



## Newsletter

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## Insurance Regulation

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<b>News</b>	<b><i>IRDA launches mobile app to compare insurance products</i></b>
<b>Newspaper</b>	<b><i>The Hindu Business Line</i></b>
<b>Source</b>	<b><i><a href="http://www.thehindubusinessline.com/industry-and-economy/banking/article2656743.ece">http://www.thehindubusinessline.com/industry-and-economy/banking/article2656743.ece</a></i></b>

Mumbai, Nov. 24:

The Insurance Regulatory and Development Authority (IRDA) has introduced a mobile application that enables one to compare insurance products and premium rates.

The application currently allows users of mobile phones with Internet connectivity to check and compare the features of Unit Linked Insurance Policies (ULIPs) introduced on or after September 1, 2010.

“The application has been developed with the objective of providing consumers a mechanism to make informed decisions by comparing features of insurance products on their mobiles,” said IRDA Chairman, Mr J. Hari Narayan, in a press release.

The application works on the Android, iPhone, Nokia and Blackberry platforms. However, a user can also access the information on any mobile that enables Internet access or can access the Web site directly.

The application enables real-time mobile-based access to the IRDA repository containing details of the products by accessing [www.m.irda.gov.in](http://www.m.irda.gov.in).

Users will be able to compare the features of Unit Linked Insurance Products such as their premium and benefits. They will be able to search for products using three search options — search by company, by policy type and by keywords.

The search by company lists companies offering similar products and allows the user to choose the products he or she wants to compare, where the user can select up to three products.

The search by policy type lists different types of policies from which the user can select the required type and it displays the products available. Again, the user can select up to three products for comparison.

Search by keyword enables the user to search either by policy type or by company by entering a keyword.

The selected product information is displayed in a pop-up window.

<b>News</b>	<b><i>Irda unveils IPO norms for life insurers</i></b>
<b>Newspaper</b>	<b><i>The Financial Express</i></b>
<b>Source</b>	<b><i><a href="http://www.financialexpress.com/news/irda-unveils-ipo-norms-for-life-insurers/882976/0">http://www.financialexpress.com/news/irda-unveils-ipo-norms-for-life-insurers/882976/0</a></i></b>

Mumbai: Announcing IPO norms for life insurers, the Insurance Regulatory and Development Authority (Irda) on Thursday ruled that the embedded value of the company will be considered while allowing it access to the capital market.

“Such an embedded value report shall be prepared by an independent actuarial expert and peer reviewed by another independent actuary and shall be prepared in the manner prescribed by the actuarial practice standard issued by the Institute of Actuaries of India. The authority generally expects the embedded value to be two times the paid-up equity capital (the paid-up capital shall be inclusive of the share premium)” the regulator said.

The authorities will decide the extent to which promoters shall dilute their respective shareholdings, the maximum subscription which could be allotted to any class of foreign investors and the lock-in-period for promoters from the date of allotment of shares. Promoters of the applicant company, which would need to approach Sebi for public issue of shares or any subsequent issue after approaching the insurance regulator, can sell equity through a public offer for sale under the

ICDR Regulation. The insurer may hit the market only on completion of 10 years from the date of the commencement of business or such other period as may be prescribed by the central government.

The approval granted shall have a validity of one year from the date of issue of approval letter within which the company shall file the draft red herring prospectus with Sebi. The authorities shall generally consider the applicant company's overall financial position, its regulatory record, the proposal for issue/offer of capital; the capital structure post-issue/offer of capital; and the purposes to which the share capital proposed to be raised will be applied.

It will consider the period for which the applicant has been in the life insurance business, the history of compliance with the regulatory requirements and the maintenance of the prescribed regulatory solvency margin as at the end of the preceding six quarters commencing from the quarter immediately prior to the date of filing the applications.

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<b>News</b>	<b><i>Pension schemes turn more user- friendly</i></b>
<b>Newspaper</b>	<b><i>Mail today</i></b>
<b>Source</b>	

The guidelines on pension products were recently modified for the better. From 1 December 2011, you can expect pension plans to be more transparent and user- friendly, while providing a guaranteed return. The fresh guidelines have done away with the minimum guaranteed rate of return of 4.5 percent per annum, but have kept the requirement of guaranteed return intact. While this will ensure that your capital is protected from any potential downside, it can also mean a reduction in equity exposure. The Insurance Regulatory and Development Authority (Irda) has asked insurers to give guaranteed return (anything above zero per cent) on all the premiums paid or a guaranteed maturity benefit, that is, a specific amount as a maturity, surrender or death benefit. The move will most probably douse the resistance of insurance firms, which have been reluctant to offer regular- premium unit- linked pension plans since last year.

## **Re- Insurance**

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<b>News</b>	<b><i>GIC scraps obligatory risk reinsurance fee</i></b>
<b>Newspaper</b>	<b><i>The Economic Times (Bangalore edition)</i></b>
<b>Source</b>	

General Insurance Corp, the country's sole reinsurers, has scrapped ceding commission or fee that it pays primary insurers to compensate them for an obligatory risk reinsurance of 10 percent, a move that could hit the bottom line of non-life insurers. "In a circular sent two weeks ago, GIC has said it would not pay any commission on the obligatory business," said a senior executive from GIC.

## **Global News**

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<b>News</b>	<b><i>China: Call for insurance to cover construction of cheap housing</i></b>
<b>Newspaper</b>	<b><i>e-daily Asia Insurance Review</i></b>
<b>Source</b>	<b><i><a href="http://www.asiainsurancereview.com/pages/e-weekly-archive.asp">http://www.asiainsurancereview.com/pages/e-weekly-archive.asp</a></i></b>

Developers of affordable public housing in China should provide insurance to homebuyers to cover them for construction defects, says an academic from the country's most prestigious university.

According to the China Daily, Mr Ji Rujin, Deputy Director of the Real Estate Research Institute at Tsinghua University, says that to ensure construction quality, a new type of insurance should be introduced. If quality problems emerge, the residents can lodge claims immediately with the insurance companies to obtain payment, providing an effective way to protect them, he adds.

To curb the rapid increase of property prices and to provide low- and middle-income households with affordable housing, the Chinese central government has pledged to build 10 million affordable housing units this year and another 26 million in the next four years.

However, the pace at which the housing construction is being carried out has led to reports about poor building quality. In 2010, serious flaws were found in six half-finished subsidised apartment buildings in Beijing. Local officials later ruled that the structures had to be demolished.

Furthermore, in a recent report to the National People's Congress - the country's top legislature - Minister of Housing and Urban-Rural Development, Mr Jiang Weixin, admitted that some "hidden defects" had been found in the construction of government-funded housing, such as using substandard steel.

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