	Insured (n=225)	Total (n=450)
Type of the Family			
Joint	45.7	55.3	50.6
Nuclear	54.3	44.7	49.4
Level of Education of Women			
Illiterate	6.2	2.2	4.2
Primary (I – IV)	2.7	0.8	1.7
Middle (V-IX)	19.0	4.9	11.9
Secondary X Pass	47.3	23.1	35.1
Higher Secondary XII Pass	13.2	16.7	14.9
Graduate	7.7	44.7	26.4
Above Graduation	3.9	7.6	5.8
Total	**100.0**	**100.0**	**100.0**

The suggestion for the needs for strengthening public sector and need for regulation of private sector. The study assumes significance in the context of leaving the provision of health care entirely to the market forces; particularly the weaker sections become vulnerable. To facilitate the lives of women the need for social protection for insurance schemes which conclude the perceptions of the multiple stakeholders. This research is of very much relevance from a perspective of health, gender and empowerment.

Table- 3 Percentage Distribution of Utilization of Public and Private Sector Health Services for Common Health Problems Socio-economic and Demographic Characteristics of the Respondents

Socio-economic and Demographic Characteristics		Non-insured			Insured		
		Govt.	Private	Total	Govt.	Private	Total
Standard of Living Index (SLI)	**Low**	75.0	59.2	69.3	0	0	0
	Medium	25.0	40.8	30.7	77.8	69.6	70.1
	High	0	0	0	22.2	30.4	29.9
Age of the Respondent	**Below 30**	52.8	47.9	51.2	77.8	66.3	67.0
	Above 30	47.2	52.1	48.8	22.2	33.7	33.0
Education of the Respondent	**Illiterate**	16.7	7.7	10.9	0	3.3	3.0
	Up to SSC	63.9	65.7	64.3	55.6	24.3	28.1
	Above SSC	19.4	26.6	24.8	44.4	72.4	68.9
Family Income of the Respondent	**Poor**	72.2	54.4	60.9	0	0	0
	Moderate	27.8	40.8	35.7	55.6	33.7	36.7
	Rich	0	4.8	3.4	44.4	66.3	63.3
Total		**100**	**100**	**100**	**100**	**100**	**100**

BAIF was unique among all the federations as it had piloted a CBHI scheme for its members. All women members (between the age of 18 and 70 yr) were eligible to enrol for this CBHI scheme. To enrol, they had to pay an annual subscription fee Rs. 250/- per individual per family. This fee was collected by the women's groups every year and handed over to the BAIF swayam sayahta vima samitee insurance committee.

> The main focus was on effect on health insurance coverage and financial planning of the insured women, the findings reveal that not only the insurance helped the families to have better access to health but also helped in improving quality of life, particurly a chance to improve their children's education standard.

Table-4 Overview of CBHI Scheme in Study Area-Current Package Details

Particulars	Amount in (Rs.)
Annual Subscription	Rs. 250
Natural Death	Rs 30000
Death in Accident	Rs 70000
Hospitalization	Rs 5000 (Covers inclusive of maternity extension)
Assets	Rs 10000
No Claim Bonus	Depends upto membership status
Annual Health Check-up	A Annually
Disability Loss i. Partial (PPD) ii. Total (TPD)	 Rs. 25,000 Rs. 50,000

Key Findings

Type of benefit and healthcare facilities women would like to avail after joining health insurance plan.

- These are stated suggest age related eligibility and cost of insurance as major barriers for some to have desire to enrol but cannot join.
- Some of the responses are reproduced below from non-insured women

1. Cannot pay high premium because of old age.
2. No eligibility due to old age.
3. No subsidies provided on cost of insurance.
4. If there are such loan provisions then I can join.
5. Can join if benefits are provided within affordable premium amount wanted for parents but due to their age no eligibility.

- Reasons for join in health plan from the market in future –A set of factors such as no coverage from any sources under insurance existing health problems, age related health issues and individual and medical expenses are involved in buying decisions some of the response are reproduced below from insured women-

1. Hospital cost covered by community health insurance is not sufficient.
2. I and my spouse are getting older; our health condition can deviate later.
3. I do not want to take the risk of paying high medical expenditure.
4. Not covering by government/ employer.
5. I will loss BPL scheme coverage once income slab crosses the income limit.
6. My relatives have joined so they made me join too. Health is not fine.

Table 5 Classification of Premium Paid to BAIF by Insured Women (Group Insurance)

Particulars	**Amount (Rs.)**
LIC-JBY(Janshri BimaYojana)	50
Health check-up	30
Medi-claim	85
Administrative cost	30
Travel/honorium to representatives	30
No claim bonus	25
Total premium	**250**

- Desired hospitalization cost women want from the health plan they would like to enrol.

1. In present time minimum of one or more than one lakh amount can be said to be sufficient to meet medical expenses in case of hospitalization surrounding Pune.
2. I am willing to pay a higher premium then I would expect higher hospitalization cost coverage from my plan.

Conclusion

The overall aim of this research study is to understand community based healthcare approach and its association with NRHM's vision and guidelines. In the present work, an attempt has been taken to examine women enrolled in Community Based Health Insurance schemes vis-s-vis non-insured women of self- help groups, their access to healthcare use of services, the impact of CBHI as well as on household income protection and health expenditure. There have been numerous studies on CBHI as well as on SHGs; however the association between the two determinants the main approach characterizing the universal health coverage. Healthcare approach is viewed in terms of their willingness and ability to pay for renewal, continuity or enrollment for CBHI. In the field of population analysis, health finance and insurance have been less explored area. In this research work based on self-help group insurance, an attempt has been made to correlate the use of health finance and women's health. The important conclusion arrived from the primary data is that SHGs and microfinance activities are generating financial literacy as well as health awareness among women in the study area.

This research can help to shape recent policy maker's attention and efforts on this issue in India. More than 50 percent women population of India's lives in millions of villages and slums and they have no access to health insurance easily. Based on data collection during field work and experienced as a health professional, I found nobody wants to cover the risk with low premium and high claim ratio. This type of insurance model works very well in Gujarat, Rajasthan and South Indian states for socio-economic development. The purpose of this research to find the current status of community based healthcare approach and its association with women empowerment under national health policy and universal health coverage mission, vision and guidelines in the study area.

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Conflict of interest – None

Ethical clearance - consent of voluntary participation from women received. TJ

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Ensuring Compliance of Mandatory Motor Third Party Insurance in India

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Introduction

We have witnessed unprecedented and exponential growth in technological advancement in the last decades which has brought about decisive and fundamental disruption in almost all industries. The Insurance Industry is no exception to this tidal wave of change. Initiatives like The Global Positioning System (GPS), Artificial Intelligence, Cloud Computing and Smart Phones have fundamentally changed the nature of how we witness the evolution of activities and industries. Insurance Industry is increasingly armed with newer tools to assess Risk, to finalize product costs, to devise innovative ways to engage with existing and probable customers with never before seen ease and reduced cost. The technologies are also providing more cost effective new Business Models which have the potential to expand the Insurance Base. However, it is equally true that according to a Study conducted by the United Nations, India loses out of $ 58 billion (USD) per annum due to Road Accidents. "Indian economy takes a 3% hit every year due to road traffic accidents, which is over $58,000 million in terms of value," the study said. The situation is similar, more or less, across Asian Continent.[1]

This paper seeks to examine how technology is capable of ensuring

1. http://indianexpress.com/article/india/india-news-india/india-loses-58-billion-annually-due-to-road-accidents-un-study-4402009/

near complete compliance in the Motor Third Party Insurance through an established system of a National Server of Third Party Insurance linked with the Smart Card Registration of Motor Vehicles. Having an Insurance Policy covering Third Party Risk is legally mandatory in India but is riddled with severe non compliance issues adding to huge revenue losses and inviting fraudulent practices in claims.

The Law

Section 146 of the Motor Vehicles Act of India mandates as follows.

146. Necessity For Insurance Against Third Party Risk.

- No person shall use, except as a passenger, or cause or allow any other person to use, a motor vehicle in a public place, unless there is in force in relation to the use of the vehicle by that person or that other person, as the case may be, a policy of insurance complying with the requirements of this Chapter.

  Explanation.-A person driving a motor vehicle merely as a paid employee, while there is in force in relation to the use of the vehicle no such policy as is required by this sub-section, shall not be deemed to act in contravention of the sub-section unless he knows or has reason to believe that there is no such policy in force.

- Sub-section (1) shall not apply to any vehicle owned by the Central Government or a State Government and used for Government purposes unconnected with any commercial enterprise.

- The appropriate Government may, by order, exempt from the operation of sub-section (1) any vehicle owned by any of the following authorities, namely -

  - the Central Government or a State Government, if the vehicle is used for Government purposes connected with any commercial enterprise;
  - Any local authority;
  - Any State transport undertaking:

  Provided that no such order shall be made in relation to any such authority unless a fund has been established and is maintained by that authority in accordance with the rules made in that behalf under this Act for meeting any liability arising out of the use of any vehicle of that authority which that authority or any person in its employment may incur to third parties.

  Explanation - For the purposes of this sub-section, "appropriate Government" means the Central Government or a State Government, as the case may be, and-

- In relation to any corporation or company owned by the Central Government or any State Government, means the Central Government or that State Government;

- In relation to any corporation or company owned by the Central Government and one or more State Governments, means the Central Government;

- In relation to any other State transport undertaking or any local authority, means that Government which has control over that undertaking or authority.

The Section has been produced verbatim above, as can be seen, scope of the Section is sweeping and all pervasive.

The Reality

As per the records maintained by the General Insurance Council of India, nearly 60% of the vehicles plying on Indian roads are uninsured. The vehicles are mostly Motorcycles and scooters. In 2015-16, India had around 190 million registered vehicles; of these, only 80.26 million were insured as per the GIC.[2]

These uninsured vehicles pose a vast challenge with respect of exposure of ordinary citizens to losses occurring out of vehicular accidents. Victims of the accident or their families are left destitute and without financial support due to sudden removal of an earning member of the family.

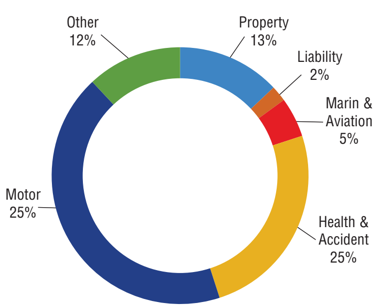
The Executive agencies have been tasked with ensuring compliance of the mandatory Third Party Risk Insurance policy is available with a vehicle or not. However, the agencies are at present under burden to carry out other numerous other tasks as well. Lack of manpower is a widespread problem. And even then, physically checking Third Party Risk for every vehicle is a stupendous task unto itself which at best can be poorly implemented. In absence of strict compliance, norms and laws are routinely flouted resulting in severe under-insurance woes. Additionally, many cases of unknown vehicles causing accidents and fleeing the spot never to be spotted again (commonly known as Hit & Run cases) are also coming to light. The government does have a fund set up under Section 163-B named as Solatium Fund which compensates the victims of Hit & Run cases. However, compensation under Hit & Run is extremely inadequate providing for a measly INR 25000 for Death and INR 12500 for Grievous injury to the victim. The combined effect of

2.http://economictimes.indiatimes.com/news/politics-and-nation/60-of-vehicles-on-indian-roads-dont-have-insurance/articleshow/56746907.cms uninsured vehicles and inadequate compensation amount under Solatium Scheme has had some unfortunate fallout. It has often been observed that in order to extract the claim amount, other vehicles with a valid insurance are implanted. Since in India, cases involving vehicles with valid Insurance follow a different pattern of compensation in courts where a structured formula is applied to award compensation, the prospect of getting money often lures claimants into looking for vehicles with valid Insurance. This has completely disrupted the claim frequency of the Insurers and has disproportionately increased their Loss Ratio.

Further lack of accessibility of insurance and ignorance of the possible legal and financial liability which may arise in the event of an accident occurring during the use of an uninsured motor vehicle are some of the other major bottleneck causing trouble.

The chart below explains that despite severe non compliance of provisions under section 146 of the Motor Vehicles Act, the Indian Market still holds a formidable share in the overall Non Life Insurance segment. A conclusion can be made that in the eventuality of compliance of the provision, there is a significant scope of increased penetration of Insurance Coverage.

Segment-wise share (2013-14)



Source: General Insurance Council Yearbook, 2013-14

How Technology Can Help

Since the situation is all pervasive and omnipresent, a massive combined effort needs to be undertaken to combat the same across Nations with the aid and employment of technology. Time has come for General Insurers to decide if fiercely protecting commercial turf by withholding crucial data is more important or fighting and defeating the menace of uninsured motor vehicles. Following Model is being proposed to be deployed stepwise.

- As seen in the earlier paragraphs, the law is already in place making Third Party Insurance mandatory. All Insurance Companies doing General Insurance business should pool data of available information listing all vehicles having Third Party Insurance.
- A National Server be commissioned at the behest of the Government of India and all companies doing General Insurance Business and under the auspices of the GIC of India for the purpose of maintaining the Record of listed vehicles.
- A collegium is proposed to be formed which shall include one nominated representative of each General Insurance Company which has an officer nominated by the GIC as an ex-officio chairman.
- All authority and responsibility of maintaining and accessing the data on the National Server be vested in the collegium which shall monitor the maintenance of the Server and flow of information.
- The Server should be fed the already available Registration data with the Insurance Companies and Regional Transport Offices.
- All Regional Transport Offices (RTOs) of the country be taken on board and it should be made mandatory to issue Smart Cards for The Registration Certificate of every vehicle. In India, all RTOs already issue Smart Cards to the vehicles containing information of Registration which should help with a significant portion of vehicles.
- The Smart Card so issued shall contain an Electronic Chip. On this chip, all necessary information of the vehicle like, Registration Details, Type of the Vehicle, Owner Details like Name, Address etc and Insurance Details should be recorded at the time of issue.

We have witnessed unprecedented and exponential growth in technological advancement in the last decades which has brought about decisive and fundamental disruption in almost all industries. The Insurance Industry is no exception to this tidal wave of change. Initiatives like The Global Positioning System (GPS), Artificial Intelligence, Cloud Computing and Smart Phones have fundamentally changed the nature of how we witness the evolution of activities and industries.

- As is known, fuel is the quintessential prerequisite for making vehicles ply on roads. Thus, it is assumed that a vehicle is required to make frequent visits to fuel stations.
- Fuel stations are equipped with Fuel Dispensing Machines which are popularly known as Petrol Pumps in Commonwealth Countries.
- All Fuel stations are also equipped with Card Reader Machines for the purpose of effecting Electronic payments. Thus, the employees of a Fuel Station are already trained in handling machines which use Smart cards.
- Provide the Fuel Stations with either new Card Readers or necessary changes be carried out in existing Readers/Fuel Dispensing Machines for them to be able to access following information from the National Server.

a. Registration Details of the vehicle that has come to the Station.

b. Whether, as per the records of the Server, the vehicle, at the time of refueling is in possession of a valid insured against Third Party Risk?

c. If no Insurance is found for the vehicle against Third Party risk, then details must be recorded from the Server as to when was the last time the vehicle in question had a valid Third Party Insurance.

d. The National Server to record the location of the Vehicle at the same time.

- Based on the information, one of the following actions can be taken.

  A. In case the vehicle is found with a valid Third Party Risk Insurance Coverage, the vehicle may be refueled at the prevailing rate of the fuel.

  B. In the condition of the vehicle not having the Insurance, then it may still be allowed to refuel but at an extra premium rate and record of the same shall be saved by the National Server. An immediate notification should also be sent via SMS on the concerned RTO's portal, alarming them about uninsured vehicle, which is registered under their jurisdiction to take suitable action under the given law.

- The amount charged extra for refueling the vehicle without insurance shall be deposited in a pool fund (for example solatium fund in India) by all petrol pumps, to help the victims of Hit & Run cases.
- A show cause notice can then be sent to the Vehicle owner seeking explanation as to why his vehicle was not insured against Third Party Risk on the given date and why the registration of such vehicle should not be suspended. The owner may also be given 7 days time to approach an Insurer of his choice and get the Insurance done.
- At the time of getting such Insurance, the information of effecting of the Insurance may then be immediately uploaded on the National Server for future reference.
- Location of a vehicle recorded by the server shall be made available to Insurance Company which is in receipt of a claim against such vehicle to negate any possibility of Fraudulent implantation of the vehicle.
- Fuel Station owners can be suitably incentivized for participation in the activity.
- Since this project involves massive movement of resource and technology and equally momentous coordination with different Government Agencies and other Stakeholders, it is proposed that the project is selectively launched in a few major locations at first on pilot basis.
- Subsequently, the project may be formally adopted and launched in other locations throughout the country in a phased manner.
- Similarly, vehicles passing through Tollbooths should produce the Smart Card for Inspection and a similar card reader Machine should be deployed to check if the vehicle in question has a Valid Third Party Insurance or not. In case of the vehicle not possessing the Insurance, again, a premium should be charged over and above normal Tollbooth Charges and premium so collected to be deposited in the Solatium Fund.
- Same procedure should also be applied at all Service Stations of the country. The vehicles approaching for Servicing/Repairs should be mandated to produce the Smart Card so that Insurance availability can be ascertained. Uninsured vehicles may be subject to a higher service charges.

With the help of technology and innovative application, and multiple checks and balances will ensure strict compliance. Also, by involving the manpower as mere facilitators and employment of technology as the main tool of verification, we can successfully eliminate manipulation and other human errors. By effective use of technology, the menace of under-insurance of Motor Vehicles can be brought to negligible portion in as little time as a decade.

A question can be raised at this point as to why not seek Paper Proof of the Insurance at the Fuel Stations, Tollbooths and Service Stations instead of Smart Cards? This will reduce the burden on RTOs and also avoid unnecessary costing. However, introducing paper verification is unviable for following reasons.

a. A person can easily manipulate paper and the person authenticating the paper will have no way to know if the paper itself is forged or otherwise tampered with in absence of instant confirmation.

b. Such system can also give a reason for the verifier to harass individuals by declining to accept the policy.

c. Average time taken for Paper verification is much more than a Card transaction.

d. Introducing manual papers will only encourage forged documents thereby defeating the very purpose for which the law was made in the first place.

A flow chart below summarizes in brief what needs to be done to apply technology to obtain desired goal of ensuring compliance of the law already in place.

Establish Collegium	• Collegium shall Consist of one nominated representative from all companies carrying out General Insurance Business. • A nominated Official from the General Insurance Council to be the Ex-Officio Chairman of the Collegium.
Commissioning of National Server	• Central Government and the Collegium to commission a National Server. • Server to have Registration and Insurance details of every vehicle in the country.
Regional Transport Offices	• All RTOs of the country to issue smart cards of Registartion to all existing vehicles in a reasonable period of time. • New vehicles to mandatorily have Smart Cards.
Selection of Pilot Cities	• Selection to be made after considering deliverables and possible ease of launching the new system. • A reasonable time to be given for people to prepare.
At The Fuel Station	• Vehicles with valid Insurance to be given fuel at prevailing rates. • Vehicles found uninsured shall be charged a penal premium Rate with a record of the vehicle and location be sent to the Server. Premium amount collected to be added to Solatium Fund.
Other Measures	• Similar procedure to be adopted at tollbooths and Service Stations where uninsured vehicles shall be marked and charged at premium rate. • A Notice to be forwarded to the owner of the uninsured vehicle demanding to show cause. An intimation should be made to the RTO which registered such uninsured vehicle.

Summary

A multitude of problems plague General Insurance Industry in India especially cases involving non compliance of obtaining mandatory Third Party Insurance for vehicles. Lack of manpower to enforce strict compliance, Lack of awareness in people of the prevailing laws and rising Loss Ratio of the General Insurance Companies are main identified factors. A technology intertwining Regional Transport Offices, Fuel Stations and National Collegium of General Insurance Companies through a National Server is being proposed to counter this problem and ensure compliance of the law.

It is expected that if successful, this arrangement will wipe out the Non Compliance, ensure near complete coverage of mandatory Third Party Insurance and mostly negate possible fraud in implanting the vehicles to obtain claim amount. IJ

Product Developments-An Ongoing Cycle

Introduction

Risks always provide an opportunity for the insurance industry. While we effectively manage the risks that we face, we also need to be aware of the new risks that keep emerging in today's dynamic world and explore designing products around them. We live in a wired world where all ages are hooked to some gadget or the other. Most of our financial transactions are done over the 'cloud'. Is there is an emerging risk rather latent that we will face in the future? If yes, then there is an opportunity for insurers to bank on these risks and design products. Cyber-crime and cyber-terrorism offer a huge challenge across the global village, thanks to the unifying power of the internet .The rapid evolution of the Indian economy has opened up a sea of opportunities for the insurance industry. Insurance of private jets, pleasure crafts, commodity products are a few examples. As the end the customer may be unaware of the risks faced in the new business environment, the insurance industry needs to be the prime mover and educator of the customers. This is easier said than done. The resources needed for creating awareness or creation of the market is quite significant. While the whole industry is concentrated on selling the brick and mortar forms of insurance, a one off insurer involved in the development of new products will face the risk of loss of market share. The mindset of stakeholders needs to change and stakeholders have to work together. After all, innovators have never followed the herd.

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Product Development

The product development entails identification of risk which a potential buyer wishes to transfer at a given price. It must manifest in the form of a contract which may or may not require a regulatory sign off post a legal and actuarial vetting, depending upon the jurisdiction applicable. The nature of the product and contract can be vastly diverse. Despite all complexities some underlyings remain and the process is becoming increasingly dynamic and ongoing. Like in any other field, the question is whether product development is a science or an art. Design of a successful product needs much thought, techniques and a vision as to fulfill the needs of the end customer. A product is defined as goods or service offered by a provider. The benefits could be tangible or intangible. Being in the insurance industry, our primary concern is the intangible benefit that our products offer. Especially in an emerging economy, we need to design innovative products that are affordable, yet profitable and well accepted.

Traditional Products

Traditionally, insurance products were limited to the standard and stereotypic needs, the whole life, endowment or term in life insurance and Fire, Marine, Motor Health in the non-life segment. There is a need to go beyond the traditional products into the realm of niche areas that cater to the special needs. For example, the health insurance policy has traditionally been a group or individual cover now widely and generically known as the Mediclaim. However, the health sector in India has grown exponentially in the last decade and there is a need for specialized covers that cater to the health care establishments as well as the care providers. Needless to say, such products are complex to design, administer and service. There will also be need for borrowing expertise from the developed markets across the world and also effectively tap the Intellectual Property Rights (IPR). However, there is a need to adapt the product to our conditions. Every product wherever it is intended to be used is designed for the target customer base. The replication, adaptation or indigenization of such products tantamount to product development minus the initial idea generation. The mortgage insurance product first developed in Australia, the critical illness products in South Africa and savings linked ones in Japan are some of the examples that have been successfully adopted around different geographies.

We accept the risk faced by our customers in exchange for a premium. It needs to be ensured that we manage those risks in the most effective and economical way to add value to all stakeholders and optimize the shareholder value. A well designed product is an essential step in identifying the risks and putting in place the best way to mange those risks. Traditionally we have well established systems and procedures for risk management but those risks themselves change with time and there is a need to continually evolve or fine tune our systems to address such changes. Reinsurance driven products or, for that matter, products that resort to Alternate Risk transfer (ART) are some examples.

> The pricing of the product will have to take into account these complexities to ensure profitability. Importing new products entails challenge of local translation of the product features or adaptation of an existing one to an alien environment. There will be need for local deliverables, benchmarking, raising the bar of the existing service and support infrastructure like claim adjusters, accounts and risk management.

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Boon of Regulators

Product innovation brings with it a new set of rules. This will necessitate out of the box thinking and adoption of methodologies that may be new and un-tested. Adoption of these may be a seen as a deviation of time-tested product development processes. Sensitive regulators recognize these challenges and provide the necessary space for the trailblazers to operate and venture into the unchartered waters. After all, the standard products of today were once new, and developed with some specific purpose in mind. Regulators also need to be catalysts encouraging arrival of specialty insurers beyond the field of health, agriculture or export credit.

Perfect Delivery

The more sophisticated a product, the more would be the demand on delivery (distribution plus servicing). This could be in the form of IT processes, distribution systems and the service parameters. There will be demands on training and development of the stakeholders for which higher allocations may be needed. The pricing of the product will have to take into account these complexities to ensure profitability. Importing new products entails challenge of local translation of the product features or adaptation of an existing one to an alien environment. There will be need for local deliverables, benchmarking, raising the bar of the existing service and support infrastructure like claim adjusters, accounts and risk management. insurance is essentially pooling of resources and works on law of large numbers. The sophisticated products may not suit the bill in terms of number of policies sold but the value they add to the customer will be significant. Scale would be a function of how quickly you could achieve a critical mass through such a fulfillment process. They may enjoy the special privilege of “difficult to replace” at least in the short to medium term and hence will throw up opportunities for high growth sales. The price inelasticity of such products will give insurers a window to make a surplus even in time of low volumes. In all thinking markets the debate today centers not just around distribution but delivery. Given the intangible nature of our products while a promise is made at the point of sale (POS), eventual test represents the moment of truth (MOT). Increasingly the servicing features of a product get intertwined with the core product. Be it ‘cashless’ in motor or health sphere of crisis management in Kidnap and Ransom cover. There could also be an opportunity to embed a product like in extended warranty space or travel insurance whereby the buyer of a white good or an airline ticket may pay a price inclusive of such a cover.

Conclusion

With opportunities galore, the need of the day is to think beyond the existing paradigm. There will be increasing demand for offerings that are drivers of change and enrich the economy by facilitating emerging businesses while effectively keeping the risks under control. New products also come with new set of challenges and the industry needs to effectively manage these in order to remain sustainable and progressive. Whatever be the nature of the requirement - centering around a high or low frequency/ severity; benefit or indemnity; short or long tail; underwriter or broker filed wordings; file and use or vice versa; retail, commercial or corporate, some common denominators will remain. First and foremost, the fundamental principles of insurance, viz; insurable interest and utmost good-faith; increasing transparency; policy holder protection and dispute resolution mechanism. Pricing a product to achieve underwriting profitability calls for discipline and sensitivity towards market forces. That makes product development an ongoing process rather than a one-time exercise. Perhaps, it is both an art and science by itself.

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5. **Keywords:** Immediately after the abstract, provide around 3-6 keywords or phrases.

6. **Tables and Figures:** Diagrams, Tables and Charts cited in the text must be serially numbered and source of the same should be mentioned clearly wherever necessary. All such tables and figures should be titled accurately and all titles should be placed on the top after the number. Example: Table 1: Growth Rate of Insurance Premium in India (1997-2010).

7. **References:** all the referred material (including those from authors own publication) in the text must be appropriately cited. All references must be listed in alphabetical order and sorted chronologically and must be placed at the end of the manuscript. The authors are advised to follow American Psychological Association (APA) style in referencing.

   Reference to a Book: Author. (Year). *Title of book*. Location: Publisher.

   Example: Rogers, C. R. (1961). *On becoming a person*. Boston: Houghton Mifflin.

   Reference to a Journal Publication: Author(s). (Year). Title of the article/paper. *Journal name*, volume (issue), page number(s).

   Example: Smith, L. V. (2000). Referencing articles in *APA format*. *APA Format Weekly, 34(1)*, 4-10.

   Reference to a Web Source: Author. (Date published if available; n.d.--no date-- if not). Title of article. *Title of web site*. Retrieved date. From URL.

   Example: Landsberger, J. (n.d.). Citing Websites. In *Study Guides and Strategies*. Retrieved May 13, 2005, from http://www.studygs.net/citation.htm.

8. Usage of abbreviations in the text should be avoided as far as possible and if used should be appropriately expanded.

9. The papers and articles submitted must be original work and it should not have been published or submitted for publication elsewhere. The author(s) are required to submit a declaration to this extent in the format specified in Appendix 1, while submitting their articles.

10. All the submissions would be first evaluated by the editor and then by the editorial Committee. Editorial committee may require the author to revise the manuscript as per the guidelines and policy of the Journal. The final draft is subject to editorial changes to suit the journals requirements. Editorial Committee also reserves its right to refer the article for review/ delete objectionable content/ edit without changing the main idea/ make language corrections/ not to publish/ publish with caveats as per its discretion. The Author would be duly communicated with such decisions.

11. Contribution(s) should reach the designated email address at III on or before 30th November (January issue), 28th February (April issue), 31st May (July issue) and 31st August (October issue).

12. Please send your manuscripts to

    The Editor, The Journal of Insurance Institute of India, Insurance Institute of India Plot no. C-46, G-Block, Near Dhirubhai Ambani International school, Bandra-Kurla Complex, Bandra (East), Mumbai-400051.

    Or

    Electronically Mail to <journal@iii.org.in> with subject line as "Contribution for "The Journal" – January/April/July/October (Mention Year) issue.

13. In case the author has submitted only the hard copy, an electronic version of the manuscript would be required once the paper is accepted for publication.

14. All enquiries related to the submissions should be addressed only to the Editor.

15. Copyright of the published articles and papers would rest with "The Journal of Insurance Institute of India" and any further reproduction would require prior and written permission of the Editor.

Specific Guidelines for Book Reviews:

1. The book review should be of a book published in recent years (current year or previous year).

2. The review should not be more than 2000 words; word limit can be more/less depending on the scope of the book.

3. The reviewer should clearly mention the details of the book reviewed such as Title, Author(s) name, publishers detail, year of publication, place of publication, number of pages and listed price as mentioned on the cover page of the book. If the ISBN number is provided, it should be specified. Beside the above, the components of the book review should be brief summary of the intended objective/ purpose, description of the approach, logical and objective evaluation.

4. The references should be kept to the minimum or completely avoided in a book review.

5. Avoid replicating tables and figures from the book, or directly quoting from the book.

6. The review should not be just a summary of the book, but it should bring out the essence of the book and focus on the objective, theme, scope of coverage, etc. The book review should put forward an objective and fair opinion about the significance, strengths and weaknesses. The review should be about the books contribution to the subject rather than what the reviewer feels about the book.

7. The reviewer should try to make the review insightful and informative.

Specific Guidelines for Case Studies:

1. Cases usually describe complex issues and readers are forced to take optimum decisions/action in a dilemmatic situation. Cases are meant to create challenges of decision making in the mind of readers regarding conflicting situations, insufficient information, dynamic environment and the like.

2. The authors of the case studies can take organization specific or industry specific issues and present the facts of the case in a logical way.

3. The case study should be well documented and well researched and must be realistic in its context and relevance.

4. Sufficient data (primary or secondary) should be incorporated within a case study for discussion and generating alternative solutions and identifying the best possible alternative. Prior approval for disclosure of information (company specific) must be taken by the author wherever applicable.

5. The issues that are raised in the case should be focused and must be effectively presented without any ambiguity or contradictions.

6. All the referenced material should be adequately and accurately cited at the end of the case.

7. Discussion questions can be provided at the end of case (optional).

Appendix I

Declaration by the Authors

I/We (Full Name of the Author(s))..

..., hereby declare that I/We are the author(s) of the paper titled

".."

(Title of the paper), which is our original work and not the intellectual property of any one else. I/we further declare that this paper has been submitted only to the Journal of the Insurance Institute of India and that it has not been previously published nor submitted for publication elsewhere. I/we have duly acknowledged and referenced all the sources used for this paper. I/we further authorize the editors to make necessary changes in this paper to make it suitable for publication.

I/we undertake to accept full responsibility for any misstatement regarding ownership of this article.

....	**..............................**
(Signature Author I)	**(Signature Author II)**
Name:	**Name:**

Date:

Place:

TRAINING PROGRAMS

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
June 2018							
1	CP	G4	Aviation Insurance	4-6 June, 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Executives working in the Aviation department of General Insurance Companies / Brokers / Surveyors.
2	CP	G5	Engineering Project Claims	11-12 June, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance officials / Brokers / Surveyors / Customers having awareness about Project Insurance basics.
3	IP	G6	International Program -Reinsurance Management	18-23 June, 2018	$ 600 USD		International Participants-Executives working in General Insurance Companies in Re-insurance, Underwriting and claims
4	CP	G7	Appreciation Program on Liability Lines	25-26 June, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior and Middle Level Executives dealing with Liability Insurance
July 2018							
5	CP	G8	Motor Insurance Liability Workshop	2- 3 July, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior and Middle Executives working for Insurance companies, Broking firms and Surveyors.
6	CP	L4	Marketing Strategies – for Branch and other Marketing Unit Heads : Life	2-3 July, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Branch Managers / Marketing Unit heads with 2-3 years experience
7	CP	B2	Bancassurance for Bankers : Life	9-10 July, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Managers / Executives dealing with Bancassurance in Banks

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
8	CP	G9	Health Insurance	9-11 July, 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Middle Level Executives of Third Party Administrators, Insurance Companies, Broking Firms and Hospitals.
9	CP	G10	Marine Cargo Insurance	16-19 July, 2018	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Junior and middle level Executives dealing with Marine Cargo from Insurance Companies, Brokers, Surveyors and Customers
10	CP	C2	Certified Insurance Anti Fraud Professionals	19-21 July, 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Exclusive program for those registered for certified Insurance Anti-Fruad professionals course.
11	CP	G11	Claims Management of Property Insurance	23-24 July, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Middle Level Executives of General Insurance Companies
12	CP	G12	Rural and Micro Insurance	30 July - 01 Aug., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Insurance Executives looking after Rural and Micro Insurance in General Insurance Companies, Brokers, communities, reinsurers and banks.
August 2018							
13	IP	G13	Excellence in Insurance - Technical	30 Jul - 11 Aug, 2018	$ 1200 USD	-	Junior and Middle level executives of the International Insurance Industry
14	CP	G14	Liability Insurance Focus - Cyber Crime	20-21 Aug., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Practitioners from Insurance Companies, Brokers, Customers, the Information Technology industry and related areas.
15	CP	S1	Technical Aspects of Various Fire Protection Systems	20-21 Aug., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance officials working in risk management inspection as Underwriting / Brokers, Surveyors and Customers.
16	CP	G15	Mega Risk Insurance	27-29 Aug., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Insurance Executives looking after Property / Engineering in Insurance Companies, Brokers, reinsurers, Surveyors and Customers.

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
September 2018							
17	CP	G16	Motor Insurance Fraud	4-5 Sept., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance officials working in Motor, Audit and Fraud control departments with a fair awareness of motor insurance.
18	CP	G17	Actuarial Science for Non-Life Insurance	4-6 Sept., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Middle Level Executives of General Insurance Companies, Broking firms, III Associates / Fellows.
19	CP	S2	One Day Technical Worksop On The Subject Of Renewable Energy	08 Sept., 2018	₹ 4300+ G.S.T.	₹ 3100+ G.S.T.	Executives in General Insurance companies / Brokers / Customers having some awareness about the subject.
20	CP	G18	Management of Property Insurance - Fire (Underwriting)	10-11 Sept., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Middle Level Executives from the underwriting department of Insurance Companies
21	CP	G19	Marine Hull Insurance	24-27 Sept., 2018	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Middle Level Executives working in the marine hull departments of Insurance companies / Brokers / Loss Adjuster / Customers.
October 2018							
22	CP	B3	Bancassurance for Life Insurers	3-4 Oct., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Managers/ Executives dealing with Bancassurance in Life insurance companies and banks
23	CP	G20	Reinsurance Treaty issues and Challenges (Focus - Reinsurance treaty designing)	08-10 Oct., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Participants are expected to have exposure to Reinsurance related areas
24	CP	G21	Liability Insurance Focus - Financial Lines	15-16 Oct., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior Middle Level executives of Insurance Companies, Brokers, Surveyors, Customers.
25	CP	S3	Advanced Workshop on Oil and Energy	22-24 Oct., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Insurance buyers, Risk Managers, Agents, Brokers, Underwriters, Adjusters, Attorneys, and professionals from the oil and gas sector, drilling contractors/ companies.

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
26	IP	L5	International Life Insurance Program	22-27 Oct., 2018	$ 600 USD	-	Middle Level officials of Life Insurance Companies / Brokers.
27	CP	S4	Risk Assessment in Chemical Industries	29-30 Oct., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance buyers, Risk Managers, Agents, Brokers, Underwriters, Adjusters and Professionals from Chemical Manufacturing Industry
November 2018							
28	CP	G22	Risk Management and PML - Significance	12-14 Nov., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Managers working for General Insurance Companies and Brokers in U/W and Risk Assessment
29	CP	C3	Compliance Governance and Risk Management in Insurance	12-14 Nov., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Exclusive Program for those registered for the Insurance Regulatory Compliance Governance course.
30	CP	G23	Handling of Marine Cargo Claims	19- 20 Nov., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior & Middle Level Executives from Insurance Companies, Brokers, Surveyors and Customers.
31	CP	G24	Management of Property Insurance - Engineering Project (Underwriting)	26-28 Nov., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Middle Level Executives from the underwriting department of Insurance Companies Brokers / Customers.
32	CP	G25	Motor Insurance (Own Damage) Workshop	26-29 Nov., 2018	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Executives from Insurance Companies, Broking firms and Surveyors dealing with Motor Insurance.
33	IP	G26	International General Insurance Program	26 Nov. - 08 Dec., 2018	$ 1200 USD	-	Middle level officials of General Insurance Companies / Broking firms.
34	CP	S5	Two Days Workshop On The Insurance Needs Of Construction Industry	30 Nov. - 01 Dec., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Officials working in General Insurance company, intermediaries Bankers & Professionals from construction industry.

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
December 2018							
35	CP	G27	Engineering Claims (Non-Project)	3-4 Dec., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior / Middle Level Executives of General Insurance Companies / Brokers / Surveyors / Customers.
36	CP	G28	Business Interruption	10-11 Dec., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior Middle Level Executives of General Insurance Companies / Brokers / Surveyors / Customers and Buyers of Business interruption policies.
37	CP	L6	Advanced Program for Young Leaders : Life	17-21 Dec., 2018	₹ 21500 + G.S.T.	₹ 15500 + G.S.T.	Young Managers / Executives Life Insurance Companies.
38	CP	C4	Certified Insurance Anti Fraud Professionals	20-22 Dec., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Exclusive program for those registered for Certified Insurance Anti-Fruad professionals course.
January 2019							
39	CP	G29	Marine Cargo Insurance	7-10 Jan., 2019	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Junior and Middle Level Executives dealing with Marine Cargo Insurance Companies, Brokers and Surveyors.
40	CP	G30	Claims Management of Property Insurance	14-15 Jan., 2019	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior Middle Level Executives of General Insurance Companies / Brokers / Surveyors / Customers
February 2019							
41	IP	G31	Excellence in Insurance - Technical	04-16 Feb, 2019	$ 1200 USD	-	Junior and Middle level executives of the International Insurance Industry

NB :- Fees quoted are exclusive of mandatory Goods Services Taxes, which will be payble over and above Tuition Fees mentioned in each Program.

Notes

Notes

Form IV (Rule 8)

Statement about ownership and other particulars about the Journal of Insurance Institute of India to be published in the first issue every year after the last day of February.

1.	Place of Publication	Mumbai
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	(a) Wheather a citizen of India?	Yes
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06. Names and addresses of individuals who own the newspaper and partners or shareholders holding more than one per cent of the total capital.

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knowledge and belief.

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P. VENUGOPAL
Signature of Publisher

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