



• Quote for the Week •

“Our lives begin to end the day we become silent about things that matter.”

Martin Luther King Jr.

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Irda to get two new members- Business Standard - 28th May 2015

The Insurance Regulatory and Development Authority of India (Irdai) will soon have two new members looking after the member (life) and member (non-life) portfolio. While P J Joseph, the acting chairman and managing director of National Insurance as well as CMD of Agriculture Insurance Company, is the top contender for the post of member (non-life), a senior executive from Life Insurance Corporation of India (LIC) is likely to be soon appointed as member (life).

Irdai has seen several top exits in few months. While the positions of whole-time members of non-life and finance & investment were vacant for the past two to three months, the post of member (life) has been lying vacant since February 2014. Member-distribution will also retire in July. Nine people including Joseph N Mohan from General Insurance Corporation, K Sanath Kumar from New India Assurance, P K Bhagat from Health Insurance TPA of India, apart from Insurance Information Bureau of India chief economic officer R Raghavan had appeared for an interview for the position of member (non-life).

Irdai officials said that LIC executive director Vipin Anand and LIC Nomura chief executive Nilesh Sathe were among those who appeared for the post of member (life). Malay Ghosh, who was earlier associated with Reliance Life, also appeared for the interview. Vijayalakshmi R Iyer, chairperson and managing director of Bank of India, is top contender for the post of member (finance & investment). This post fell vacant in mid-March after R K Nair retired from the post. Interviews for this position have already been conducted. Iyer, who took over as chairperson and managing director of Bank of India on November 5, 2012, will retire this month.

Apart from Iyer, Reserve Bank of India's executive director K K Vohra and Export Credit Guarantee Corporation's former head N Shankar also appeared for the interview that was held few weeks ago. While several public sector general insurance general managers were contenders for the CMD post of National Insurance, Joseph was given the additional charge of it in March 2015. This would mean that if he moves to IRDAI, two new individuals have to be appointed to these two public sector general insurers.

The position of member-distribution, who is responsible for handling matters related to agents, intermediaries and their licensing requirements, was carved out in 2013 and D.D Singh (former zonal manager at LIC) had been appointed for this maiden post. Singh had been handling the portfolio of member-life after S Roy Chowdhury retired from this post. M Ramaprasad, member (non-life) retired in May 2015.

However, sources said that Singh's post may lie vacant for some time since member-life and member non-life would look into distribution related issues in their particular segments. While there was also a call to have a member health since the insurance act has classified standalone health as a separate business, no final decision has been taken on it.

An applicant should have at least two years of service remaining for the positions of whole-time member in IRDAI as on the last day of receipt of applications and age should not exceed 60 years on that day. The interview panel is chaired by financial services secretary Hasmukh Adhia, IRDAI chairman T.S Vijayan and former head of LIC and Sebi G.N Bajpai.

According to the section 4 of IRDA Act, 1999, the regulatory body is composed of a 10-member team consisting of a chairman, five whole-time members and four part-time members. All of them are appointed by the government of India. Senior appointments under the central government require approval from the Appointments Committee of the Cabinet (ACC). After a long wait, Pournima Gupte took charge as member-actuary at IRDAI in January 2015. The position of member-actuary at IRDAI had been lying vacant for almost four years. R Kannan, Former Member-actuary had retired in early 2011.

Delay in appointment of members would delay the passage of important regulations that are on the anvil, say insurers. Agent commissions and new regulatory structures are to be finalised by IRDAI where both member-life and member-distribution have to play a vital role among others. With the Insurance Laws (Amendment) Act being passed, Irdai is expected to bring out a slew of new regulations to complement and clarify various provisions related to foreign direct investment hike, expense management and agent remuneration. This would require deliberations among all the whole-time members in the regulatory body.

Source

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Panel suggests a new disclaimer for use in insurers' advertisements – The Economic Times – 24th May 2015

An expert committee has suggested changing the wordings of disclaimer in advertisements of insurance companies. The Insurance Regulatory and Development Authority of India (IRDAI) mandates that all insurance companies issue a disclaimer --Insurance is a subject matter of solicitation--in all their advertisements. "This needs to be reworded. The committee recommends the following: 'Before buying, know the conditions and exclusions, to make a well-informed decision'," said the report of the Expert Committee on Health Insurance. The report has also recommended that there should be greater transparency and clarity to enable policy holders to understand the boundaries of coverage in their policies.

"This will help reduce the asymmetry of information that exists among all the parties concerned-- customer, provider, payer etc. Prominent display of what is payable/not payable, what is covered/not covered etc is necessary at every customer touch point written, digital," it added. Further, it said principle of 'Utmost Good Faith' is valid for both the insurer and the insured. And greater disclosures are required on part of service providers, including insurers and third party administrators (TPAs) during the currency of policy as well as when servicing claims. On fraud management, it has recommended that insurers and TPAs should have systems in place to identify, monitor, control and deal with fraud, including hospital abuse, by various agencies including health care providers.

"Regulator should direct insurers and TPAs to put systems and internal processes in place for detection of fraud and its mitigation. Insurers and TPAs should delineate and disseminate information on fraudulent cases. "A central repository of data for the purpose needs to be created. In due course of time, an institutional mechanism such as a Health Insurance Fraud Bureau (HIFB) should be in place for continuous fraud control," as per the report. The report has also suggested an industry-level collaborative effort to minimise subjective and varied interpretation of policy terms and conditions, which is the root cause of disputes between insurers and policy holders. "A uniform and consistent interpretation of policy terms and conditions (coverage and exclusions) would go a long way in increasing customer confidence," said the report.

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Indian promoter must hold 26% stake in insurance joint ventures: IRDA – The Economic Times – 24th May 2015

The Insurance Regulatory and Development Authority of India has mandated a minimum 26% equity holding by the Indian promoter in any insurance company to ensure that the local investor does not use the liberal foreign investment and listing policy to dilute accountability. The regulator insists that the mandatory 26% stake to be held by the local promoter will ensure that there is accountability and that the management does not rest with the foreign company alone in the event of a single block of holding falling below 25% — public shareholding limit — when a company goes for listing.

"Indian investors jointly shall not hold more than 25% of paidup equity share capital of the insurance company," said Irda. As a result of this move, the insurance regulator aims to control transfer and dilution of

ownership in insurance companies similar to what the Reserve Bank of India (RBI) does with banks, to prevent financial investors from flipping investments for short-term gains that may hurt long-term prospects. Irda has mandated no single entity or group of investors can hold more than 10% of paid-up equity capital in an insurance company. Amendment to the Insurance Bill had allowed all insurance companies to access capital markets.

The government had started off with the process of listing some of the public-sector general insurance companies. "The regulator wants a promoter in an insurance company, as they have given the licence to a promoter and not just to investors," said Amitabh Chaudhry, managing director and CEO, HDFC Life. HDFC Life, a joint venture with UK-based Standard Life, is likely to be the first of the insurance companies to list its shares on the stock exchanges.

"There seems to be no logic in restricting a single Indian investor's shareholding to 10% when a single foreign investor can own 26% under the automatic route and 49% under government approval route," said Nishchal Joshipura, partner, private equity and M&A at Nishith Desai Associates. "Some of these restrictive conditions will adversely impact the way foreign and domestic investments are structured in insurance companies going forward."

Large companies are expected to partially monetise their investment stake in their life insurance businesses as the foreign investment limit will increase to 49% from 26%. A quick calculation suggests that five large players could recognise capital gains of Rs 20,000 crore, assuming they reduce the stake in their life insurance subsidiaries to 51%, said a report by Kotak Institutional Equities.

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Irda unveils exposure draft on surrender value of policy – Financial Chronicle – 23rd May 2015

Irda has come out with an exposure draft governing an insurance policy's surrender value — the amount payable in case of complete withdrawal or termination of the entire policy. Every policy offered by a life insurer under a non-linked platform, which has accrued a surrender value, shall not lapse by reason of non-payment of further premiums " ...but shall be kept in force to the extent of the paid-up sum assured, calculated by means of a formula as approved by the IRDA, and contained in the terms and conditions of the policy, and the reversionary bonuses or the guaranteed additions, if any," it said.

Also, for a policy offered by a life insurer under a non-linked platform, the paid-up sum assured on death and on maturity shall not be less than the ratio of the period for which premiums have already been paid, bears to the maximum period for which premiums were originally payable multiplied by the sum assured on death, the draft said.

The paid-up sum assured on any other contingencies covered under the policy such as health cover, vesting in deferred annuity products shall also not be less than the ratio of the period for which premiums have already been paid, bears to the maximum period for which premiums were originally payable multiplied by sum insured/sum assured payable upon such a contingency, the draft said.

A life insurance policy may be terminated by paying the surrender value if the paid-up sum insured of the policy is less than Rs 100 inclusive of attached bonuses or the guaranteed additions, if any, or take the form of an annuity of less than Rs 25 per annum, it adds. An annuity is a series of payments made at fixed intervals of time. The regulations are to be called Insurance Regulatory and Development Authority of India (Surrender value) Regulations, 2015.

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Irda mulls open pool for insurance agents – Business Standard – 23rd May 2015

Insurance Regulatory and Development Authority of India (Irda) is mulling having an open architecture for insurance agents. Though the proposal is at an early stage, the regulator has suggested a pool of agents to industry stakeholders in recent discussions. As of January, the life insurance sector had 2.1 million individual agents.

In April 2014, the number was 2.18 million, according to data from the Life Insurance Council. In the intervening period, 503,130 agents joined the sector while 583,009 exited.

Source

An industry official said that all agents could be trained and be part of a common pool for the industry. “It is not clear whether or not the entire tied-agent system would be done away with. However, a proposal has been mooted for a pool of trained agents so that penetration can improve through better distribution,” he said.

Irdai had recently issued a set of proposals for appointment of agents, under which it had also asked insurers to check whether or not prospective agents had ever been black-listed. It had also said no individual shall act as an agent for more than one life insurer, one general insurer, one health insurer and one of each of other mono-line insurers.

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Life Insurance

Insurers offer incentives to revive lapsed plans – Financial Chronicle – 24th May 2015

A policy can be reinstated during the lifetime of the policyholder and within the end of its revival period on payment of all arrears

Aiming to boost renewal premium and profitability, life insurance companies are frequently launching special drives to reinstate lapsed policies. During such special drives, insurers waive part or full interest due and medical tests to incentivise their customers revive lapsed policies.

Let us first understand when is a policy considered lapsed and how it can be revived?

A life insurance policy is a long term contract between an insurer and the policyholder. The payment of premium for a regular premium policy is spread over its paying term. A policyholder has to pay the premium on or before the due date. Life insurance companies provide a uniform grace period of 30 days for payment of premium for quarterly, half-yearly and yearly premium payment modes. The grace period is 15 days for the monthly mode. If the premium is not paid within the grace period, the policy lapses with effect from the first unpaid premium. In a lapsed policy, all the benefits and rights of the policyholder simultaneously cease. Amitabh Verma, chief operating officer, Tata AIA Life, says “As we find from our records, many customers miss paying their renewal premium after buying the policies. Therefore, they not only let go of the value of the benefit from an insurance policy but also their life insurance protection cover.”

A lapsed policy can be revived during the lifetime of the policyholder within the end of the revival period from the date of the first unpaid premium and before the due date of the last premium, on submission of evidence of good health and on payment of all premium arrears with interest. The revival can be initiated on the basis of a written request from the customer. The insurer however reserves the right to accept or reject the revival or may revive the policy on modified terms. The insurers usually follow a revival process that depends upon the period elapsed since the date of the first unpaid premium and also on the health conditions of the policyholder at the time of revival. Sanjiv Pujari, executive director - actuarial and risk, SBI Life Insurance said, “There is no generic rule but a policyholder can normally revive his lapsed policy within two to five years. Revival of a policy boosts the renewal premium and expected profitability of the policy.” Revival also improves the overall persistency rates of the life insurers. Persistency is an indicator of the percentage of policies that an insurer is able to renew in the 13th, 25th and 37th and 49th month and 60th month of the policy term.

“We float revival campaigns 2-3 times in a year where we reduce the interest rate and charge up to 50 per cent of the interest due. Also, medical checkups are not done. The customer has to just give a declaration of good health. This is done to incentivise customers to revive their lapsed policies,” said Minati Dash, head policy servicing, Bajaj Allianz Life Insurance. Remember, even if the policy has lapsed one day after the grace period, your insurance company could still levy one-month interest penalty on the premium due. The insurer could charge a higher premium on revival. Revival is a fresh contract wherein the insurer can impose fresh terms and conditions. Any change in employment, health and residential status could lead to higher premium while reviving a policy.

“While the product terms and conditions remain the same, we may charge additional premium on revival if there is a change in employment, health and residential status. For instance, certain countries are considered high risk by reinsurers such as Zambia, Afghanistan. If a person has moved to a high-risk country, the premium may increase at the time of revival. Similarly, if a customer is suffering from adverse health conditions additional premium could be charged,” explained Dash.

There are ways in which one can revive a policy.

Ordinary revival: The most common revival of a policy is ordinary revival. If a revival of the policy is effected within six months from the due date of the first unpaid premium, no personal statement regarding health is required and the policy is revived on collection of delayed premium plus interest. The rate of interest is normally 10 per cent.

“If the revival is sought within six months from the date of first unpaid premium, we do not ask for evidence of good health. The policy is revived automatically, subject to receipt of arrears of premium along with interest. If the policy is revived after six months from the due date of the first unpaid premium, then we ask for submission of evidence of good health and payment of arrears of premium along with interest. However we reserve the right to accept the revival on original terms or on modified terms or even reject the request for revival based on our internal underwriting guidelines,” added Pujari. “If it is an ordinary revival, we do not put any restrictions. The life assured has to pay the outstanding premium along with the outstanding interest. We charge 10 per cent simple interest on the premium outstanding while some insurers charge 10.5 per cent,” said Dash.

Payout/survival benefit cum revival: This kind of revival happens in a money back policy. A money back plan pays money periodically to a customer. In case your policy is in a lapsed condition, the insurer will adjust the premium due and the interest amount against the money back payout. A senior official of Life Insurance Corporation explained, “Survival benefit cum revival is allowed in a lapsed money back plan. For example, there is a money back plan offering payout after five years. In the first payout, 20 per cent of the sum assured is paid as survival benefit after a period of say five years. If after four years, the customer has not paid the 5th year premium, then the payout would be used to pay the outstanding premium and interest due and the balance would be paid to him.”

Loan cum revival: In this case an insurer can provide you a loan to pay your outstanding premium due along with interest. Normally, life insurers charge 9-10 per cent interest. “If there is a policy that has acquired paid up value, then a loan of 85 per cent of the paid up value could be given to a customer to revive the policy. The loan will be distributed in such a manner to take care of the interest and premium outstanding,” explained the LIC official.

LIC allows revival of a policy on non-medical basis and also on medical basis. According to the LIC website, for revival of a policy on non-medical basis the amount to be revived should not exceed the prescribed limit for non-medical assurance taken by the life assured. Revival on medical basis: If a policy cannot be revived under ordinary revival or in non-medical basis it can be revived with medical requirements. The medical requirements will depend upon the amount to be revived.

Concessions for claims during the lapsed period:

1. If the policyholder has paid premiums for at least three full years and subsequently discontinued paying premiums, and in the event of death of the life assured within six months from the due date of the first unpaid premium, the policy money will be paid in full after deduction of the unpaid premiums, with interest up to the date of the death.
2. If the policyholder has paid premiums for at least five full years and subsequently discontinued paying premiums and in the event of death of the life assured within 12 months from the due date of first unpaid premium, the policy money will be paid in full after deducting the unpaid premiums, with interest up to the date of the death.
3. Revival of Ulip policies: The Insurance Regulatory and Development Authority (Irda) have introduced several norms for revival of lapsed Ulip policies. Insurers can revive discontinued policy within two years from the date of lapse. The period of two years can be extended further but not beyond the lock-in period which is five years (for Ulips bought after September 2010). If an Ulip policy lapses, the money goes into a discontinuation fund that earns a guaranteed return at par with State Bank of India’s savings bank rate, which currently stands at four per cent. Moreover, fund management charges for discontinued fund cannot be more than 0.5 per cent annually. In case of reviving a Ulip, a customer could be asked to undergo medical tests in case of high sum assured. Also the due premium and similar reinstatement charges will apply as in the case of traditional plans.

Source

Health Insurance

Private general insurers slow to adopt PM Suraksha Bima Yojana – The Pioneer – 25th May 2015

Many private non-life insurers appear to be shying away from the Modi Government's newly launched ambitious social security scheme offering Rs2-lakh accident cover at an annual premium of just Rs12, citing low pricing and the growing incidents of accidental deaths. Those having signed up for the scheme include ICICI Lombard, Bajaj Allianz, Reliance General, Universal Sompo, Iffco-Tokio and Future Generali, but players like SBI General, HDFC Ergo, Liberty Videocon and some others have openly expressed their decision to keep away.

“Only six private sector general insurers have confirmed their participation in the Prime Minister's Suraksha Bima Yojana (PMSBY) so far,” a Finance Ministry official told the news agency. The scheme provides an accident cover of Rs2 lakh for all savings bank account holders in the 18-70 age group for a premium of as low as Rs1 a month or Rs12 per annum. The scheme was initially slated to close by May 31, but it is now likely to be extended till August 31, Finance Ministry sources said. A total 28 non-life insurers are registered with the sector regulator IRDAI (Insurance Regulatory and Development Authority of India), a majority of which are private players.

The public sector entities include New India Assurance, National Insurance Company, Oriental Insurance Company, United India Insurance and Agriculture Insurance Company of India. SBI General Insurance, whose parent State Bank of India has over 25 crore account holders, has opted out, while SBI has tied up with state-run National Insurance Company. “Providing a Rs 2-lakh cover for just Rs10, which is the basic premium excluding Rs 2 for other costs incurred by an insurer, is not at all economical. Even our existing personal accident covers for Rs one lakh has a premium of Rs 25, but are still loss-making as accidental deaths are increasing now,” an SBI General official said.

HDFC Ergo has also preferred to sit out, while its group entity HDFC Bank had to tie up with state-owned United India Insurance. The scheme allows banks to tie-up with any insurer of their choice. Those having signed up are, however, bullish about the prospects, while a few others like Tata AIG and Cholamandalam MS General Insurance are looking for their bank partners. There has been a massive rise in road/industrial accidents in the recent past, which calls for an urgent need to expand the accident insurance coverage in the country.

According to the Statistics and Programme Implementation Ministry, incidents of accidental deaths increased considerably by over 54 per cent to more than four lakh during the ten years between 2003 and 2013.

Liberty Videocon and L&T General are also out of the scheme. “We are not participating in the scheme primarily for two reasons. First is the issue of risk pricing as our basic premium will be reduced to Rs10 or even less,” Liberty Videocon General Insurance Company's CEO Roopam Asthana said.

“Our current balance-sheet of only Rs294 crore and which may grow to Rs470 crore by this fiscal, but it will be too small to get exposed to such a huge risk as total accumulated exposure on the account is going to be very high that leads to high accumulation of risk,” he added.

As per the industry officials, the government has waived service tax on the scheme, but the insurers will get just Rs10 or even less per insured as basic premium out of the scheme per account as Rs1 will go to the bank and another Rs1 will be charged by the agent against their services.

They argue that the scheme can make sense for them only if they are able to cover accounts in large volumes. But those who have joined the drive are bullish about the viability of the scheme. “We've tied up with all our bank partners like IDBI Bank, Bihar Grameen Bank and a couple of other lenders which are already our partners, for the scheme and have already issued 1.5 lakh policies so far. We are targeting 40 lakh policies by August,” Bajaj Allianz General Insurance Chief Distribution Officer TA Ramalingam said.

Universal Sompo Chairman O N Singh said his company has got off to good start with the scheme. “We have tied up with Allahabad Bank and Indian Overseas Bank for the scheme. So far we have sold 7 lakh policies and we hope to garner cross Rs4 crore in premium by the end of the month by providing cover to 35 lakh.”

Source

Panel on health insurance wants 5-year products on pilot basis – Business Standard – 23rd May 2015

An expert committee constituted to examine the health insurance framework has said there should be experimental products, with a five-year period. In its report, given to the Insurance Regulatory and Development Authority of India (Irdai), it recommended insurers have a category of closed-end products (termed pilot products) for this much time. These would cover risks that are otherwise generally declined or excluded, where they have the option to renew or not after five years. This is to encourage new and innovative products.

After five years, the companies have to confirm a pilot product as a regular one, subject to the various provisions of renewability. For product pricing, it has recommended inclusion of an inflation benchmark (Consumer Price Index rise+three per cent) to allow an automatic increase in premium to take care of medical inflation, year on year. This is a cap and an insurer may increase up to this limit. Any higher increase would require Irdai's approval.

The regulator had constituted a 11-member panel in December 2014, with members from the private sector and public sector, of life and general insurers, apart from members from Irdai and the General Insurance Council. It was to look into products, distribution, financial matters, mergers and acquisition, and policyholders' interest in the segment. The panel said there should be entry age-based pricing, where it has to be ensured that the premium reflects risk at the age of entry into the pool. This would create an automatic, structural incentive to attract the younger population and keep them in the insured pool. This also means a first-time entrant who is older would be charged more than a similar-aged life which has entered the pool in the past and stayed insured.

The committee said insurers and third-party administrators have systems to identify, monitor, control and deal with fraud (including hospital abuse) by various agencies, including health care providers. The regulator should direct insurers and TPAs to put systems and internal processes in place. It proposed greater transparency and clarity to enable policyholders to understand the boundaries of coverage in their policy. "An industry-level collaborative effort, through a joint mechanism involving the two councils, would be required to minimise subjective and varied interpretation of policy terms and conditions, the root cause of disputes between insurer and policyholder," it said.

Tax incentives should be extended to encourage those insured to buy such savings-linked health products to provide for health care costs for the long term. However, it said unit-linked insurance may be discouraged for health savings products, so that policyholders are not exposed to market volatility. It says use of premium discount structures as a risk management tool to incentivise customers through wellness and preventive care mechanisms may be permitted. This, it said, is specifically recommended because it leads to people being healthy and reduces the claims' cost in the long run for health insurers.

Source

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Govt plans healthcare scheme for sr citizens – The Times of India – 22nd May 2015

The government is set to launch a healthcare scheme for senior citizens as part of its social security initiative. Sources said the scheme would be funded through unclaimed deposits available with the government for which the law has already been amended as part of the budget exercise. The amendment will enable the government to tap a "couple of thousand crores" for the healthcare scheme. "We will work out a threshold and people beyond that would be covered by the healthcare scheme," a source said.

In the absence of access to government medical facilities, healthcare is seen as a crucial missing link for senior citizens who have to rely on family members to take care of them in old age.

The Centre has launched the PM's Jan Dhan Yojana which has provided banking facilities to all households not part of the banking system. It has resulted in almost Rs 15,000 crore flowing into the financial system that was lying idle in households.

Further, earlier this month, three social security schemes - life insurance for Rs 330 a year, accident insurance for Rs 12 a year and a pension pan - were unveiled by PM Narendra Modi and these were a runaway success with over 6 crore people opting for them.

Source

General Insurance

75 percent of two-wheelers in India have no insurance – The Economic Times – 23rd May 2015

If you get hit by a two-wheeler, there is little chance of getting compensation. That's because nearly 75per cent of two-wheelers in India run without insurance, putting vulnerable road-users like pedestrians and cyclists at risk.

The revelation, made by Insurance Regulatory Development Authority (IRDA), has prompted a Supreme Court-appointed committee on road safety to ask the agency and the transport ministry to work out a protocol for identifying such vehicles within three months.

"IRDA representatives told us early this month that most two wheelers either have no insurance or their insurance has lapsed. Most of the owners don't renew them since there is little enforcement," said committee chairman Justice (retd) K S Radhakrishnan.

According to rough estimates, two-wheelers have a formidable presence on roads, constituting 70per cent of all vehicles in the country.

Around 82per cent of vehicles in India are privately owned and a majority of these are two-wheelers. In recent years, the number of two-wheelers has grown exponentially in rural areas where insurance papers are seldom checked by the enforcement agencies.

"Running an uninsured vehicle should be treated as a criminal act and there should be harshest of punishment since such people cannot play with the lives of others. The vehicle owner has the liability to pay the compensation for any accident. But in case he doesn't have the capacity to pay compensation, the victim becomes helpless," said S P Singh of IFTRT, a Delhi-based transport think tank.

A road transport ministry official said they had flagged this issue to IRDA about two years back and had asked it to integrate data of vehicles without third party insurance.

"A couple of months back, we asked National Informatics Centre (NIC) to populate the state-wise data of such vehicles. Once it's prepared, we will send them to states so that their law enforcement agencies can take action against such offenders," he said.

Moreover, to put check on such offenders, the Road Safety and Transport Bill proposes very high penalty-impounding of uninsured vehicle and imprisonment of its owner.

Giving details of directions that the SC-appointed panel has issued to state governments, Justice Radhakrishnan said they have been asked to ban sale of alcohol along the national and state highways.

"There should not even be a signage on the highway indicating location of such shops. We have asked them to take concrete action on dozens of issues by June-end. If they fail to comply, we will submit the details to SC," he said.

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Source

IRDAI Circular

Source

IRDAI issued a policy for internship in IRDAI.

Source

IRDAI issued press release regarding launch of registration module for Insurance Marketing Firm.

Source

IRDAI issued a circular regarding filing of health insurance products through BAP F & U Health Insurance Module- reg. to CEOs of all Non-Life Insurers & Stand-alone Health Insurers.

Global News

Nepal: Regulator urges insurers to leave rates, terms unchanged – e-daily - Asia Insurance Review

The Insurance Board (IB) has warned non-life insurance companies against increasing their premiums. It has also barred them from stipulating new conditions and extending the apprehension period which is the time after which an insurance policy becomes active.

The IB's move followed reports that insurers had been hiking their premiums after encountering a surge in insurance buyers in the wake of the devastating 25 April magnitude-7.9 earthquake which hit the country, reported the eKantipur news website.

"We came up with the step after receiving a number of complaints that insurance companies had increased their premiums by as much as two fold," said Mr Shreeman Karki, a director of the IB. He said premiums could be revised only with the approval of the IB.

Meanwhile, insurers have stipulated a period of two weeks to activate an insurance policy when the law says that it becomes valid on the day of purchase.

The Nepal Insurers' Association said in a media release that the hike in premiums and apprehension period are applicable only to new insurance policies. According to the association, insurers are compelled to increase premiums due to a rise in reinsurance rates. The association also claimed that the planned apprehension period is a common international practice.

"Citing a surge in insurance claims due to the earthquake, reinsurance companies have been preparing to jack up the rates for Nepali insurance companies," said an executive of Lumbini General Insurance. "Reinsurance premiums can be revised only at the start of a new fiscal year," he added.

Insurers also claimed that they had been forced to delay activation of insurance policies due to the continued occurrence of aftershocks.

Mr Karki said that insurance companies have the complete right to decide whether to insure a house or not after looking at its condition. More than 700,000 houses were partly or fully damaged by the earthquake and repeated aftershocks.

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China: Regulator eyes insurance linked securities e-daily - Asia Insurance Review

China's insurance regulator has initiated discussions on creating an insurance linked securities (ILS) market, with a particular focus on catastrophe bonds, according to global insurance broker Willis in its risk management magazine "Resilience".

While the Chinese Insurance Regulatory Commission (CIRC) has not commented on what form the China ILS market may take, the first application will be to use catastrophe bonds to offset risk exposures at large state-owned insurers in China, said the article titled "How catastrophe bonds could help Chinese companies".

CIRC has already announced its intentions to create a catastrophe bond fund, and discussions have begun on how to analytically define pools of risks in the property and liability portfolios of large insurers. Offsetting catastrophe risk in such pools will inevitably require the issuance of multi-tranche catastrophe bonds for different layers of risk. Such an application of catastrophe bonds will follow the trends taken in other insurance markets globally, simply on a national and, likely, larger scale.

The second application could follow the current CIRC push for captives, by encouraging large current and former state-owned enterprises in China to explore alternative risk transfer strategies. "Over the past 12 months, we have seen increasing interest from large clients in China to explore cost-effective solutions to large, complex catastrophic risk," wrote Mr Lincoln Pan and Mr Paul Owens, co-authors of the article.

Clients are increasingly exploring whether catastrophe insurance options are available to manage these risks. Such risks include massive-scale mortality risk from farming and agriculture, pandemic disease risk from large transportation companies, and depopulation risks from utilities in areas impacted by earthquakes.

Risk and triggers

Insurance solutions for large-scale risk remain expensive and difficult to underwrite for many local insurers, irrespective of the significant underwriting capacity available to China. The challenge remains appropriately structuring the risk and triggers for payback – which presents a significant and meaningful opportunity for risk management professionals. The impact, however, for large corporate clients in China could be significant in protecting their balance sheets and operations from massive risk.

Increasing CIRC support behind an ILS market will trigger interest from more large organisations in China. Combined with growth and comfort of Chinese institutional investors for higher yielding corporate bonds and increasing sophistication of earthquake and catastrophe models in China, the ILS market has been seeded with an appropriate foundation to expand and grow.

Source

An ILS market of any form in China still remains three to five years away but it is already visible on the horizon, said the authors.

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China: Auto insurance pricing trial starts next month e-daily - Asia Insurance Review

Regulatory restrictions on car insurance premiums are to be relaxed starting on 1 June in six Chinese provinces and cities, under which insurers will no longer follow pricing set by the authorities and can grant preferential rates to low-risk car owners.

The six places are Chongqing, Guangxi, Heilongjiang, Shaanxi, Shandong and Qingdao, announced the China Insurance Regulatory Commission.

Mr Liu Feng, Director of the Property Insurance Department at the CIRC, said at a recent auto insurance forum that the commercial auto insurance reform will focus on establishing models for the industry. He said that the reforms will lead to market segmentation and competition based on differentiation.

Source

Industry sources said that in the initial stages of the reform process, insurance companies are likely to use criteria proposed by the Insurance Association of China. Each insurer, though, is likely to have its own pricing.

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