



INSUNEWS

- WEEKLY E-NEWSLETTER

2ND – 8TH DECEMBER 2023

QUOTE OF THE WEEK

“Success is to be measured not so much by the position that one has reached in life as by the obstacles which he has overcome.”

BOOKER T. WASHINGTON

Insurance Term for the Week

HOT TESTING

Related to project insurance includes operational tests that involve parts checking, elements, and/or production lines of the insured property under partial or full load and normal stipulated operating conditions involving use of feedstock or other materials needed for normal processing and other media for load simulation; in electrical power stations hot testing implies checking after connection to grid or other load circuit of electrical generating, transforming, converting, or rectifying equipment. Commissioning tests or acceptance tests in turn implying operations of insured property under protection conditions for purposes of attaining quality and quantity specifications requirements

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INSURANCE INDUSTRY

Insured disaster losses from natural catastrophes to again top \$100 billion: Swiss Re - The New Indian Express – 7th December 2023



Insured losses from natural catastrophes will pass the \$100-billion threshold for the fourth year running in 2023, reinsurance giant Swiss Re said Thursday.

Insured losses from severe thunderstorms reached an all-time high of \$60 billion in 2023, while the February earthquake in Turkey and Syria was the costliest natural catastrophe to date for the year, it said.

"With 2023 expected to be the warmest year on record, the effects of climate change are becoming apparent," said the company. Nevertheless, the estimated total amount of

insured losses in 2023, at \$108 billion, is down by 23 percent from \$141 billion recorded in 2022.

Total economic losses were estimated at \$269 billion, a nine percent drop from 2022. Natural catastrophes accounted for the overwhelming majority of the insured and total losses. Swiss Re noted in particular the impact of a rising number of low-to-medium severity events. "The cumulative effect of frequent, low-loss events, along with increasing property values and repair costs, has a big impact on an insurer's profitability over a longer period," Swiss Re's Group Chief Economist Jerome Haegeli.

"The high frequency of severe thunderstorms in 2023 has been an earnings' test for the primary insurance industry," he added. Swiss Re has calculated that losses from severe thunderstorms have steadily increased by seven percent annually over the last 30 years. Severe thunderstorm losses in 2023 were more than double the previous 10-year average of \$27 billion. The United States has been particularly vulnerable to severe thunderstorms, experiencing 18 events causing more than \$1 billion in insured losses so far this year and total insured losses surpassing \$50 billion for the first time.

TOP

Unveiling the power of AI in Indian insurance - The Economic Times – 6th December 2023



Artificial intelligence (AI) easily continues to dominate every conversation today. It has made its way into every industry and is rapidly becoming the driving force behind data-driven decision-making. It comes as no surprise that the insurance industry is also deploying AI in its core functions like risk assessment, fraud detection, and customer engagement. Not to forget, it has vast applications in the sector like creating personalized products, improving claim processing and even automating several tasks.

According to a report by Grand View Research, the global artificial intelligence (AI) market is expected to reach USD 190 billion by 2030. Moreover, generative AI is one of the fastest-growing areas of AI research. The Indian insurance industry is also ripe for disruption by generative AI. In the dynamic landscape of India's insurance sector, the recent application of generative artificial intelligence is a game-changer. It is increasingly becoming clear that AI is not just a buzzword, rather, it's the future of using smart technology to cater effectively to every consumer segment.

AI is already transforming the insurance sector. It is helping to make insurance more affordable, accessible, and efficient. It is also helping to improve customer service and fraud detection. The industry is currently at a juncture where all stakeholders – right from insurers to aggregators to distributors – are

unlocking the immense potential of AI. Its ability to seamlessly navigate through different areas of information and weave them into a unified insight will redefine the way the insurance industry works. Areas like product innovation, new product categories, underwriting, risk profiling, fraud detection and others have been made a lot more efficient with generative AI and this is just the beginning.

generation through AI: Content generation is probably the most talked-about feature of generative AI. In insurance, it can hugely transform the customer experience. Imagine a world where insurance queries are answered 24/7 without the hassle of waiting or navigating through complex menus. This is already being done using AI-powered chatbots, which can make customer service entirely automated. These chatbots can provide specific and personalized answers to customer queries about their policies. They can even be used to provide quotes. This frees up insurance advisors to focus on tasks that require human intervention because of the complexity or emotional element involved. Generative AI has breathed life into chatbots and virtual assistants, making them invaluable assets in the insurance realm. Forget the days of long waits and automated responses that left you more confused than ever. Chatbots and virtual assistants, powered by generative AI, understand natural language, providing real-time assistance.

Reshaping customer experiences: Generative AI has the potential to reshape customer experiences in a number of ways. It can be used to create engaging content for customers, such as personalized newsfeeds or social media posts. This can help to keep customers engaged and informed about the products or services and help them make more informed decisions and feel more confident in their purchases. They help customers understand policies, guide them through the claims process, and offer support during emergencies. These AI-driven wizards enhance the overall customer experience, making interactions smoother and more efficient. Personalization and recommendations: Generative AI can also be used to create personalized marketing campaigns. One size no longer fits all in the insurance world. Customers now demand policies that cater to their unique needs. Generative AI, with its knack for analyzing customer data, steps up to the plate. By examining past claims, online behavior, and more, generative AI creates detailed customer profiles. These profiles serve as the foundation for personalized recommendations. For instance, frequent travelers might find their policies automatically cover lost luggage and trip cancellations. Health enthusiasts may receive wellness benefits and much more.

Fraud detection and data analytics: Insurance is an industry where even 1% of fraud poses a huge threat to its entire existence. Considering AI can efficiently analyze huge amounts of data, such as customer demographics, purchase history, voice analysis and medical records, it can be instrumental in weeding out industry fraud. So, let's say if fraudsters are able to forge documents that might escape current technology or human eye, AI can still identify and combat such instances. It can also identify customers who are at high risk for certain types of claims and offer them coverage accordingly to keep cumulative risk balanced.

On the other hand, using these can help create personalized insurance plans that meet the specific needs of each customer. It can also tailor insurance premiums to each customer by analyzing their individual risk profile. AI can also be used to improve underwriting by automating the underwriting process by using machine learning to identify patterns in data that can help predict risk. Even as generative AI continues to transform the core of insurance, given the complex nature of the industry, it still has some way to go. For instance, data privacy concerns are still being figured out even as AI usage spreads worldwide. After all, a large amount of data is used to train generative AI models which can be sensitive. Hence it is imperative to use this data with utmost responsibility. However, the benefits of generative AI overwhelmingly outweigh the limitations. The use of generative AI in insurance is still in its early stages, but the potential benefits are vast. As the technology continues to develop, it is likely to become more widely adopted in the industry and have a major impact.

(The writer is Saurabh Tiwari.)

TOP

Insurance is an enticing prospect for investors – IBLJ – 5th December 2023



Despite the headwinds that reduced private equity (PE) and venture capital (VC) activity in India in the past year, the insurance sector has continued to attract interest from financial investors. One part of the growth story is the technology infrastructure being developed by players in this sector. However, another key factor contributing to the allure of insurance is the liberalisation of the regulatory framework brought about by the Insurance Regulatory and Development Authority of India (IRDAI). This has greatly eased the doing of business.

The amendments have focussed mainly on two aspects: easing access to capital and debt by insurers and insurance intermediaries, and providing greater flexibility to insurance players to structure their businesses and operations.

Following the liberalisation of foreign investment in the insurance sector in 2021, which raised the cap on investment from 49% to 74%, regulators have introduced a number of changes to enable the inflow of foreign capital to Indian insurance companies. These include measures such as the easing of lock-in requirements for insurance entities with listed equity shares apart from minimum promoter holdings, and allowing the taking on of debt by way of non-convertible preference instruments and subordinated debt without the prior approval of the IRDAI. As a consequence, Indian insurers can access larger capital and debt pools. However, the issuing of compulsorily convertible preference shares by insurers remains restricted.

In March 2023, the IRDAI issued regulations governing management expenses for both life and general insurers, which have impacted insurers at an operational level. The previous regulatory framework prescribed limits on the maximum amount of commission payable to insurance intermediaries for each category of insurance product. There has been a departure from this approach and the regulations for general insurers now provide that the total commissions which may be paid to intermediaries shall not exceed the limits specified for management expenses under the regulations. However, for life insurers, certain segments of their product portfolio continue to have caps on commissions.

Instead of prescribing caps on commissions for individual insurance products, regulators have prescribed overall limits on the expenses of management and, except in certain cases for life insurance entities, have left it to insurers themselves to allocate expenses to commission payments accordingly. The regulations also permit insurers to make payments in excess of the prescribed limits on management expenses. These are for insure-tech expenses, insurance awareness expenses and expenses incurred in promoting IRDAI schemes for the rural sector.

In effect, these changes resulted in the deregulation of the commission payable on individual products and replaced them with an aggregate limit on expenses. This has led to simpler and more transparent models of the payment of commission by insurers to intermediaries. The changes have been well received by most in the industry. Some have predicted that they will lead to greater product innovation and distribution and insurance penetration. They have also been hailed as a more flexible method of regulation as they acknowledge the different business models applying to the various players in the market.

In November 2022, the Department of Financial Services issued an office memorandum proposing amendments to the Insurance Act, 1938, and the Insurance Regulatory and Development Authority Act, 1999, two of the main pieces of legislation governing insurance in India. The memorandum proposes several key changes such as lowering minimum capitalisation requirements and solvency margins for insurers depending on their classification, a revised list of classifications being provided for under the memorandum. It allows insurers to provide ancillary services and allied financial products, introduces the concept of “captive insurers” in India and many other reforms.

It is clear from the recent amendments and the proposals in the memorandum that the IRDAI is moving away from a prescriptive, rule-based regulatory framework to a principle-based mechanism. It is widely thought that these regulatory changes will lead to increased and sustained PE and VC activity in the insurance sector in India.

TOP

Insurance has to be more about coverage per person than number of plans sold, says PolicyBazaar CEO Sarbvir Singh – Deccan Herald – 4th December 2023



The Insurance Regulatory and Development Authority of India (IRDAI) envisages that India will leapfrog into becoming the sixth largest insurance market within a decade. The projections are that the market will reach Rs 18.5 lakh crore by 2026. While the conversation on the country's insurance ambitions revolves around market penetration, Sarbvir Singh, Joint Group Chief Executive Officer, PolicyBazaar Fintech, discussing his own company's outlook. Edited excerpts:

IRDAI envisions that all Indians will be insured by 2047. Do you think India is on track to getting there?

See, 24 years is a long time so it is difficult to make predictions about 2047. But directionally we are well placed to get there. There are three key reasons for that. The first is that the middle class is becoming bigger and it is important because insurance is actually a middle-class product and this segment is the key driver - the very rich don't need insurance and the very poor can't afford it. Secondly, digital rails are becoming more available which makes it convenient for customers to buy and avail insurance. Thirdly, the regulator for the first time has taken a developmental stance, not just the regulation of the industry.

What is your reading of insurance penetration in India and how has insurtech helped in bolstering it? The measure as a percentage of GDP which is thrown around for insurance penetration is misleading. I think we have to peel the onion one more layer. The actual way to look at insurance penetration is product per person. Interestingly, 25-27 crore Indians have life insurance, but do they have proper life insurance - no. If the amount of cover is not enough, then you don't have a policy. One big challenge for life insurance in India is that while people are aware, the sum insured is too small leading to a significant protection gap. So the focus of the industry has to shift from how many are insured to how much sum insured you are selling.

(The writer is Lavpreet Kaur.)

TOP

What is the available solvency margin for an insurance company? – The Economic Times – 1st December 2023

Solvency margin is an important parameter for insurance companies which reflects their ability to honour the claims as and when they incur and to pay the sum assured to beneficiaries. Recently it caught investors' attention after the September quarter result of Life Insurance Corporation of India (LIC). A cursory look at the second quarter numbers suggested that net profit of the country's largest life insurer on a standalone basis fell by as much as 50.3 percent to Rs 7,925 crore from the year-ago quarter. While investors were contemplating what this sharp fall would owe to, the company was quick to clarify that the latest quarter numbers were not comparable with the year-ago data. This was because it changed the accounting policy in September 2022 regarding transfer of amount pertaining to the available solvency margin from non-participating policyholders' account to shareholders' account. It will be crucial for investors to understand these concepts to be able to better decipher the performance of insurance companies.

The Insurance Regulatory and Development Association of India (IRDAI) defines available solvency margin as the excess value of assets over the value of life insurance liabilities and other liabilities of policyholders' funds and shareholders' funds. Solvency ratio is defined as the ratio of the amount of ASM to the amount of required solvency margin as per the regulatory stipulation. Every insurer needs to maintain an ASM, which is not less than either 50 percent of the amount of minimum capital or 100 percent of the required solvency margin (RSM), whichever is higher.

(The writer is Ranjit Shinde.)

TOP

INSURANCE REGULATION

IRDAI forms taskforce to study DPDP Act, 2023; Insurers discuss impact – The Economic Times – 6th December 2023



The Insurance Regulatory and Development Authority of India (IRDAI) has recently proposed to constitute a task force to study how the Digital Personal Data Protection (DPDP) Act 2023 can impact the Insurance sector. The team is formed under the chairmanship of Randip Singh Jaggal, Executive Director (Non-Life) at IRDAI.

The other 10 members include the Chairman of LIC, Chiefs of HDFC Life Insurance, ICICI Lombard, Aditya Birla Health Insurance and CMDs of General Insurance Company, New India Assurance Company, among others.

What is the DPDP Act, 2023?

"The task force is expected to submit the report within a period of 1 month from the issuance of the order," the official regulatory statement said. The Ministry of Law and Justice, Legislative Department, via Gazette Notification dated 11 August 2023, notified the Digital Personal Data Protection (DPDP) Act, 2023.

This Act is now in effect and governs the processing of digital personal data in India, regardless of whether the data was collected in digital or non-digital format originally and subsequently digitized. It provides a comprehensive framework for the processing of digital personal data in a manner that recognises both the right of the individual to protect their personal data and the need to process such data for lawful purpose.

How can the DPDP Act, 2023 impact the Insurance sector?

According to experts, the notification of DPDP, Act 2023 is a progressive step towards protecting the rights of the customers in a data-driven world and will usher in the dawn of a new era to establish robust data protection principles. The mechanisms framed under the law will lead to better handling, storing, and sharing of data collected. Insurance companies, especially when it comes to health insurance, deal with a lot of sensitive customer information, Rasika Kuber, Chief Compliance Officer, Digit General Insurance pointed out.

"While many mechanisms are already in place for handling such data, insurers will have to revisit their products and offerings to ensure effective privacy governance practices. The task force will further aid in giving insurers and all related stakeholders better direction in implementing the mechanisms in a comprehensive manner," she added.

The enforcement timeline is yet to be notified by the Central Government. The law also talks about a governing independent body called the Data Protection Board with powers to levy fines upto INR 250 crores on breach of provisions as stipulated by law, Amit Solanki, Head Liability & Special Risk, Howden (India) highlighted while stating some of the major challenges for insurers.

What challenges does the DPDP Act, 2023 present for insurance companies?

Due to the nature of the distribution network, many PII lies with agents and distributors. Insurers will have to consider the increased cost of complying with the provisions of the Act, including subject's consent and data management. Provisions for the right to delete information as well as to ensure that updated information is being stored will need to be maintained and monitored. The need for compliance will have to be followed by them across the complete value chain, from distributors to service partners like TPAs.

Additionally, due to the high volume of information that is processed, some large insurers like LIC may have to maintain extra resources for maintaining data security, Solanki pointed out. He explained that the companies store client data to satisfy regulatory obligations and also use existing client data for cross selling other product lines. Now the processes and technology will have to be aligned to ensure compliance with informed consent and secure storage of information.

"With an increase in cyber incidents being witnessed across industries, insurance companies are also being targeted for the sensitive nature of client information that they hold. Insurers will have to take extra efforts in securing underwriting information in their custody and control," he added.

What can help?

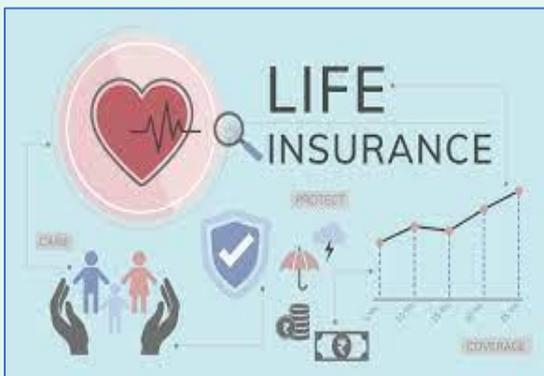
The increase in focus on cyber security obligations for organisations with the advent of DPDP Act 2023 is necessary in today's scenario of rampant cyberattacks and will help organisations to be better prepared to manage their cyber risks. As per the experts, a cyber insurance policy can help transfer the direct financial impact of a cyberattack or breach. The policy helps provide defence costs, forensic costs and other related expenses incurred in responding to a breach.

(The writer is Sheersh Kapoor.)

TOP

LIFE INSURANCE

Life insurance companies clock a 25.28% drop in premiums, shows data - Business Standard - 7th December 2023



The life insurance industry reported a 25.28 per cent decline in new business premium income in November 2023 to Rs 26,494.83 crore from Rs 34,588.8 crore recorded a year ago. The fall in group premium and change in taxation norms for policies with a higher ticket size dragged the premiums of the state-run Life Insurance Corporation of India (LIC) and private insurers, respectively.

According to the data released by the Life Insurance Council, the premium of private insurers slipped 9.33 per cent Y-o-Y to Rs 10,360.29 crore from Rs 11,426.73 crore as a result of a change in product mix due to the measures taken to counter the impact of tax imposed on the premiums of Rs 5 lakh. On the other hand, LIC's premiums dropped by 32.86 per cent to Rs 16,134.55 crore from Rs 24,032.07 crore as a result of a decline in group premiums.

The group premium of LIC dropped by 37.48 per cent to Rs 11,649.54 crore in the reported month from Rs 18,635.93 crore. The fall in the business has affected the overall group premium of the industry which fell by 34.02 per cent to Rs 14,735.49 crore from Rs 22,334.95 crore across the time period. "If you look at the numbers, you can see the majority of the fall has been in the group premiums, both single and non-single. LIC generally dominates the group segment. A fall in their business will affect the entire industry numbers," said Saurabh Bhalerao, Associate Director at CareEdge.

Among the private insurance companies, SBI Life Insurance, the largest private insurer, reported a 9.84 per cent decline in premiums to Rs 2,381.73 crore. HDFC Life Insurance saw a 20.70 per cent Y-o-Y fall to Rs 2,159.73 crore.

Life Insurance Data	Nov-23	Nov-22	%Growth Y-o-Y	Upto Nov 2023	Upto Nov 2022	% Growth Y-o-Y
Total New Business Premium	26494.83	35458.8	-25.28	211690.65	242352.31	-12.65
Life Insurance Corporation of India	16134.55	24032.07	-32.86	124424.31	164143.27	-24.20
Private Insurers	10360.29	11426.73	-9.33	87266.33	78209.04	11.58
SBI Life Insurance	2381.73	2641.71	-9.84	21393.15	17694.6	20.90
HDFC Life Insurance	2159.73	2723.39	-20.70	17501.43	15695.62	11.51
ICICI Prudential Life Insurance	1290.95	1264.54	2.09	10030	9832.11	2.01
Bajaj Allianz Life Insurance	738.29	766.48	-3.68	6577.15	6512.16	1.00
Max Life Insurance	748.76	693.88	7.91	5752.86	4607.35	24.86

In (Rs) cr
Source: Life Insurance Council

“The underlying theme that is running through the entire life insurance segment for the current year is the change in taxation norms. There could have been a change in the product mix to accommodate this which has affected the private insurance players,” Bhalerao added.

The individual single premium of the insurance companies slipped by 14.81 per cent to Rs 3,322.48 crore from Rs 3,900.04 crore in the time period under consideration. Whereas, the private insurers lost 18.93 per cent premium in the space to Rs 1,395.1 crore as compared to Rs 1,720.81 crore across the time period.

(The writer is Aathira Varier.)

TOP

Exclusive: Court battle ahead for insurance companies, tax authorities on ‘commission’ paid to agents – Moneycontrol – 4th December 2023

Some insurance companies may need to take cover. This is over a looming litigation battle between them and tax authorities over alleged additional commissions paid to agents. The insurers may try to justify these as marketing expenses, but the tax authorities are confident they stand on strong ground as it is a factual dispute and not an interpretational issue, three people familiar with the development said.

The tax department maintains that as many as 15 insurance companies, including Bajaj Allianz, Aditya Birla Sun Life Insurance, and HDFC Life Insurance along with some public peers have evaded Rs 2,350 crore of goods and services tax (GST) so far. HDFC Life on June 23 said it had received a show-cause notice from the Directorate General of GST Intelligence (DGGI) demanding Rs 942 crore tax for the July 2017 to FY22 period. More other insurance companies on the radar are likely to receive notices for GST evasion soon. The Central Board of Direct Taxes (CBDT) is also probing the insurance companies for evasion and is in the process of issuing demand notices.

“Yes, the insurance companies intend to litigate both from the GST and direct tax notices’ perspective. The insurance companies will defend their stand. They are saying they have paid for certain marketing services while the tax authorities are challenging that, saying they have paid extra commission. Tax notice to each insurance company has to be contested on a case-to-case basis. It’s a factual dispute,” one of the persons aware of the development said.

The insurance companies, service providers, and intermediaries in the sector all are facing tax demands. The whole dispute is about the extra commission which the tax department is saying was paid to agents and intermediaries over and above the limit set by the Insurance Regulatory and Development Authority of India (IRDAI). The tax authorities are investigating whether the commission was paid in the garb of some other expenses.

“The marketing spend did not happen, that’s why the GST notices were sent. There is evidence. It becomes a ‘commission’ in disguise. The litigation will be based on facts, not on law. GST authorities

stand on strong ground. It has to be adjudicated not on interpretation but on factual metrics, which is documented evidence,” a senior government official told Moneycontrol. The point of dispute is whether some services were rendered to the insurance companies against which invoices were raised and payments were made or whether services were never rendered and it was nothing but additional commission.

While the GST authorities are saying that the amount was paid as commission without any underlying service, the CBDT is doing a reassessment of the tax paid by insurance companies in certain years. Accordingly, the income tax department will make adjustments, disallow expenses and initiate some penalty proceedings. It is looking into the similar aspect that payment was made and deductions claimed without any service having been provided. If the payment made was not actual expenditure, it will not come under deduction and the insurance companies will have to pay direct tax on a higher amount.

“It’s a double whammy. The GST rate on insurance is 18 percent, and direct tax is 25-30 percent. As far as the income tax probe goes, it is because a deduction was allowed on something that ought to have been accounted as income. If a company claims it as advertisement expenditure, it’s a cost whereas commission is income. There is alleged fraudulent accounting by insurance companies. A company cannot account income as an expense and claim deduction,” another person aware of the development told Moneycontrol. IRDAI from April 1, 2023, lifted the capping limits on commissions paid to agents to ensure transparency in the insurance sector.

(The writer is Meghna Mittal.)

TOP

Enhancing loyalty through customer-centricity in Indian life insurance – The Economic Times – 2nd December 2023



In a rapidly evolving context of the Indian life insurance sector, customer service has always been at the forefront due to its potential to significantly impact customer loyalty, engagement, overall business success and organisation brand. The life insurance industry has transcended from the conventional concept of mere “policy-selling” to embracing a new era of “lifetime customer engagement.” The proliferation of technology has led to a transformation of customer service strategies for life insurance companies. This shift underscores the significance of seamless interactions, efficient processes, and personalised experiences throughout the customer service journey.

The foundation of effective customer service is established even before a prospective customer becomes a policyholder. The process of prospecting, in combination with the country’s robust digital ecosystem has had an impact on the customer service paradigm. Digital platforms of life insurers have been fine-tuned to evaluate customer profile and ensure suitable product fitment. Real-time KYC authentication has paved the way for customers to experience a delightful and paperless buying journey. It is imperative to acknowledge that the central emphasis lies in further enhancing customer experiences.

Tech-enabled solutions empower customers with anytime anywhere service to address their instant gratification needs. For instance, most life insurers today have built digital service transactions that are of self-help nature. Easy-to-use mobile apps acting as virtual branches help customers initiate and conclude service requests on their own. Integration of video, voice and multilingual vernacular features ensure inclusive communication beyond language barriers. Mobile apps enable customers to have total control over their policies.

This assumes greater significance as customers remain invested in life insurance products for long periods, such as 15, 20, or 25 years, thereby highlighting the criticality of enhancing their overall

satisfaction. Given the importance of life insurance, to provide financial security to self and family or build wealth over the long-term and achieve financial goals, it is essential to acknowledge that the goal is to ensure increased levels of engagement.

Moreover, the incorporation of popular communication platforms like WhatsApp into customer service channels not only exemplifies insurance companies' adaptability to contemporary customer inclinations but also ensures it is in sync with customers' habits and choices. This integration of cutting-edge technologies is reshaping customer interactions, with messaging platforms such as WhatsApp emerging as pivotal service conduits. These platforms cater to customers' modern communication preferences. Life insurers are leveraging voice activated chatbots to respond to customer queries using Artificial Intelligence and Machine Learning. Also, Interactive Voice Response systems have been reengineered to interpret customer behaviour and emotions, guaranteeing tailored interactions and solutions.

Making timely renewal premium payments is critical for customers to uninterruptedly enjoy the benefits of their policies, life insurers have deployed Humanoid calling to enhance customer experience. This scalable AI-powered solution ushers in efficiency, bridges the gap between automation and personal touch, where customers receive automated calls that are indistinguishable from human interactions. These reminders ensure continuity of product benefits to customers and their families while reflecting a commitment to sustaining customer relationships over the long-term.

The life insurance landscape has expanded to encompass the holistic well-being of customers. Wellness programmes and health trackers have become integral components of life insurance companies' customer service offerings. Data analytics is being leveraged to gain better understanding of customer preferences. This throws up the possibility of life insurers curating customised products or rewarding healthy behaviour of customers. Life insurers have transitioned from merely selling products to nurturing partnerships with customers.

Driven by advanced algorithms, machine learning models have brought data-driven insights to the forefront. Propensity models predict premium payment lapses, enabling proactive interventions to resolve customer apprehensions. The early warning signs and personalised assistance, timely support and guidance showcases effective customer service. Customer service has been the hallmark of India's life insurance sector due to its ability to provide immersive experiences and foster customer loyalty. The shift is towards nurturing durable relationships through seamless interactions, real-time solutions and innovative touchpoints. The integration of technology and personalised engagement collectively has bolstered the life insurance industry's customer service proposition. In today's digitally connected world the "lifetime customer engagement" narrative is the propelling force towards building enduring customer loyalty.

(The writer is Amish Banker.)

[TOP](#)

GENERAL INSURANCE

Increased awareness, digital threat drives cyber insurance demand – Business Standard – 7th December 2023

A spurt in cyberattacks and an increased awareness about such crimes have contributed to a rise in demand for cyber insurance policies. The uptick in such incidents has also led to a spike in claims for insurance companies, leading to a strengthening of underwriting parameters. According to industry estimates, the number of cyber insurance policies sold in 2023 so far are 35-40 percent higher than 2022. Experts attribute a heightened awareness about the risks for a jump in sales of insurance policies. "We see the increase in cyber-related incidents and awareness about them as reasons behind a higher demand for cyber insurance," said Gaurav Arora, chief of underwriting & claims property & casualty, ICICI Lombard General Insurance.

(The writer is Aathira Varier.)

[TOP](#)

Premiums of non-life insurance companies rise 7.37% in November 2023 - Business Standard - 7th December 2023



The monthly premiums of non-life insurance companies grew by 7.37 per cent in November 2023 to Rs 20,623.92 crore from Rs 19,207.77 crore in November 2022 amid tepid growth across companies. According to the General Insurance Council (GIC)'s monthly data, the growth of public sector general insurance companies slipped by 1.98 per cent in November 2023 from the same period last year. The overall premium of the companies comprising The New India Assurance Company, National Insurance Company, The Oriental Insurance Company, and the United India Insurance Company dropped down to Rs 6,365.48 crore from Rs 6,494.13 crore in the year-ago period.

The near 17 per cent fall in the premium of National Insurance Company dragged the overall premium of public sector units. At the same time, United India Insurance Company posted the highest growth of 7.10 per cent among public sector companies to Rs 1,434.53 crore from Rs 1,339.38 crore. The growth of the private general insurers increased by 9.57 per cent to Rs 11,561.32 crore as compared to Rs 10,551.51 crore in the reported month compared to the year-ago period.

Among the leading insurance companies, industry leader New India Assurance saw a 0.65 per cent slip in premium to Rs 2,364.20 crore. The leading private sector players, ICICI Lombard General Insurance, clocked 16.56 per cent growth, whereas Bajaj Allianz General Insurance saw a drop of 8.90 per cent in its premium. Whereas, other key players HDFC Ergo General Insurance grew by 3.08 per cent and the Oriental Insurance rose by 5.92 per cent across the time period. Premiums of the Standalone Health Insurance (SAHI) increased 22.63 per cent in November 2023 to Rs 2,484.64 crore from Rs 2,026.20 crore in November 2022.

In terms of the market share, the public sector general insurers stood at 31.52 per cent of the overall insurance industry in November 2023 as against 33.10 per cent in November 2022. The private insurers, on the other hand, witnessed a slight rise in market share to 54.33 per cent in the reported month compared to 51.60 per cent in the year-ago period.

(The writer is Aathira Varier.)

TOP

Composite licence can provide customers with comprehensive insurance options: Edelweiss Tokio Life Insurance MD - The Indian Express - 4th December 2023

Sumit Rai, MD & CEO, Edelweiss Tokio Life Insurance, says the pending Insurance Bill will improve customer confidence in the sector and facilitate the ease of doing business. In a conversation, Rai says the composite licence will provide customers with comprehensive insurance options and they stand to benefit by having the convenience of obtaining various insurance coverages, like health and life, from a single insurer. Edited excerpts:

What's your view on the proposed Insurance Bill 2023 pending in the parliament? What will be its impact on the industry?

The proposed bill is quite ambitious in its scope and will significantly modernise the legal framework governing the sector. Overall, I see 2 themes emerging from the proposals made under this Bill – improving customer confidence in the sector and facilitating ease of business. For instance, they have proposed introduction of composite insurance licenses, which will open doors for diversification and gives businesses, the ability to offer a comprehensive product offering to customer. Similarly, the Bill will relook at the capital requirements based on size and type of business... which might make entry of newer players easier and make the industry a more competitive landscape. It will go a long way in streamlining

investment regulations, which will contribute to strengthening financial position of companies, especially the relatively younger businesses, and expand their capability to improve their operations. Additionally simplifying intermediary registration can enhance the efficiency of insurance distribution, benefiting both intermediaries and consumers. What's your view on composite insurance licence? Will you consider entering health insurance segment?

The proposed regulation on composite insurance licensing can offer a streamlined approach to enhance operational efficiency, promote innovation, and provide customers with comprehensive insurance options. The integration of data from life and health insurance customers can improve underwriting processes, and therefore risk management. Customers also stand to benefit by having the convenience of obtaining various insurance coverages from a single insurer. This presents an exciting opportunity for fostering innovation and expanding the insurance market. The future appears promising for the insurance sector in India... we will certainly assess this opportunity (to enter the health segment) once the guidelines ahead become clear.

IRDAI has allowed insurance companies to launch individual and group ULIPs and combi plans — combination of life and health insurance plans — without seeking prior approval from the regulator. The proposal doesn't seem to have taken off. What's your view?

I don't think it's fair to say the proposal has not taken off. We have seen over 10 ULIP products, and funds being introduced in the market since this regulation was announced. So, the industry has responded to the regulation to a certain extent. Overall, the primary goal of this regulation is to improve customers' access to relevant insurance solutions and quicken speed to market, and that goal is certainly being achieved. Immediate implementation or effect of regulation in the sector is not the best benchmark of its success. The idea behind all these changes is creating a stronger ecosystem for the industry to effectively interact with the customers.

IRDAI plans to onboard Health Claims Exchange and Bima Sugam. What're your expectations from these plans?

It's clear that the regulator's vision of 'Insurance for All by 2047' is driving progressive measures to enhance access to insurance and improve the customer experience. At the core of both these initiatives is the regulator's intent to create an infrastructure that protects the policyholders' interests and improves the end-to-end servicing experience to the customer. Platforms like Claim Exchange and Bima Sugam can help customers understand products more easily and in an unbiased fashion, helping them make well-informed decisions. I expect in the long term, these platforms will raise awareness about insurance and significantly enhance the overall customer experience in the industry, similar to the transformative impact that UPI has had on payments in India.

Do you expect life insurance premium to move up in the current financial year?

Life insurance premiums are primarily determined based on mortality experience and are designed with a longer-term perspective of 20-30 years. Shorter-term expectations, such as those within the financial year, typically do not lead to immediate changes in premium rates. To see any significant impact on these rates, there would need to be a shift in the long-term trend rather than short-term fluctuations. Premiums have undergone some revisions, mainly in the aftermath of COVID-19. I don't see any significant movement happening this financial year. India's premium rates are fairly competitive and the recent increase notwithstanding, the premium rates remain attractive.

What's the impact of digitisation in the insurance segment? What share of business is accounted by the online segment?

I think it's incorrect to look at online business as the only impact of digitalisation. Digitization is playing a big role in modernizing the world of insurance. Customer journeys have become intuitive, customer life cycle management has improved, risk management has become more robust, communication and support to the distributors has quickened, and the overall brand experience to the customer has become more uniform. For us, productivity, and personalization have been important factors and digitization has played a critical role in facilitating both these goals. For instance, we have launched a unique need-based selling tool called U Unlimited, which has helped us train the distribution towards a more solution-

oriented approach rather than a product one. Similarly, we have launched BOLT, an Insta-issuance tool, wherein automation has allowed us to quicken the entire back-end process to provide an immediate decision to the customer. Initiatives like these have had a big impact on productivity and personalization and we will keep finding such opportunities towards these goals.

Life insurance industry’s premium mobilisation actually declined Y-o-Y by nearly one percent for the June quarter. Why do you think the industry stagnated during the period?

So far this year, the private industry has seen a sustained growth, clocking a 13 percent year on year growth as on H1. There was a slight slowdown in Q1. However, growth has rebounded and I believe that the long-term growth trajectory in the country continues to be very strong.

(The writer is George Mathew.)

TOP

AM Best upgrades outlook for India’s non-life insurance to stable - The Times of India – 3rd December 2023

AM Best, a global rating agency for insurance companies, has upgraded the outlook on India's non-life sector to stable from negative, citing growth, supporting regulation and greater access to capital. Noting that the industry grew 16.4 percent in FY23 as opposed to 11.1 percent in FY22, AM Best said in a report that growth and rate increases in health, motor, and fire insurance drove robust performance.

HEALTH INSURANCE KEEPING INDUSTRY FIT				
	H1FY24	H1FY23	Growth	Share
Fire	14446.7	13570.92	6.5%	10.05%
Marine	2639.98	2659.14	-0.72%	1.84%
Motor	40837.88	34879.98	17.1%	28.40%
Health	54713.52	43981.54	24.4%	38.05%
Others	31163.88	30100.57	3.0%	21.67%
Total	143801.94	125192.16	14.9%	100%

Source: General Insurance Council (Rs crore)

However, underwriting margins are expected to remain constrained by excessive market competition, price inadequacy, and an increase in reinsurance costs, the report said. These pressures on the bottom line will be offset by investment returns that will likely remain a strong contributor to overall earnings. "Growth in the non-life segment is likely to be supported by regulatory moves to increase insurance

penetration and promote financial inclusion," the report said. The upgrade of the sector outlook comes close on the heels of the rating agency revising its outlook on General Insurance Corporation (GIC Re) to positive following an improvement in its balance sheet and operating performance. Shares of GIC had appreciated by a third following the review. At the end of FY23, India's non-life premium amounted to Rs 2.6 lakh crore (\$31.2 billion) which corresponds to a non-life insurance penetration rate of approximately 1 percent. The health insurance market has shown high growth post-Covid following increased demand and higher rates. Similarly, the motor insurance market too recorded high growth as consumer preference shifted to bigger cars where the premium is higher and third-party premium were repriced based on a formula that takes into account the claims experience. Fire insurance too has seen a firming of rates after reinsurers led by GIC Re set floor rates.

The Insurance Regulatory and Development Authority's (IRDAI) decision to offer insurers the freedom to design their products through a 'use and file' system has also resulted in a host of product innovations and new launches. "According to industry participants, the regulator has given domestic insurance companies premium growth targets to further this objective, but actual achievement remains subject to the insurers' ability to do so sustainably," said AM Best. The report also notes the other strategic themes laid forth by the regulator include making suitable products available to customers; promoting more standardised and accessible insurance products, including microinsurance; facilitating ease of doing business through a willingness to attract new insurance players; and enhancing distribution efficiencies through technology.

(The writer is Mayur Shetty.)

TOP

HEALTH INSURANCE

Enhancing Health Insurance Penetration in India through Improved Claim Experiences - EIN News - 5th December 2023



In recent years, the growth of health insurance penetration in India has been significant, yet it faces barriers that hinder its optimal expansion. One crucial aspect that demands immediate attention is the improvement of claim experiences for policyholders. PolicyX.com, a leading insurance aggregator, emphasises the pivotal role that a seamless and efficient claims process plays in augmenting health insurance adoption across the country.

India's health insurance landscape has witnessed a commendable increase in policyholders. However, the disparity between the rising number of policies and the

overall claim experience continues to pose a challenge. To propel this growth further and encourage more individuals to invest in health insurance, it is imperative to focus on refining the claim settlement procedures.

As per the recent survey done by PolicyX.com, 3 key challenges related to claims needs utmost prioritisation.

1. Assurance on claim - 67% policyholders showed lack of confidence that their claims will be settled. They were scared that insurers could use one or the other technicality to reject the claim. Although this is not true to a large extent, but there are claim related shocks that policyholders get due to the fact that complete product knowledge is missing at the time of sales.
2. Partial claim - more than 54% customers feared that they will still have to bear partial expenses from their pocket.
3. Claim process - 34% customers showed lack of knowledge related to claim process and had apprehensions related to their claim settlement process.

Insurer, regulator and the distributors need to collaborate and focus towards ensuring a seamless claim experience for further growth in health insurance penetration in India. The following factors underscore the significance of an enhanced claim experience in fostering the growth of health insurance penetration in India:

Trust and Confidence: A smooth and transparent claims settlement process cultivates trust among policyholders. When individuals have confidence that their claims will be handled efficiently, they are more likely to opt for health insurance coverage, thus increasing penetration rates.

Customer Retention and Satisfaction: A positive claim experience ensures customer satisfaction and subsequently enhances retention rates. Satisfied policyholders are more inclined to renew their policies and advocate for health insurance, contributing to a sustained increase in penetration levels.

Market Competitiveness: Insurers that prioritise an expedited and customer-centric claims process gain a competitive edge. This focus on efficient claim resolution serves as a distinguishing factor in attracting new customers and retaining existing ones.

Increased Awareness and Accessibility: Streamlining the claims process not only encourages existing policyholders to make optimal use of their insurance but also spreads awareness among potential customers about the benefits of health insurance, making it more accessible and appealing.

PolicyX.com recognises the crucial role played by an improved claim experience in bolstering the growth of health insurance penetration in India. Through innovative technology and a customer-centric

approach, we are committed to collaborating with insurers to streamline claim procedures, ensuring a hassle-free and expedited process for policyholders.

TOP

Centre plans to introduce cashless treatment of accident victims across India – The Tribune – 4th December 2023



The Ministry of Road Transport and Highways (MoRTH) plans to roll out the facility of cashless medical treatment of road accident victims across the country in three to four months, a top government official said on Monday.

Road Transport and Highways Secretary Anurag Jain while inaugurating an event organised by the Institute of Road Traffic Education (IRTE) noted India has the highest number of road accident deaths in the world.

“Free and cashless medical treatment to accident-injured victims is part of the amended Motor Vehicle Act 2019 (MVA2019). Some states have implemented it but now the Ministry of Roads in league with the Ministry of Health and Family Welfare will be fully implementing it across the nation,” Jain said.

He added the facility will be rolled out in three to four months. According to him, it is envisioned to provide access to cashless trauma care treatment for road accident victims at the nearest appropriate hospital in the country, in accordance with the Supreme Court ruling, and by drawing its power from the Motor Vehicle(Amendment) Act 2019 (MV Amendment Act).

“Such cashless treatment shall be extended to road accident victims, including during golden hour, as defined by the MV Amendment Act,” he added. Golden hour refers to the critical first hour after a road accident with casualties when prompt medical attention can make all the difference. The road secretary said for education and awareness about road safety, the Union Ministry of Education has agreed to include road safety as part of the curriculum for schools and colleges to be implemented soon.

“For vehicular engineering, several steps have been taken including seat belt reminder and introduction of Bharat NCAP,” he said. IRTE President Rohit Baluja said the global road safety experts attending the event will be working towards deliberating and finalizing suggestive codes of safe practice for driver certification, diagnosis of road crashes through multi-disciplinary crash investigation and safety of vulnerable road users.

TOP

ESIC bags ‘ISSA Vision Zero 2023’ award – The Statesman – 4th December 2023

The Employees’ State Insurance Corporation (ESIC) has bagged ‘ISSA Vision Zero 2023’ award in the recently held 23rd World Congress on ‘Safety and Health at Work’ in Sydney, Australia. “Vision Zero” is a transformational approach for prevention of accidents at work places integrating the three dimensions of safety, health and well-being at all levels of work, the Ministry of Labour and Employment said here on Monday.

The ESIC was awarded with “ISSA Vision Zero 2023” as it had great success in outreach in the field of safety and health at work places by aligning the prevention strategy besides post-accidental mechanism for medical care and cash benefits to the workers and their dependents. The award also underlines the improvements that have been made in the service delivery of the ESI Corporation as well as increase in its administrative and operational efficiency using IT enabled initiatives.

Dr Rajendra Kumar, Director General, ESIC representing ESIC, received this award at the World Congress.

TOP

Activists call for PwDs census, their health insurance – The Pioneer – 4th December 2023



On World Disability Day on Sunday, activists from the sector have called for state-wise census as well as Central/State sponsored health insurance for the people with disabilities (PwDs) in line with Ayushman Bharat- National Health Protection Mission among others so as to ensure their equal participation in the policy making and welfare schemes in the country.

“The lack of comprehensive and reliable data is a glaring obstacle in the pursuit of inclusivity. We have been emphasizing on the immediate necessity for robust mechanisms to collect disaggregated disability data. Without

this foundation, efforts are compromised, akin to navigating in the dark,” lamented Arman Ali, Executive Director, the National Centre for Promotion of Employment for Disabled People (NCPEDP).

He asserted that the Government’s measures must echo with the theme of the year, ‘United in action to rescue and achieve the SDGs for, with, and by persons with disabilities... moving beyond mere rhetoric to concrete actions, emphasizing the need for accurate data, and fostering true participation. Ali also expressed dismay at the recent exclusion of disability-related inquiries from the National Family Health Survey (NFHS) survey, saying it is not only a cause for concern but a contradiction to the SDG 2030 agenda. While the Government is yet to take any decision in this regard, the website of the Office of the Chief Commissioner of Persons with Disabilities under the Union Social Justice and Empowerment Ministry speaks all, ie importance of the timely census. “Accurate and dependable data is essential for planning, framing policies and developing programmes in order to address any issue in a focused manner. It is true of the data on persons with disabilities.

“The statistical information should not only be accurate, it should also be available within a reasonably acceptable time frame before it becomes obsolete. It is also necessary that the data cover wide range of information, such as type of disability, age profile, rural and urban distribution, education, employment status, etc for effective intervention and desired outcomes,” it says. Thilakam Rajendran, Founder Director of NEDAR Foundation, India’s first network of entrepreneurs with disabilities and virtual incubator called for including the invisible contributors in the government schemes as they have been making silent contributions in terms of jobs and national wealth as any other startups in the country. “However, even the Government’s much sought after Stand-Up India programme does not find entrepreneurs with disabilities eligible in the scheme,” she said adding that presently the scheme supports aspiring entrepreneurs from scheduled castes, scheduled tribes, and women across the country.

Anil Joshi, an IT expert who has served four terms as Board Member of National Trust and is a father of a daughter having Down Syndrome was of the opinion that people having benchmark disabilities as elaborated in the PwD Act should be provided all the facilities whether education or employment so as to ensure inclusive society. “Instead of a meager livelihood pension amount that the government is doling out, efforts should be made on ensuring social security allowance. Also BPL criteria should be removed and all the UDID card holders should get all the benefits,” he said adding that the UDID Card process should be streamlined to reach all the PwDs.

During 2001 – 2011, an increase in the number of disabled persons was observed both in rural and urban areas and also among males and females. The share of disabled persons in the total population, as well as in the male and female population also increased during this period, as per the Ministry. Quoting doctors and various studies, the activists said that the number, will be on the higher side if census is conducted given rise in ageing population as well as increasing cases of accidents and cognitive disability ie intellectual disability.

TOP

MOTOR INSURANCE

Accelerating Electric Vehicle Insurance Adoption in India: A Comprehensive Strategy through Ecosystem Collaborations – The Economic Times – 2nd December 2023



Climate change conversations have taken the industry by storm and this has led to a gradual shift of the Indian automotive landscape towards electric mobility. With a steady increase in electric vehicle adoption, the transportation landscape has simultaneously started equipping itself to cater to the growing needs of the ecosystem.

This article underlines how the industry is ushering in the electric mobility revolution by bringing industry stalwarts on the same dias to accelerate EV adoption in India.

Ready, Steady, Grow

The industry is seeing a steady acceptance of EVs. This is driven by regulatory support, connected vehicle features, lower operating costs and the vision of the government to achieve complete electromobility by 2030. In light of initiatives such as the National Electric Mobility Policy 2025, the EV market in India is projected to grow by 47.09 per cent between 2022 and 2027. Furthermore, the Indian government aims to have EVs comprise 30 per cent of new private vehicle registrations, amounting to 8 crore EVs, by 2030.

Crux of the Matter

Despite the growing awareness around electric mobility and the adoption of electric vehicles, the marketplace faces barriers owing to the underlying concerns around pricing and the risk of battery damages. According to a recent report, more than half of Indians do not believe that the public infrastructure is equipped for electric vehicles so far. A primary reason is that the charging infrastructure is majorly concentrated in prominent urban centres and not easily accessible. Among the other barriers lie EV fires, the cost of battery replacement, the frequency of charging and a short battery shelf life. Along with these, the upfront cost for EVs is higher as the customers pay for both the vehicle and the battery while in ICE, the fuel is paid for, over the life of the vehicle. All these inhibit the adoption of electric vehicles.

Sustainable Battery Solutions and Aftermarket Advancement

The potential for value offerings generated through these ecosystem-driven efforts is substantial. It is imperative to make EVs more affordable and enhance their resale value to accelerate long-term EV adoption. Since the expenses associated with the production of lithium-ion batteries significantly contribute to the higher prices of EVs, it becomes essential for OEMs and other stakeholders within the ecosystem to forge collaborations with companies involved in battery recycling. Repurposing and recycling batteries not only helps minimise the environmental impact but also provides sustainable sources of lithium-ion raw materials for new batteries.

The Road Ahead

With the government's target to achieve an all-electric fleet by 2030, the future looks bright for the sector. This owes to new emergents in the country that are willing to invest in the EV infrastructure. This will witness an expansion of the network of charging stations as well as insurers who will be contributing toward insuring and protecting the life of electric vehicles. To facilitate this, creating a network among stakeholders such as OEMs, customers, charging stations, telecom and technology partners, and financiers is important.

The collaborations will facilitate enhanced access to advanced aftermarket services for both customers and OEMs. Additionally, this fosters the optimisation of financing and insurance costs for batteries, potentially opening the door to the introduction of battery buyback programs. Collaboration with charging infrastructure companies can help modulate customer behaviour while lowering the charging

costs. Ultimately, these initiatives will contribute to lowering the purchase costs of EVs and enhancing their resale value.

Insurers can collaborate with ecosystem players like OEMs, financiers and charging infrastructure companies to lower the higher upfront costs through products like Extended Battery Warranty (EBW). Financiers can increase the loan duration for vehicles with EBW, reducing the EMI cost for the customer and making it in line with the ICE EMI cost. Insurers can also utilise the connected vehicle feature of EVs to collaborate with OEMs for pay-per-mile or pay-how-you-drive products, which can reduce the overall insurance costs for good or low-usage customers. They can partner with OEMs, after-market component manufacturers and financiers to create battery/electronic child parts lease products to ensure that the liability related to high failure-prone parts is taken care of and the used vehicle owners have peace of mind.

In conclusion, fostering industry collaborations to achieve the tasks at hand is pertinent. Creating and establishing a strong ecosystem can be achieved by nurturing a collaborative approach. It is when key industry players such as government authorities, insurance financiers, and regulators, will come on the same platform and work together instead of competing against each other is when the EV marketplace will see a full growth trajectory. The EV stakeholders must see the larger picture. They should increase the size of the pie instead of fighting for their share of the pie.

(The writer is Animesh Das.)

TOP

CROP INSURANCE

Claims of ₹1.50 lakh crore paid under PMFBY since 2016 – The Hindu Business Line – 5th December 2023



Claims of ₹1,50,589 crore have been paid to farmers against their premium share of ₹30,800 crore under the Pradhan Mantri Fasal Bima Yojana (PMFBY) since kharif 2016 to Rabi 2022-23, according to the Union Agriculture and Farmers' Welfare Minister Narendra Singh Tomar. Replying to a query in the Lok Sabha on Tuesday, he said PMFBY was introduced in the country from kharif 2016 and is voluntary for states and farmers. Comprehensive risk coverage for crop of farmers against all non-preventable natural risks from pre-sowing to post-harvest stages of the crops at very minimum premium for the farmers is provided under the scheme.

The number of applications from farmers has grown from 6.22 crore in 2020-21 to 11.69 crore in 2022-23. The area insured under the scheme has increased from 469.23 lakh hectares (lh) in 2020-21 to 498.91 lh in 2022-23. "Since inception of the scheme till rabi 2022-23, against farmers share of premium of ₹30,800 crore claims of ₹1,50,589 crore have been paid to the farmers, which is about five times of the farmers' share," he said. Payment of premium share as per the provisions of the scheme is the committed liability of the Government and sufficient budget provision is made accordingly. In fact, the budget of the scheme has been increased to ₹15,000 crore at revised estimates stage in the current financial year as compared to ₹12,375.76 crore in revised estimates of 2022-23, he said. Based on the experience gained, views of various stakeholders and with a view to ensure better transparency, accountability, timely payment of claims to the farmers and to make the scheme more farmer friendly, the Government has periodically revised the operational guidelines of the PMFBY comprehensively to ensure that the eligible benefits under the scheme reach the farmers timely and transparently, he said.

To another query on whether the Government has implemented digitalisation system to streamline the administration and disbursement of benefits under the PMFBY, the Minister said DigiClaim module has

been developed and implemented with effect from kharif 2022 season for transparent calculation and settlement of claims by insurance companies. Under this, all the claims are worked out through National Crop Insurance Portal (NCIP) instead of by insurance company and paid to farmers accounts using Public Finance Management System (PFMS), which can be monitored by the Central and State governments. On settlement of claims, an SMS with a link is sent to the farmer from which farmer can track the status of payment of claims, he said. At present, Andhra Pradesh, Assam, Andaman and Nicobar Islands, Chhattisgarh, Goa, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Odisha, Puducherry, Rajasthan, Sikkim, Tripura, Tamil Nadu, Uttar Pradesh and Uttarakhand have implemented PMFBY. To another question, the minister said though the scheme is voluntary for the farmers, more than 30 percent of the gross cropped area and non-loanee farmers of implementing states are covered under the scheme. This shows the acceptance of the scheme among farmers, he added.

TOP

INSURANCE CASES

Forum orders firm to pay ₹6L to heirs of two policy holders - The Times of India - 7th December 2023



The District Consumer Disputes Redressal Commission has ordered Life Insurance Corporation of India (LIC) to pay Rs 6 lakh to heirs of two policy holders. The amount includes the insurance claim amount, compensation for the inconvenience caused to the insurers and court expenses.

Lalita Nakod of Hubballi and Praveen Kallatti of Dharwad had complained against Karnataka Bank and LIC of India that the two respondents had refused to pay the insurance benefits and it amounted to lapse in services to the customers.

Ramesh Nakod, husband of Lalita had registered for Pradhan Mantri Jeevan Jyothi Bima Yojana (PMJJBY) at Karnataka Bank in 2015 and was paying a premium of Rs 330 every year through the bank. Ramesh died on April 22, 2021. Praveen Kallatti's mother Amrita had registered for the PMJJBY in 2015 and she had also paid Rs 330 as premium every year. She died on November 24, 2020. Lalita and Praveen, the legal heirs of the deceased policy holders had sought a claim of Rs 2 lakh each. However, the LIC had refused to settle their claims prompting both Lalita and Praveen to seek remedy in the district consumer forum.

During the commission's hearing, Karnataka Bank informed that it had deducted the premium amount from the accounts of Ramesh Nakod and Amrita and remitted the same to LIC of India. LIC of India said that the premium amount was supposed to be remitted on or before June 1 every year but Karnataka Bank had remitted the amount on June 2 which was a violation of the conditions. After hearing both sides, the commission, headed by judge Ishappa Bhute and comprising members Vishalakshi Bolishetti and Prabhu Hiremath, decreed that the LIC was guilty of not settling the claim as the MoU between LIC and Karnataka Bank states that the premium amount needs to be paid on or before June 30 every year.

It ordered LIC to pay Rs 2,37,332 to Lalita Nakod and Rs 2,43,997 to Praveen Kallatti as insurance claim. The commission also ordered LIC to pay Rs 50,000 each to the claimants as compensation for the inconvenience caused and Rs 10,000 each towards court expenses. The commission dismissed the complaint against Karnataka Bank. LIC, the only Indian insurer on the list, ranks fourth globally in terms of reserves, with \$503.7 billion. Allianz SE, China Life Insurance Company, and Nippon Life Insurance Company are the top three insurers. LIC maintains its position despite India's small share in global life insurance. India's premium income rose to \$131 billion, ranking seventh globally. Asia has 17 companies on the list, with China and Japan leading. North America has 12 companies, with the US having the highest number. MetLife, the largest US insurer, ranks seventh.

The Cuddalore district Consumer Disputes Redressal Commission has directed United India Insurance Company to pay an insured value of Rs 1.65 crore for a cargo marine vessel to Rajamani from Sonangkuppam. The vessel sank near Kootayi Beach, Mallapuram district, Kerala. The commission found that there was no breach of the 'hull machinery marine insurance policy' and that the rejection of the claim by the insurance company was arbitrary. The company was also instructed to pay Rs 1 lakh for deficiency in service and wrongful termination of the marine insurance policy.

TOP

Consumer panel in TN orders insurance company to pay Rs 10 lakh to kin of train passenger - The News Indian Express - 6th December 2023



The District Consumer Redressal Commission in Srivilliputhur directed an insurance company to pay a travel insurance of Rs 10 lakh, along with litigation expenses of Rs 10000, to the kin of a passenger who died after falling from a train in 2021. The commission observed a deficiency in service as the company refused to pay the amount, despite the family having availed the insurance during ticket reservation.

The commission, comprising President SJ Chakkaravarthy and member M Muthulakshmi, issued the verdict in a petition filed by P Pachaikili, a resident of Mallankinaru, and

her children against the manager and general manager of the insurance company in Madurai and Chennai, respectively. In November 2021, when Pachaikili and her husband, Palraj, were travelling in a train from Virudhunagar to Chennai, Palraj accidentally fell down the train and died on the spot. The petitioners claimed that following the death, they approached the insurance company and sought a travel insurance of Rs 10 lakh. However, the company went on delaying the payment.

Meanwhile, the respondents stated that there was no proof regarding the reason for the demise of Palraj, and refused the insurance claim stating that the demise of Palraj was due to his carelessness. They further added that the claim must be filed within four months of the incident. However, the commission observed that the respondents did not offer a proper reply when the petitioners approached them earlier and it was not fair to cite delay as a reason for refusing payment. The panel further cited that the company did not pay the amount, despite the fact that death is considered as an untoward incident and, in the case, it occurred as per the policies mentioned in the insurance claim.

TOP

Pay full damages of ₹29L to widow, HC tells insurance co - The Times of India - 6th December 2023

Telangana high court on Tuesday set aside an order of motor accidents claims tribunal in a traveller's death in a road accident and directed New India Assurance Company Ltd, Secunderabad, to pay 29 lakh to the wife of the deceased along with interest for the last 10 years. Wondering how contributory negligence could be attributed to the traveller who was sitting next to the car driver and was killed in the road accident, a bench comprising Justices P Sam Koshy and N Tukaramji passed this order. The bench was hearing the petition of Arava Satyavathi, who challenged the order of a Sangareddy motor accidents claims tribunal which fixed a compensation of Rs 29 lakh but halved it on the grounds of contributory negligence. Half of the award amount was directed to be paid to the woman and family.

On May 20, 2013, the car in which Satyavathi's 58-year-old husband Subba Rao was travelling rammed a stationary truck in Sangareddy while coming back from Machilipatnam to Hyderabad. He died in the accident. Following claims of contributory negligence from the insurance company, the tribunal reduced the compensation and half of the amount was ordered to be paid. Satyavathi approached the HC. Her counsel explained to the court it was truck driver's fault to park it in the middle of the road without

indicator lights. The counsel for the insurance company argued that the decision of the trial court was right because the accident was caused by the car driver.

The bench said: "How can a driver who was driving at 3.30 am identify a parked vehicle without any indicators. At best, it could be a case of composite negligence. Even then you cannot escape liability." It directed the insurance company to pay full money of 29 lakh to Satyavathi. The bench said: "If you have already paid any amount to her, pay remaining with interest within 45 days." The Cuddalore district Consumer Disputes Redressal Commission has directed United India Insurance Company to pay Rs 1.65 crore for a cargo marine vessel to a complainant from Sonangkuppam. The complainant obtained a 'hull machinery marine insurance policy' for the vessel and paid a part payment of Rs 46,064 as the premium amount. The vessel sank due to adverse weather conditions. The insurance company rejected the claim, but the commission found the rejection to be arbitrary and unfounded.

A driver and a 10-year-old student died in a collision between a school bus and a private bus in Ajmer. The accident occurred due to heavy fog. District collector Bharti Dixit visited JLN Hospital to ensure treatment for the injured. The driver of the school bus, Sujan Jat, died at the scene. 12 injured individuals, including six students, were transferred to Ajmer hospitals. A Tempo Traveller collided with a truck on National Highway 19 in Mathura district, Uttar Pradesh, resulting in four deaths and four injuries. The incident occurred when a wedding party of 15 members was returning from Umraya village to Palwal in Haryana. The deceased, Dalbir Singh, Dhruv, Chunni Lal, and Shyam Kumar, were all relatives of the groom. The injured individuals are receiving treatment at a local hospital. The truck driver fled the scene, and the CCTV footage is under examination by the police.

(The writer is Sagar Kumar Mutha.)

[TOP](#)

Insurance company 'cannot benefit from its own lapses' - The Times of India - 5th December 2023

The state consumer commission, upholding the stance of the district consumer disputes redressal commission, on Monday reprimanded United India Insurance Company Limited (UIICL), saying the company cannot exploit its own missteps to refuse claims.

In 2010, a rock fell on a four-wheeler, causing substantial damage to the vehicle. However, UIICL rejected the subsequent claim, citing the absence of a fitness certificate for the vehicle.

The commission found that the insurance company failed to ask for the certificate during the cooling-off period and issued a policy without the necessary documentation.

Consequently, UIICL has been ordered to disburse Rs 66,000, along with 6 percent interest since the complaint was lodged in February 2013.

Khem Raj, a Tehri Garhwal resident, had insured his pickup vehicle with UIICL in June 2010 for a one-year term. After the vehicle was damaged, UIICL appointed a surveyor to instruct Raj to submit repair bills. However, UIICL in August 2011 told him that the vehicle's fitness was valid only until May 2009 and rejected the claim. The district commission, after examining arguments and evidence, passed a judgment in September 2015, ordering UIICL to pay the compensation. UIICL contested this decision in the state commission in October 2015, saying the vehicle's operation without a fitness certificate violated Motor Vehicles Act provisions, which is a breach of the insurance policy.

The state commission said that UIICL, having neglected to scrutinise the fitness certificate during policy issuance, cannot take advantage of its own lapse.

(The writer is Pankul Sharma.)

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HC directs IRDAI to place AYUSH treatment on a par with allopathic procedure – The Hindu – 4th December 2023



Madurai Bench of the Madras High Court has issued directions to Insurance Regulatory and Development Authority of India (IRDAI) to place AYUSH treatment on a par with allopathic treatment and direct the insurance companies to reimburse on equal scales. Justice N. Anand Venkatesh observed that during the COVID-19 pandemic, it was traditional medicines that were recommended to affected persons.

The hospitals were only attending to emergency cases by providing a support system since allopathy did not have any medicine to treat COVID-19 patients. Effective treatment was given to the affected persons under AYUSH and it provided substantial relief to the patients. In such circumstances, it will not be reasonable to restrict the cap and deprive policy holders to get reimbursement of the money spent by them in AYUSH hospitals, the court observed.

The IRDAI must take into consideration the fact that patients can choose the type of treatment that was required for them and they have an option to either choose allopathic medicines or go for traditional medicines provided by AYUSH. Whatever expenses were incurred for treatment must be placed on equal scales. It will be discriminatory to give preference to allopathy as against AYUSH treatment.

Traditional treatment in India which falls under AYUSH must be encouraged. It must have the same weightage as allopathic treatment. A person who chooses to undergo AYUSH treatment should be entitled to receive an insurance amount towards the expenses incurred by him, as done to a patient who undergoes allopathic treatment. This has to be implemented by the IRDAI in all future policies, the court observed while disposing of a batch of petitions.

TOP

Consumer court directs insurance firm to pay Rs 1.65 crore to ship owner – The Times of India – 1st December 2023

The Cuddalore district Consumer Disputes Redressal Commission has directed the United India Insurance Company Limited, Divisional Office, Cuddalore, to pay an insured value of Rs 1.65 crore for a cargo marine vessel to a complainant from Sonangkuppam in Cuddalore district, along with an interest of 9 percent. Commission president D Gopinath and its members V N Parthiban and T Kalaiyarasi also instructed the company to pay Rs 1 lakh for the deficiency in service and the wrongful termination of the marine insurance policy, along with Rs 10,000 as litigation costs.

Rajamani, the owner of a cargo sailing vessel from Sonangkuppam in Cuddalore district, obtained a 'hull machinery marine insurance policy' for one year for the vessel.

He paid a premium of Rs 46,064 as part payment of the total premium amount of Rs 1.79 lakh in 2021. The vessel, loaded with various cargo including jelly, M-sand, packet sand, hollow bricks, provisions, steel, hardware, household appliances, construction materials, and vegetables, sank along with the cargo near Kootayi Beach, Mallapuram district, Kerala, due to adverse weather conditions on November 15, 2021.

The complainant notified the insurance company on November 18, 2021. The company appointed a surveyor, who obtained 13 documents from the complainant to conduct a survey assessment. Nearly a year later, the company rejected the claim, citing that the complainant breached the 'duty of assured' clause by not making efforts to salvage the valuable equipment, thereby failing to minimize the loss.

After hearing the counsels for both parties, the commission declared that the complainant was not in a position to salvage the valuable equipment and minimize the loss. "There is no breach of terms and

conditions of the policy as claimed by the opposite party (United India Insurance Company Limited). Hence, the repudiation made by the opposite party was found to be arbitrary and unfounded," stated the commission.

(The writer is Bosco Dominique.)

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GLOBAL NEWS

Asia: Under-penetrated markets will drive sustained growth of region's insurance industry – Asia Insurance Review

Despite potential rate decreases, growth of the insurance industry in Asia is expected to be sustained in 2024, driven by rising demand in underpenetrated insurance markets such as China, Southeast Asia, and India, says CreditSights, a research unit of Fitch Solutions. In its forecast for the insurance sector in Asia, CreditSights names several other key themes, which are:

Medical insurance, retirement, and savings products are projected to remain as primary growth drivers. CreditSights anticipates the introduction of new products related to long-term care and dementia insurance in Asia. Asian insurers are likely to continue with substantial investments in technology, data analytics, and customer service enhancement as a means to differentiate themselves. CreditSights expects a continued expansion of agency forces and bancassurance partnerships, which will maintain their respective positions as the core distribution channel and primary growth contributor. The trend of overseas expansion to Southeast Asia via M&A or additional capital injections from mature insurers in developed markets such as Japan, Korea, and Hong Kong is predicted to continue.

Regulatory developments

In Korea, CreditSights expects further adjustments and disclosures concerning K-ICS and IFRS 17. These are set to enhance the consistency of solvency calculations across companies, fine-tune accounting standards, and improve transparency in the insurance sector. Regulatory easing measures are expected to remain so that to aid insurers during the transition to the new solvency regime.

Key regulatory developments anticipated for 2024 include the implementation of the RBC regime in Hong Kong, the ramp-up in guidelines and regulations related to IFRS 17 in Thailand before the effective date in 2025, and the finalisation of the ESR framework in Japan. CreditSights expects clearer stances from credit rating agencies regarding their Contractual Service Margin (CSM under IFRS 17) treatments on their capital models, and the implications these have on financial strength assessments.

Hong Kong

After a robust recovery in sales to Mainland Chinese visitors (MCVs) in 2023, CreditSights expects the growth of Hong Kong life insurers to moderate in 2024. The vast majority (over 95%) of policies purchased by this customer group are settled on an annual basis rather than as single premiums, indicating potential for further premium growth. MCV policyholders tend to favour whole life and critical illness products in Hong Kong, due to the superior healthcare services, attractive returns and wide variety of investment options available in this market.

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Pakistan: Regulator announces deadline for implementation of IFRS 17 - Asia Insurance Review

The Securities and Exchange Commission of Pakistan (SECP) has published in the Official Gazette the date of adoption of the International Financial Reporting Standard (IFRS) 17 - Insurance Contracts - by companies engaged in insurance/takaful and re-insurance/re-takaful business. The adoption time frame, agreed upon in collaboration with all stakeholders, is 1 January 2026.

In a statement, the SECP says that the implementation of IFRS 17 will improve the quality of information and reporting standards in the insurance industry and enhance its global comparability. IFRS 17 requires

all insurers to reflect the effect of economic changes in their financial statements in a timely and transparent way. It also requires providing improved information about the current and future profitability probabilities. IFRS 17's enhanced transparency is anticipated to enhance long-term financial stability by providing valuable information that allows for timely intervention.

To ensure a smooth transition to IFRS 17 in an effective manner, SECP has envisaged a four-phase approach for the insurance industry: (i) gap analysis; (ii) financial impact assessment; (iii) system design and methodology; and (iv) parallel run implementation. The insurance industry has already completed the phases of gap analysis and financial impact assessment, and currently, Phase 3, "System Design and Methodology," is in progress.

TOP

Malaysia: Standard developed for vehicle aftermarket smash repair requirements - Asia Insurance Review



The Ministry of Investment, Trade and Industry (MITI) has introduced an initiative in the development of Malaysian Standard-Motor Vehicle Aftermarket Smash Repair Requirements (JSM MS). The General Insurance Association of Malaysia (Persatuan Insurans Am Malaysia, or PIAM) says in a statement that it supports the move. Anticipated to be officially launched by Jabatan Standard Malaysia (JSM or Department of Standards Malaysia) in early 2024, the JSM MS is poised to elevate the standards and professionalism of motor vehicle smash repair workshop activities through the implementation of best industry practices across the nation.

PIAM applauds the collaborative approach taken by MITI in the development of JSM MS with input and participation from key stakeholders in the motor repair ecosystem. These include PIAM, Ministry of Transport Malaysia, Jabatan Pengangkutan Jalan Malaysia (Malaysian Road Transport Department), Ministry of Domestic Trade and Cost of Living, vehicle inspection company PUSPAKOM, SIRIM QAS International (Management System Certification Department), Federation of Automobile Workshop Owners' Association, Malaysian Automotive Association, Malaysia Takaful Association and motor franchise repairers.

The JSM MS covers a broad spectrum of smash repair workshop activities from vehicle body repair to refinishing and sets forth the structural, resources and process requirements for workshops engaged in motor vehicle accident repair. The general insurance association says in a statement, "PIAM looks forward to continued collaboration in the effort to ensure the safety and satisfaction of customers as well as promoting the development and sustainability of the motor insurance and repair ecosystem. PIAM is committed to actively contributing to this initiative by closely monitoring the important regulatory development and reviewing its implications on the motor vehicle accident repair ecosystem and the way forward."

TOP

Taiwan: Regulator's interest-rate risk adjustments to ease negative-spread pressure on life insurers - Asia Insurance Review

The Taiwanese regulator's latest adjustments and transitional measures for interest-rate risk will ease the negative spread pressure on life insurers and help them to manage asset-liability duration gaps under the localised Insurance Capital Standards (TW-ICS) and IFRS 17, Fitch Ratings says. The new measures give the industry more time to adjust product and investment strategies to meet the more stringent capital requirements under the new standards, which will be implemented in 2026. Fitch expects the

second phase of adjustments to make it less urgent for insurers to raise debt or equity to replenish capital, after transitional measures for asset risks were announced in July 2023.

On 23 November 2023, the Financial Supervisory Commission (FSC) announced three measures to help smooth insurers' transition to the new solvency framework over a 15-year phase-in period:

- A 50 bp illiquidity premium is given to liability discount rates on legacy insurance policies with guarantee rates above 6%;
- A linear rise in target capital requirements for interest-rate risk from 50% to 100%; and
- Allowing the phasing in of net fair value impacts from assets and liabilities within the period.

The illiquidity premium in liability discount rates benefits the valuation of policies sold before 2004 that had more than 6% of guaranteed yield. This will relieve reserve pressure on life insurers' mark-to-market insurance liability valuation under the new solvency standard and comply with IFRS 17, compared with the lock-in approach now. Taiwan's current policy rate is only 1.88%

Negative spread burden

Many life insurers face negative spread burdens, especially major ones with long operating histories and sizable legacy books, although they have been selling more long-term protection products and generating steady mortality and morbidity gains. Health insurance represented 19% of total life premiums in 9M2023 (2021: 13%). Interest-rate risk is the key challenge for life insurers. Fitch estimates that, for major insurers, the more stringent requirement will translate into interest-rate-related capital charges that are three to four times that under the current regime, due to the savings-type products with high guaranteed yields they sold in the past. The regulator now allows insurers to raise interest-rate risk provisions from the initial target of 50% under the TW-ICS requirement to 100% in 15 years from 2026. This gives life insurers time to adjust and replenish their equity bases.

The relaxation of recognising net fair value impact on capital helps insurers to maintain a lower level of solvency sensitivity and ease imminent capital needs, driven by interest-rate movements. Adoption of IFRS 17 — evaluating insurance liabilities at current market rates — and the tighter capital rules in 2026, will accentuate insurers' asset and liability mismatches. The longer duration of their liabilities compared with assets will put greater pressure on insurers' capitalisation.

Liability reserve interest rates

The FSC said on 30 November that life insurance liability reserve interest rates for foreign-currency new business in 2024 will increase, except for new policies denominated in Chinese yuan. For US dollar-denominated policies, which form the bulk of the life industry's foreign-currency policies, interest rates will rise by 75bp for policies with liability duration of less than six years (inclusive), 50bp for six to 20 years and 25bp for longer than 20 years (inclusive).

Fitch believes stronger asset-liability management, the shift in business mix towards profitable protection-type products and a cautious investment strategy with proactive foreign-currency risk management, will drive life insurers' stable surplus growth. This will aid them as they move to new capital standards. The life industry's profit before tax fell by 38.4% yoy in 10M2023. Fitch expects life insurers to boost capital adequacy through debt issuance or equity injections in the coming years, in light of continued financial market volatility.

TOP

ASEAN: Region's insurance markets affected differently by inflation - Asia Insurance Review

The impact of inflation on ASEAN insurance markets was less than in mature Western markets, as inflation in Southeast Asia was on average lower than in the US or the EU, according to the "ASEAN Insurance Pulse 2023" report. The Russia-Ukraine war, for example, had less of an impact on ASEAN markets, and labour markets were not as tight as in Europe, says this 7th annual edition, released by Malaysian Re. The 2023 edition focuses on the impact of inflation on the ASEAN insurers and how they tackled this challenge.

ASEAN insurers not equally affected by inflation

Inflation rates in ASEAN varied widely, with Vietnam, Brunei, and Malaysia at the lower end with less than 5%; and Myanmar and Laos at the upper end with close to or even above 20%. In some ASEAN markets, inflation increased while local currencies depreciated, leading to higher costs for imports and thus increasing insurers' payments. Currency depreciation had a strong impact, with mature economies like Singapore trading in line with the major global currencies, while Malaysia, Indonesia and the Philippines depreciated significantly.



Inflation affected insurers differently, depending on their business model. Non-life insurers with a bias toward personal lines, particularly motor and property business, were likely to be hit hardest as higher costs for raw materials, spare parts, repair and labour drove up claims ratios. Medical insurers had to digest rising costs due to inflation too.

For ASEAN affiliates which have their assets mostly managed at group level, the impact of inflation on their investment portfolio had less of an effect than for those, which had to realise losses on their bond portfolio due to losses on the underwriting side. And finally, the cost of operations varied greatly with insurers in markets such as Singapore spending a larger share of their budget on rising salaries. Overall, AM Best concludes that the ASEAN insurers fared quite well, proving their preparedness and resilience.

Impact of inflation perceived differently

The consensus is that inflation is a “relevant” challenge, but part of a flurry of different headwinds which hit the markets all at the same time. Inflation did not catch insurers off guard. It had already started to rebound before the end of the pandemic and in some ASEAN markets, had been part of their reality for quite some time. In addition, insurers had risk management measures in place to stress-test the impact of inflation on their book and reserves. However, a major concern was with policyholders, namely consumers, who often underestimate the risk of underinsurance.

Claims costs were the biggest concern for insurers. However, the effect of deteriorating claims ratios was dwarfed by the tightening of reinsurance markets since the year-end renewals in 2022. Insurers partly interpreted the hardening as a consequence of inflation, caused by the abrupt increase in interest rates and reinsurers' costs of capital. Insurers' investment returns were affected by the same token – the tightening of monetary policy led to a decline in fixed-income securities and thus to rising unrealised – and in unfortunate cases also some realised losses. The top line was affected too, as higher sums insured drive premium volume. However, clients hit hard by rising prices might reduce their insurance buying.

Personal lines most affected

Motor, property and medical insurance were the lines most affected. According to some ASEAN insurers, prices for motor spare parts rose due to a combination of inflation and higher import costs by as much as 30% to 40% in some markets. Similarly, construction costs were up by 20% to 30%.

In medical insurance, insurers saw a continuation of the double-digit medical inflation that markets had already witnessed for some time. Due to higher import and labour costs, medical inflation accelerated further. Reserves, however, posed no major concern. The lines most affected are mainly short-term liabilities, while long-tail risks are less affected. In addition, insurers had prepared for inflationary pressure, slightly adjusted reserves, and tested their adequacy regularly. In times of inflationary distress, consumers tend to regard insurance as a dispensable cost which they limit by buying less coverage, cancelling insurance or resorting to self-insurance. This affects particularly the personal lines. In case of underinsurance, clients might declare a reduced property value – thereby taking the risk of underinsurance. Lower insurance spending may also affect the commercial lines, as inflation plus tighter rates and commissions force policyholders to reduce coverage.

Opinions diverged regarding the relevance of underinsurance. In some cases, insureds might lack the understanding or awareness to adjust premiums to the rising value of their assets. However, at least larger corporations will increase their sum insured to reflect the impact of inflation. Insurers made quite some efforts to ensure that clients remained properly insured. For policies that do not renew and adjust automatically or include escalation or inflation clauses, insurers launched educational campaigns explaining why premiums must rise. Insurers reacted with a mix of measures to combat the impact of inflation on their underwriting portfolio. Price increases were the most frequently mentioned feature, affecting foremost motor and property – unless tariffed. Tighter market conditions were reflected by a hardening of terms and conditions – partly due to the developments in reinsurance. Insurers demanded that clients disclose how they manage their risk and asked for an updated valuation of assets to adjust the sums insured.

Furthermore, insurers pruned their portfolio and reallocated capacity, often shifting from severity to frequency risks to reduce the amount of reinsurance cover needed. The quality of the account was a dominant theme with insurers systematically screening their portfolio, increasing deductibles to force clients to better understand their own risks. Ultimately, many claimed to have shed risks that they felt were not meeting their requirements. The findings of the report are based on 24 structured interviews with executives representing regional and international (re)insurance companies, intermediaries, policymakers and trade associations. The interviews were conducted by Faber Consulting, a Zurich-based research, communication and business development consultancy, from July to August 2023.

TOP

Hong Kong: Regulator starts public consultation on RBC-related rules - Asia Insurance Review

The Insurance Authority (IA) yesterday launched a six-week public consultation on the draft Insurance (Valuation and Capital) Rules and the draft Insurance (Submission of Statements, Reports and Information) Rules to tie in with the implementation of the Risk-based Capital (RBC) regime. The draft Insurance (Valuation and Capital) Rules set out the detailed capital adequacy requirements and prescribe the valuation of assets and liabilities of insurers under the RBC regime, whereas the draft Insurance (Submission of Statements, Reports and Information) Rules stipulate the types of returns, as well as frequency and manner of submission to the IA.

There is a three-pillar framework for the RBC regime –

Pillar 1 refers to the quantitative assessment, including the valuation, capital quality, and capital requirements;

Pillar 2 refers to the qualitative assessment, including enterprise risk management; and

Pillar 3 refers to the reporting requirements to the IA, as well as the public disclosure requirements.

The two draft rules respond to the quantitative assessment under Pillar 1 and the reporting requirements to the IA under Pillar 3 based on the three-pillar framework respectively.

The Insurance (Amendment) Bill 2023 was passed by the Legislative Council in July this year which provides the legal framework for the implementation of the RBC regime in Hong Kong. The RBC regime not only strengthens the financial soundness of insurers and puts Hong Kong on par with international standards, but also incentivises better asset-liability matching and the cultivation of robust risk management culture of insurers. The consultation period ends on 16 January 2024.

TOP

Japan: Insurance industry expected to maintain healthy underwriting in 2024 - Asia Insurance Review

Japanese life and non-life insurers' underwriting fundamentals are likely to remain healthy overall in 2024, mainly because of waning effects from claims arising from the Covid-19 pandemic, Fitch Ratings says. As a result, Fitch has a neutral sector outlook for Japanese insurers. Japanese life insurers suffered from sizeable insured losses caused by "deemed hospitalisation" as more people fell ill due to the COVID-

19 Omicron variant, says Fitch in its report, "Japanese Insurance 2024 Outlook". This lasted until the first half of 2023 but halted after the government changed the rule related to these hospitalisations in May 2023. Japanese life insurers' earnings from underwriting started recovering in mid-2023.

Japanese non-life insurers are also likely to achieve adequate profitability in domestic underwriting in 2024, due partly to continued premium rate hikes in property insurance, reinforced by a virtual oligopoly. However, non-life insurers will have to cope with significant natural catastrophe risks in Japan. Fitch believes Japanese life insurers are likely to continue increasing their investments in super-long Japanese government bonds in 2024 instead of currency-hedged foreign bonds, driven by a moderate rise in Japanese-yen bond yields and increased currency-hedging costs. As a result, Fitch expects Japanese life insurers' interest-rate risks caused by asset and liability duration mismatches to be reduced further. Japanese life and non-life insurers continue to have large exposures to financial-market risks, although they maintain sufficient capitalisation. Any significant stress in financial markets - especially in domestic equities and, to a lesser extent, foreign bonds and currencies - may hurt their capital adequacy.

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Bangladesh: Insurers and regulator agree on insurance branches to be marketed through bancassurance - Asia Insurance Review

Insurers will be able to engage in bancassurance in Bangladesh for all types of life insurance plans. In the non-life market, motor, travel, crop and health insurance policies can be sold through banks. The government has accepted insurance companies' demand that fire and marine insurance be excluded from bancassurance, reported The Business Standard. The negotiations, that began in July, between the industry and the government ended with three-fourths of the non-life insurance business excluded from bancassurance. The branches such as fire, marine cargo and marine hull insurance accounted for 74% of the total non-life insurance premiums in 2022. "Let us start a good distribution channel with the products everyone is ready to accept right now and over time there will remain scope for changes," said Mohammad Jainul Bari, chairman of the Insurance Development and Regulatory Authority (IDRA).

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COI Training Programs

Mumbai - December - February 2023

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Liability Insurance: Focus Cyber & Crime	18-Dec-23	19-Dec-23	ClickHere	Register
2	Life Insurance Claims Management, Legal and Regulatory Issues	18-Dec-23	19-Dec-23	ClickHere	Register
3	Compliance Governance and Risk Management (IRCC)	20-Dec-23	22-Dec-23	ClickHere	
4	New Vistas in Life Insurance Underwriting	03-Jan-23	03-Jan-23	ClickHere	Register
5	Innovative learning & Development (L&D) Strategies for Life Insurance Industry	04-Jan-23	05-Jan-23	ClickHere	Register
6	Engineering Insurance - Operational Policies	04-Jan-24	05-Jan-24	ClickHere	Register
7	Principles of Valuation - Life	05-Jan-23	05-Jan-23	ClickHere	Register
8	Claims Management of Fire Insurance	11-Jan-24	12-Jan-24	ClickHere	Register
9	Health Insurance Management including Fraud Control	12-Jan-24	12-Jan-24	ClickHere	Register

10	Creating High performers in Banca Channel	15-Jan-23	15-Jan-23	ClickHere	Register
11	Customer Grievance, Insurance Arbitration, Ombudsman and Consumer Cases	15-Jan-24	16-Jan-24	ClickHere	Register
12	Miscellaneous Insurance Management	15-Jan-24	17-Jan-24	ClickHere	Register
13	Trade and Credit Insurance	16-Jan-24	16-Jan-24	ClickHere	Register
14	Crop Insurance – Focus: Horticulture, Floriculture, Plantations and Vegetable Insurance	17-Jan-24	18-Jan-24	ClickHere	Register
15	Understanding Bond Markets for Insurance Investments	22-Jan-23	23-Jan-23	ClickHere	Register
16	Consumer Grievances and Redressal Machinery	31-Jan-23	31-Jan-23	ClickHere	Register
17	Managing Project Insurance	01-Feb-24	02-Feb-24	ClickHere	Register
18	Corporate Finance & Post listing compliances	01-Feb-24	02-Feb-24	ClickHere	Register
19	Regulatory Drawing Board–A Comprehensive Program for Insurance Regulators	05-Feb-24	10-Feb-24	ClickHere	Common
20	Motor Insurance (Own Damage) Workshop	05-Feb-24	07-Feb-24	ClickHere	Register
21	Cyber Security, Resilience and Cyber Claims	07-Feb-24	07-Feb-24	ClickHere	Register
22	Workshop on Soft Skills for team managers and team leaders	12-Feb-24	14-Feb-24	ClickHere	Register
23	Policyholders Service and Protection of Policyholders Interests for Life Insurance	15-Feb-24	16-Feb-24	ClickHere	Register
24	Market Segmentation and product placement – Non par products (ULIPs, Guaranteed maturity products and Annuities)	15-Feb-24	16-Feb-24	ClickHere	Register
25	Up-skilling teams on CRM	20-Feb-24	21-Feb-24	ClickHere	Register
26	Marine Hull & Energy Insurance- Underwriting & Claims	26-Feb-24	27-Feb-24	ClickHere	Register

Kolkata – December - February 2023

Sr. No	Program Name	Program Start Date	Program End Date	Details	Registration Link
1	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO- CT(Kolkata)	19-Dec-23	20-Dec-23	ClickHere	Register
2	Enterprise Risk Management (ERM) and Key Roles of the Risk Owners and CRO - CVT(Kolkata)	19-Dec-23	20-Dec-23	ClickHere	Register
3	New Vistas in Life Insurance Underwriting	20-Dec-23	20-Dec-23	ClickHere	Register
4	Emerging Trend in Motor OD Underwriting and Claims Handling - CT (Kolkata)	09-Jan-24	10-Jan-24	ClickHere	Register

5	Emerging Trend in Motor OD Underwriting and Claims Handling - CVT (Kolkata)	09-Jan-24	10-Jan-24	ClickHere	Register
6	Financial and Investment Management in Life Officers-CVT	12-Jan-24	12-Jan-24	ClickHere	Register
7	Managing Catastrophe Claims - CT (Kolkata)	23-Jan-24	23-Jan-24	ClickHere	Register
8	Managing Catastrophe Claims - CVT (Kolkata)	23-Jan-24	23-Jan-24	ClickHere	Register
9	Personal Tax planning & Life insurance - CT	22-Jan-24	22-Jan-24	ClickHere	Register
10	Learning Aviation Insurance-Bracing for the future - CT (Kolkata)	07-Feb-24	07-Feb-24	ClickHere	Register
11	Learning Aviation Insurance-Bracing for the future - CVT (Kolkata)	07-Feb-24	07-Feb-24	ClickHere	Register
12	Wealth accumulation through ULIP & Annuities - CVT	08-Feb-24	08-Feb-24	ClickHere	Register
13	Raising Effectiveness of Business Development Executives & Managers- CT	20-Feb-24	20-Feb-24	ClickHere	Register
14	Augmenting Women Power in Leadership - CT (Kolkata)	22-Feb-24	22-Feb-24	ClickHere	Register
15	Augmenting Women Power in Leadership - CVT (Kolkata)	22-Feb-24	22-Feb-24	ClickHere	Register

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