



# Insurance Institute of India

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## INSUNEWS

- Weekly e-Newsletter

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### Insurance Industry

#### *Revised traditional products to impact profitability of insurers - Financial Chronicle*

The life insurance industry, still reeling under the impact of the Ulip regulations introduced in 2010, may further slow down and see profitability pressures due to the recently revised traditional insurance guidelines. However, over the long term, low penetration (less than 4 per cent of GDP), high savings rate of more than 30 per cent, lower density (just \$55) and demographic trends could translate to strong long-term growth prospects, said a report from Espirito Santo Securities titled 'Life insurance thematic: Let's not give up on life yet'.

The insurance regulator revised regulations for traditional insurance policies in February. Insurance companies have to revise their existing products to conform to the new norms that would be effective from October 1, which would create operating challenges and reduce the margins, said the report. As per the revised norms, the death cover has been increased, commissions have been linked to the tenure of the policy and in case of surrender, policyholders have to be paid higher guaranteed surrender value.

"We could see volumes fall in Q3 FY14. Smaller players may feel more pain given their capital constraints and limited interest from foreign partners in infusing capital as the proposed increase in FDI is awaiting parliament clearance," said the report.

"When the new guidelines are rolled out, we think margins for most life insurance companies will drop to 13-15 per cent, from over 20 per cent at present. Nevertheless, on a risk-adjusted basis, these margins are still good and a 15 per cent return on embedded value (ROEV) is feasible if companies are able to contain their cost overruns," said the report. The report said that Max India and HDFC Life have mostly crossed this hurdle and should generate around a 15 per cent return on embedded value from FY14.

Karni Singh Arha, chief financial officer of IndiaFirst Life Insurance Company, said, "I agree, but my gut feeling is that the margins would be around 10-12 per cent from the present 18-19 per cent, which is fair. However, even smaller companies that have a high persistency ratio would be able to do well."

After the Ulip guidelines in 2010, most life insurers moved to selling traditional insurance products. A top official of a private life insurance company said, "Because the transition has already happened from Ulip to traditional products, companies are making profits. In a traditional product, an insurer can hold on to a portion of the premium as reserves, which we cannot do in a Ulip. So, companies will use these reserves to smoothen out the yields and continue to make profits for some more years."

"Our industry margin expectations are unchanged at 12-15 per cent, and we expect margins to improve by 2-5 per cent as firms adapt to new guidelines over the next couple of years," said the report. "With regulatory uncertainty easing, we expect life insurance companies to generate 5 per cent new business yield and 15 per cent return on embedded value over the next two years and hence, should trade at a premium to the global insurance plays at present trading at discount," said the report. New guidelines on traditional products, questions arising from the Cobrapost expose and fall in persistency has weighed down the sector. Persistency for insurers has fallen by 7-10 percentage points in the 37th month and 48th month bucket. However, life insurance companies registered higher profits and paid dividends to their promoters.

Source

#### *Centre to seek Parliament's nod for insurance liberalization - Business Standard*

The chances of higher foreign direct investment (FDI) limit in the insurance sector have brightened with the UPA government considering a renewed bid to get Parliament's assent in the monsoon session, due to begin next month.

Two allies - one new, one old - will help the government. The Janata Dal (United), or JD(U), with 17 MPs (three are suspended from the party) has parted ways with the Bharatiya Janata Party (BJP) and will try to prove its political distance from its former partner.

The Dravida Munnetra Kazhagam (DMK) with 18 MPs had walked out of the Congress-led UPA, but Congress assistance in the recent election of Kanimozhi to the Rajya Sabha will not go unacknowledged, top DMK leaders have told the Congress. Kanimozhi, the daughter of DMK supremo M Karunanidhi, could not have won the election without Congress support.

This solid phalanx of 35 MPs, coupled with the Samajwadi Party (22 MPs) and the Bahujan Samaj Party (21 MPs) whose letters of support to the UPA continue to be lodged in the safe custody of the President of India, means the government can technically clear the Insurance Bill in the Lok Sabha.

The Bill needs assent of 272 MPs in the Lok Sabha. With 204 of its own and the assurance that nearly 100 other MPs will support, the Congress says it is more confident now that the Bill has a chance of being passed. Its passage would pave the way for higher FDI in the insurance as well as the pensions sector. Liberalisation in the two sectors are linked to each other.

The BJP is opposed to both. "Our thinking is clear. There should be a standard 26 per cent FDI limit for the financial sector. If the government brings any Bill proposing to raise the limit to 49 per cent, we will not support it," said a BJP leader.

This assessment is based on meagre FDI flows in the sector even after FDI limits were liberalised. Although the Standing Committee on Finance, headed by BJP leader Yashwant Sinha, said the FDI limit should not be raised, this was not accepted by the government while finalising the Bill. Later, the Cabinet itself could not take a view on the Bill and it was deferred.

Clearing the Insurance Bill will be a big feather in the government's cap, given that it has been pending for five years. For the moment, however, managers are just testing the waters.

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## IRDA Regulation

### *IRDA plans cap on sales by bank-promoted insurers - The Hindu Business Line*

Insurance companies promoted by non-banks may soon be on a level playing field with bank-promoted insurers.

According to the guidelines being planned by Insurance Regulatory and Development Authority (IRDA), banks, which opt to be insurance brokers, will have to cap business from their own group companies at 25 per cent.

This simply means banks cannot push for products from their own group companies beyond 25 per cent of the total annual sales. For example, if State Bank of India becomes a broker, its total insurance sales from SBI Life Insurance will be restricted to 25 per cent. There will be a similar cap for general insurance business.

Most major banks such as ICICI Bank, HDFC, SBI, IDBI Bank, Bank of Baroda, Canara Bank, Bank of India, Punjab National Bank, and Andhra Bank have promoted insurance companies.

With many banks starting their own insurance ventures, newer, non-bank promoted insurers have been finding it difficult to find distribution partners with a wide network.

Under the current existing norms for distribution, a bank can become only a corporate agent, which allows it to sell products of one life insurance company and one non-life company and one standalone health insurance company.

In his budget speech, Finance Minister P. Chidambaram had said that banks would be allowed to act as brokers to sell insurance to help improve penetration through the extensive national bank network.

"These steps will ensure there will be no selective selling by banks and provide a good platform for products of all insurance companies," said a CEO of a private insurance company.

#### TO SPECIFY NORMS

Also, to prevent mis-selling of policies through the bank channel, the insurance regulator will specify norms which require extensive training of the bank personnel selling insurance products, besides a strict compliance with KYC norms.

The regulator is expected to come out with the final norms soon under which banks will be able to sell insurance products of different companies.

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### *Irda revises health insurance standardisation rules - Business Standard*

Portability, which was earlier defined as the right to transfer a health insurance policy from one insurer to another or from one plan to another of the same insurer, has been revised to exclude plans of same insurers. According to the amended health insurance standardisation rules by the Insurance Regulatory and Development Authority (Irda), switching from one plan to another of the same insurer has been kept out of the portability definition.

Further, the definition of hospital has been amended wherein norms of having atleast 10 in-patient beds in towns (with a population less than 1 million) and 15 in-patient beds in other places have been relaxed. Irda has now said hospitals can now be registered with the local authorities under the Clinical Establishments (Registration and Regulation) Act, 2010 or under the enactments specified under the Schedule of Section 56(1) of the said Act.

The insurance regulator has also amended the definition of 'newborn baby' to include adopted children. Under the new definition, newborn baby means a baby born during the policy period and is aged between one day and 90 days, both days inclusive. Earlier, this term meant a baby born to the person and their spouse.

Deductible, which is a cost-sharing requirement under a health insurance policy, has now been amended to provide that the insurer will not be liable for a specified amount in case of indemnity policies and for a specified number of days/hours in case of hospital cash policies. Adding to this, it said registered homeopathic practitioners will also be classified as medical practitioners.

For maternity expenses/treatment, too, relaxations have been made. Earlier, the lawful medical termination of pregnancy during the policy period was limited to two deliveries or terminations or either during the lifetime of the insured person. This has now been revised to lawful medical termination of pregnancy during the policy period. However, pre-natal and post natal medical expenses for delivery or termination have been excluded from the maternity expenses category.

Irda has said unproven/experimental treatment would mean treatment including drug experimental therapy, which is not based on established medical practice in India. This was earlier meant to be such therapy which is based on established medical practice in India.

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## Life Insurance

### ***Insurance firms face guerrilla backlash from sacked employees with sensitive information – The Economic Times***

Life insurance firms are caught in a strange menace, battling a guerrilla backlash from people they fired.

Several insurers have alerted the regulator that sacked employees, who walked away with data on thousands of policies, are now misusing the customer information given at the time of buying the policy to 'blackmail' the companies.

In the past one month, many insurance firms have been inundated with letters from customers raking up old policy issues, alleging misselling and threatening to move court.

The letters, surprisingly well-drafted and mostly from high-value clients, have raised suspicion that the customers in question have been provoked by men who have access to key information.

Besides aggrieved ex-employees, some in the insurance industry said a north-based broker dealing with multiple insurance companies could be involved in the racket.

The modus operandi is simple: former employees reach out to customers and tell them that they were given a raw deal; the intention is to threaten and force an insurance company to come to the negotiating table; the deal is that the customer pays some commission to the former insurance man for his 'services'.

"Some data has been leaked from a third-party vendor," said Indiafirst Managing Director and Chief Executive Officer P Nandagopal.

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### ***RBI cautions banks against mis-selling insurance products - Business Standard***

The Reserve Bank of India (RBI), in its financial stability report has raised concern about the conduct of banks while distributing insurance products. RBI said in some cases, it was observed banks did not have a clear segregation of duties of marketing personnel from other branch functions, and bank employees were directly receiving incentives from third parties such as insurance companies, mutual funds and other entities for selling their products.

According to current rules of the Insurance Regulatory and Development Authority (Irda), a bank is permitted to sell insurance products of one life insurance company, one general insurance company and one standalone health insurance company. "There have been some cases of insurance companies directly incentivising bank staff to increase sales. But this is not an industry-wide phenomenon and wherever there have been some discrepancies, both RBI and Irda have initiated appropriate action," said the chief executive of a private life insurance company.

RBI said in some cases, direct incentives to the bank staff have created distortions in the sales structure. According to Irda's Annual Report 2011-12, the highest number of complaints in life insurance related to mis-selling. RBI noted they mainly pertained to the private sector, though LIC leads the business with a 70 per cent share.

A senior official of a private life insurer with a bank partner, said deploying insurance company personnel to sell products at bank branches leads to a conflict of interest. Hence, Irda prohibits this practice and encourages bank staff to sell policies, only in line with a customer's need. "Since a significant portion of private life insurance companies use banks as corporate agents, there seems to be an urgent need to revisit the marketing and sales strategies adopted by banks in pushing such products, especially since insurance is among the more complex of financial products for the common man to fully comprehend," said RBI. The limits on commission structure and operating expenses of insurance firms are laid down in the Insurance Act, 1938.

Compliance with these limits is monitored on an annual basis and instances of breach face penal action. It said the main findings of RBI's probe on certain banks' practices involving structuring of transactions for tax evasion and fraudulent transfer of funds point towards laxity in adherence to Know Your Customer/ Anti-Money Laundering guidelines.

Banks are required to disclose details of customers and fees received for referring products of companies, even if they are referring products of one company. "Irda is working with RBI to ensure the disclosure made by banks acting as corporate agents, in Notes to Accounts, are enhanced to bring about transparency in the nature of payments received by them," RBI said.

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## General Insurance

### *Insurance companies bound to pay compensation: SC - The Tribune*

In a judgment that will have wide ramifications, the Supreme Court has ruled that insurance companies cannot refuse to pay compensation to third party road accident victims citing violation of the policy conditions by the vehicle owner.

"It is the statutory right of a third party to recover the amount of compensation so awarded from the insurer. It is for the insurer to proceed against the insured for recovery of the amount in the event there has been violation of any condition of the insurance policy," a Bench comprising Justices SS Nijjar and MY Eqbal.

The apex court pointed out that Parliament had made third party insurance compulsory under the Motor Vehicles Act 1988 to ensure compensation to the victims of accident, fatal or otherwise.

The Bench said it was clear from Sections 146 and 147 of the Act that under certain circumstances the "insurer's right is safeguarded but in any event the insurer has to pay compensation when a valid certificate of insurance is issued notwithstanding the fact that the insurer may proceed against the insured for recovery of the amount."

The SC made the clarification while setting aside a Madras High Court judgment rejecting the victims' claim to compensation as the driver was holding a licence for light motor vehicles for private use but was driving a commercial light motor vehicle at the time of the accident. The HC had set aside the Motor Accidents Claims Tribunal's order for a compensation of Rs 2.42 lakh.

The HC had "committed a grave error of law in holding that the insurer is not liable to pay compensation because the driver was not holding the license to drive the commercial vehicle," the apex court noted while directing the insurance company to pay the compensation awarded to the dependants of the person who had died in the accident.

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### *Maharashtra may make insurance must for travelers - The Economic Times*

With lessons learnt from the rain-ravaged Uttarakhand where government struggled to locate pilgrims of the state, Maharashtra is considering a proposal to make it mandatory for people travelling out of state to get their travel plans registered and secure travel insurance.

Minister of state for Relief and Rehabilitation Suresh Dhastold PTI that he had discussed the proposal with Chief Minister Prithviraj Chavan and a draft bill to this effect is likely to be introduced in the Monsoon session starting later this month.

Dhas, who had supervised the relief operations for Maharashtra pilgrims stuck in Uttarakhand for ten days, said that the state encountered difficulties in ascertaining the exact number of people from the state visiting Uttarakhand and their location.

Despite presence of the camp office to help the stranded, there were many people who travelled back on their own without informing that they were safe, Dhas said.

"In times of disaster like this, it is a common refrain to say the government did nothing for us... but what will the government do if you have not informed the local authorities about your travel plans," the minister pointed out.

The need of the hour is to put in place a mechanism wherein citizens travelling out of state should inform local authorities (tehsil office) about their travel plans.

Similarly, travel insurance should also be made compulsory, he said.

"In times of disaster like this, the kith and kin of the deceased and missing persons suffer the most and government is not able to help them," Dhas said.

The minister said the government has instructed tehsildars to conduct panchnamas of those who went missing in the Uttarakhand tragedy to finalise list. "After the list is confirmed, the Cabinet will have to take a decision on the compensation to be provided to their families," he said.

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## Survey & Reports

### *Employers feel that sum 'insured' is inadequate: Survey - The Economic Times*

One in every four employers in the country believe that the existing sum insured (SI) taken for their employees is inadequate, according to a recent online survey by ICICI Lombard General Insurance.

The research was conducted by ICICI Lombard, through an online survey comprising 500 corporate clients across India.

"About 43 per cent of employers have a sum insured of less than Rs 2 lakh. And 51 per cent employers, who feel sum insured is inadequate, have less than Rs 2 lakh sum insured," ICICI Lombard GIC said in its report on 'Trends in Employee Benefit Programme - 2013'.

Indian corporations are increasingly realising the importance of employee health care, amid rising health care costs and employee expectations, ICICI Lombard GIC Chief, Underwriting and Claims, Sanjay Datta said here.

"Our research is an important step towards understanding the needs and perceptions of employers to offer effective and innovative solutions in this space," he said.

The survey said that about 96 per cent of employers have either increased or maintained employee health care benefits, with more focus on preventive health care. About 38 per cent employers in banking and finance sector have increased benefits compared to 49 per cent and 52 per cent in IT/ITeS and manufacturing sectors, respectively.

Despite being one of the most appreciated features, policies with parental coverage has decreased to 30 per cent from 41 per cent in the last two years, the survey said. The research also said that 46 per cent employers find it difficult to understand health care needs and selecting a suitable package for their employees.

ICICI Lombard GIC is a joint venture between ICICI Bank and Fairfax Financial Holdings, a Canada-based USD 37 billion diversified financial services company engaged in general insurance, reinsurance, insurance claims management and investment management.

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### *Employers concerned about healthcare costs, parental coverage a casualty: Survey - The Economic Times*

Nearly 53% of employers in the country consider increasing healthcare costs to be a major concern and parental coverage in group insurance schemes has been one of the chief casualties of cost-containment measures introduced, a survey conducted for the year 2012-13 by private non-life insurer ICICI Lombard has found.

"In spite of being one of the most appreciated features, policies with parental coverage have decreased from 41% to 30% in the last two years," the study, which covered 500 corporate clients of the insurer, noted. While the decision might be based on the perception that the elderly population carries a higher risk, the analysis of claim data has revealed that the younger age bracket, too, is highly vulnerable.

"Critical illnesses incidence rates increased by 65% in the last three years; the maximum increment is experienced in younger age bracket of 26-35 years," the report observed.

Close to 76% of the respondents have adopted cost containment measures like co-pay and room rent limits in 2012-13. Overall, share of policies with at least one cost containment measure has increased from 22% to 62% over last three years. This, despite one in four employers surveyed acknowledging that the existing sum insured was inadequate.



"One trend that we have observed is that employers are trying to tackle inadequacy of the base sum insured by offering employees the option of enhancing it by buying a top-up cover," said Sanjay Datta, chief, underwriting and claims, ICICI Lombard General Insurance.

However, many corporates - 49% of those polled - did the raise the level of employee benefits on offer, though almost half of them increased it in preventive aspects.

[Source](#)

"Around 38% of the employers in banking/ finance sector increased the benefits as against 49% and 52% in IT/ITES and manufacturing sector respectively," the survey said.

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## IRDA Circular

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IRDA vide Ref:IRDA/ACT/REG/CIR/123/06/2013 uploaded the IRDA (Non-linked insurance Products) Regulations, 2013 and IRDA (Linked Insurance Products) Regulations, 2013 to all life insurance companies.

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## Global News

### *China: Development of insurance market depends on reforms – CIRC – Asia Insurance Review*

Reforms are needed to boost China's insurance sector, as it is seriously undersized compared with economic output and currently shows less vigour compared to previous years, says CIRC.

Reforms required include deregulating life insurance product pricing, expanding investment channels and encouraging insurance companies to serve customer needs better, said Mr Xiang Junbo, chairman of CIRC. "We will focus on reforms to sustain the sector's healthy growth," he said at the three-day 2013 Lujiazui Forum in Shanghai that ended on 29 June. More than 500 people attended the event.

He pointed out that in advanced Western countries, insurance assets represent 25-30% of total assets in the financial sector. However, in China, the proportion stands at 8-9%, indicating that there was tremendous room for development in the Chinese insurance market. Furthermore, even though China's economy is the second biggest in the world at present, the Chinese insurance industry ranks only No. 6 globally.

He says that at present, the problems faced in the insurance sector include inadequate coverage and weak service capabilities. There is also a loss of momentum in market development. This can be seen in the annual growth in premium revenue which has slowed to around 10% since 2011, compared to more than 20% the decade before. Indeed, the latest CIRC data showed that insurance premium income totaled CNY774.4 billion (US\$126 billion) for the first five months this year, just 9.4% more than the same period last year.

Mr Xiang also pledged to accelerate reform that will lift the interest rate ceiling of 2.5% on life insurance products that has been in place for more than 10 years. The cap is lower than interest rates offered by banks and thus made insurance products less attractive.

Meanwhile, China's property and life insurance companies will see a credit downgrade in the next two years if they continue to rely on car insurance and savings products for their income, the Shanghai Daily reports, citing Moody's Investors Service.

[Source](#)

The narrow margin seen in car insurance and savings products, which now make up the majority of insurers' income in China, will be insufficient to cover rising business costs and uncertain investment returns, says Ms Sally Yim, vice president of Moody's. "Insurers will need to enhance their products and distribution channels to grow premiums," she said.

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### *China: Insurance industry is a boon to urbanisation, social protection - Asia Insurance Review*

Insurance funds offer long-term financing support for urbanisation projects, inject vigour in the market economy and promote sustainable economic development of cities and towns, reports China Insurance News, citing a senior government official.

Mr Zhou Yanli, Vice Chairman of CIRC, speaking at a recent financial services conference in Shanghai, said: "At present, in the field of infrastructure development, there are nine insurance asset management companies which have established 114 bond investment schemes involving a total of CNY350 billion (US\$57 billion)."

The infrastructure projects have an average development period of more than seven years. “The insurance companies provide large-scale long-term funding support,” said Mr Zhou.

He also praised insurers for playing a huge beneficial role in protecting farmers and urban employees. He noted that insurers served 31.47 million people in 129 counties across 16 provinces last year in the government’s agricultural cooperative schemes. They provided healthcare insurance to 23.77 million people with a total coverage CNY3.5 billion.

Mr Zhou said that the insurance industry had enriched the social insurance system at the grassroots level. At present, more than 100 insurers offer medical insurance, marketing a range of more than 2,000 healthcare insurance products. Furthermore, at the end of 2012, insurers managed CNY200 billion of corporate pension funds with 97% of companies choosing insurance companies to manage such funds.

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### *Malaysia: Non-life sector to enjoy robust underwriting gains – Asia Insurance Review*

Malaysia's non-life sector is set to maintain its strong underwriting margin over the next two years, signalling good earning potential for insurers over the period.

The sector will be able to maintain the 12.6% underwriting margin it achieved in 2012, which was the highest in seven years, due to improved cost control, the robust regulatory framework and stronger industry fundamentals, reports The Malaysian Reserve business newspaper, citing the latest insurance sector report by RHB Research Institute.

The research house also says that Malaysia’s general insurers are partially shielded from the global economic slowdown due to their concentration on the domestic business. RHB Research notes that general insurers have responded to pressure on investment returns by shifting allocations from fixed-income securities to other forms of investments even though yields continued to be thin.

“While we think insurers’ investment returns are likely to be unimpressive in the future, their overall earnings potential remain compelling due to their stronger underwriting profits,” says RHB Research. Motor insurance remains the biggest revenue earner for the general insurance industry. The report adds that insurance companies are preparing themselves for tariffs to fall in 2016 in the motor sector by reducing costs and increasing operational efficiency of motor insurance. It says that this is crucial if insurers want to maintain profits and healthy premium pricing.

The second-largest revenue generator for general insurance, which is fire insurance, is also being geared towards detariffication with measures being implemented to enhance the underwriting skills of general insurers. The general insurance trade body, Persatuan Insurance Am Malaysia (PIAM), has said that the underwriting margin of 12.6% in 2012 amounted to MYR1.69 billion (US\$53 million) compared to 9.8% amounting to MYR1.27 billion in 2011.

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### *Third-party injury claims up 5% last year – Insurance Times, UK*

The Institute and Faculty of Actuaries (IFoA) has reported a “significant increase” in the number of bodily injury claims registered in 2010 and 2011, suggesting a rise in claims farming. Its report, which analysed data from across the motor insurance industry, found bodily injury claims were up 5% last year, with 90% of claims for small whiplash-like injuries.

But while claims for injury were up 5%, there was an 11% drop in the number of claims made for damage to cars. “You would expect that someone who was injured also had a damaged car. However what the report has shown is that injury figures are higher than damage figures,” a spokeswoman said.

Ninety per cent of the third-party injury claims made last year were for less than £20,000, with the average claim figure £9,512. “The proportion of claims for insured accidents involving bodily injury is higher in the UK than in the US, which is generally considered the most litigious jurisdiction. Recently the Transport Select Committee suggested that the UK was the whiplash capital of the world, and it may well have a point,” said David Brown, one of the authors of the report.

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### *European insurers must expect volatility: AM Best – reactionsnet.com*

Despite a period of relatively economic stability for European insurers and reinsurers, continuing volatility in the eurozone means that insurers must be prepared for further economic shocks, according to rating agency AM Best.

Since AM Best last updated the market on its stress tests on October 16 2012, the economic situation in the Eurozone has become more stable and the financial markets less volatile, notwithstanding the recent market turbulence affecting various asset classes.

In a new report titled, “European Insurers Better Placed, but Must Prepare for Further Economic Shocks”, AM Best expects a period of stable ratings. In the stress test, both the insurance and reinsurance segments exhibited strong risk-adjusted capitalisation. However, due to its lower financial leverage and lower exposure to investments in Greece, Ireland, Italy,

Portugal and Spain, the reinsurance segment was seen to be more resilient and better positioned than the primary insurance segment to absorb any future economic shocks in the eurozone.

Stefan Holzberger, managing director, analytics, at AM Best, said: “Insurers and reinsurers have taken a range of actions to prepare themselves in case of further market shocks and instability. Companies have been de-risking investment portfolios by diminishing exposure to peripheral sovereign debt and financial institutions.

“Upon liquidating these positions, they have realigned portfolios toward highly rated corporate bonds, cash and short-duration securities.”

Large players operating in several countries within the eurozone have also realigned their government bond holdings to better match liabilities with local assets. Recently, many AM Best-rated insurers have been actively reshaping their portfolios and increasing the share of non-life business, thus reducing their dependency on investment performance and interest rates.

AM Best’s Yvette Essen, director, industry research Europe and emerging markets, and author of the briefing, added: “Life insurers that have traditionally offered with-profits products continue to reshape their portfolios.

“The low interest rate environment is making it fundamental for them to actively re-engineer their products to reduce guarantees and lessen investment risk. A prolonged period of low interest rates remains among the biggest threats to life companies’ balance sheets.”

### Source

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