



INSURANCE e-BULLETIN



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The Associated Chambers of Commerce and Industry of India

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TOP INSURANCE NEWS

Start-ups can mitigate cyber crime risks with insurance

Businesses, both small and big, are increasingly shifting their processes and transactions online. The heavy dependence on the internet, however, comes with its own risks in the form of cyber crimes. Besides taking cyber security measures, fledgling entrepreneurs, start-ups and small businesses in particular need to purchase cyber-liability insurance to mitigate the risk from cyber crimes. Today, both individuals and businesses live in perpetual fear that whatever they have kept online could be stolen, hacked, damaged or wiped off. Besides damaging a web site or stealing data, hackers can also lock down your system and demand a ransom for allowing you access to it. Sometimes they also sell the hacked data to other members of their network.

Organizations in the Banking and Financial Services Industry (BFSI) are especially wary of this threat. Cyber criminals tend to target this sector because it manages billions of financial records and transactions that are stored in computer servers across the globe. Financial details stored in these servers include credit and debit card information, date of birth, permanent account number (frequently used for the purpose of verification), bank account numbers, bank transactions, investment-related information, and other sensitive data such as court records and tax returns.

Businesses, especially the smaller ones that are still in the process of finding their feet, can mitigate the risks arising from such crimes by opting for cyber-liability insurance. This policy

covers first-party costs arising directly out of a data breach and theft (like rebuilding the lost database), dealing with the demand for ransom, costs related to handling the breach including data monitoring and notification, and business interruption due to network disruption.

Businesses, both small and big, belonging to sectors such as hospitality, health care, information technology (IT) and allied services, and pharmacy research are all buying this insurance cover these days.

Source: http://www.business-standard.com/article/pf/start-ups-can-mitigate-cyber-crime-risks-with-insurance-117050600941_1.html

06th May 2017

Crop insurance sector eyes 25 percent growth this year

The crop insurance sector is expected to see 20-25 per cent growth in FY18, as the government's thrust and increasing awareness levels are leading to the rise in acreage and sum being insured under crop insurance. According to the observation of agriculture insurance companies, while the premium of Rs 5,700 were collected under crop insurance and 3.09 crore farmers were covered in FY16, the amount of premium collected rose four-fold to Rs 21,500 crore in FY17 and the number of farmers covered rose to 3.90 crore.

Post Pradhan Mantri Fasal Bima Yojana (PMFBY), the number of farmers availing crop insurance has increased. However only 27 per cent farmers in the country opt for crop insurance. Majority of farmers are still out of crop insurance coverage, which gives scope for

further growth. The government aims to cover 50 per cent of farmers under crop insurance in the next three years, which will lead to crop insurance companies growth. The changed rules post PMFBY and the mandatory deductions from all farmers who take crop loans towards payment of crop insurance premium, are leading to increasing coverage of crops under insurance. As technology usage is increasing in agriculture and weather prediction is assuming importance, even crop insurance takers are increasing.

Nearly, 386 lakh hectares have been covered and the value of crop insured stood at Rs1.41 lakh crore during Kharif 2016 season, while 193 lakh hectares and sum of crop insured stood at Rs 72,000 crore in the Rabi season 2016-17.

Source: <http://www.newindianexpress.com/business/2017/may/07/crop-insurance-sector-eyes-25-percent-growth-this-year-1601892.html>

07th May 2017

IRDAI may usher in life insurance portability

The insurance regulator is considering allowing life insurance policy holders to switch from one insurer to another without surrendering their existing policies and thus losing a portion of the premium paid. Discussions to allow portability in life insurance are in early stages and it is likely to happen after the industry moves to a completely digital form of transacting and managing insurance products. By allowing portability, the Insurance Regulatory and Development Authority of India (Irda) aims to save customers the cost of surrenders while changing policies if they are unsatisfied with their existing insurer. The regulator had already allowed portability in health insurance policies in 2011. Portability can make life easier for policy holders in terms of services and cost.

India's life insurance sector is the biggest in the world with about 360 million policies. This number is expected to grow at an annual average of 12-15% over the next five years. The portability plan is also in line with the government and Irda's aim to curb misselling of insurance in the country. Under current rules, such a transfer is not allowed. If a policy holder wishes to discontinue her existing policy before it reaches maturity, she has to pay a "surrender charge".

"Portability will require considerable changes in the underwriting policies and the rates for several products may have to be standardized."

Source: <http://www.livemint.com/Industry/cbUzBCUBPZqAa8F4GMNA8l/Irda-may-usher-in-life-insurance-portability.html>

8th may 2017

Maximum complaints filed against insurers last year

Insurance companies may have the most reassuring taglines, but they are the ones most number of consumers are angry with. Insurance sector accounted for the maximum 21.2% of all complaints filed in various consumer forums last year. As many as 35,685 complaints were registered against insurance sector in 2016-17, out of which 27,313, or more than three-fourths, are still pending before consumer courts across national, state and district levels. Housing sector attracted the second highest number of consumer complaints last year at 23,185 out of which only 6,319 complaints have been addressed so far. It was followed by banking and electricity sectors receiving 14,940 and 13,011 complaints respectively. According to experts addressing consumer complaints is affected by the lack of judges and members in consumer forums. There are 307 vacancies for members in the consumer forum.

Source: <http://economictimes.indiatimes.com/news/industry/banking/finance/insure/maximum-complaints-filed-against-insurers-last-year/articleshow/58576879.cms>

8th May 2017

Personal accident insurance scheme under Jan Suraksha zooms past 100 mn policies

The personal accident scheme under the Pradhan Mantri Jan Suraksha Yojana has crossed the 100 million subscriber mark. The scheme which is the personal accident scheme under the Jan Suraksha Yojana, offers a cover of Rs 2 lakh as against an annual premium of only Rs 12. All individual (single or joint) bank account holders in the age 18 to 70 years in participating banks are entitled to join. In case of incidents like road, rail and similar vehicular accidents, drowning, death involving any crime, the accident should be reported to police. In case of incidents like snake bite, fall from tree, the cause should be supported by immediate hospital record. Natural calamities being in the nature of accidents, any death / disability (as defined under PMSBY) resulting from such natural calamities is also covered under PMSBY. While death due to suicide is not covered, that from murder is covered. The total number of enrollments under Jan Suresh Yojana that also includes the term insurance plan called Pradhan Mantri Jeevan Jyoti Bima Yojana which has 31.1 million enrollments several insurance companies had sought an increase in the premiums for the personal accident cover since it was only priced at Rs 12.

Source: <http://www.moneycontrol.com/news/business/economy/personal-accident-insurance-scheme-under-jan-suraksha-zooms-past-100-mn-policies-2274189.html>

May 9th, 2017

New Rules Give Insurance Web Aggregators A Boost:

Insurance Regulatory and Development Authority of India (IRDAI), in a gazette notification dated 13 April, laid down the rules for insurance web aggregators: IRDAI (Insurance Web Aggregators) Regulations, 2017. According to the aggregators, these regulations do not cause any major disruption, as they mainly aim to tackle the ambiguities. However, three changes to the rules are noteworthy. First, the rules now allow all kinds of insurance products to be sold on the web aggregators' portals. Earlier, Unit Linked Insurance Plans (ULIPS) were not allowed. Two, the ticket size of the policies that can be sold here has been increased from Rs50,000 to Rs1.5 lakh, giving a fillip to bundled life insurance policies. Three, the rules now allow remuneration even on zero-commission policies, such as the online term plans, through rewards. But before we get into the details of these changes, let's start by understanding the role of a web aggregator. Classified as insurance intermediaries, web aggregators are portals that help you compare and buy insurance products. They further improve the purchase experience by either directing you to the insurer's website or helping you through the sale process. The primary role of these portals is to enable comparison. In that sense, they provide a listing of products and showcase comparison on parameters such as: eligibility criteria, sum assured and premiums. As per the rules, web aggregators need to display product pricing that is inclusive of all taxes. Further, the rules prohibit web aggregators from displaying ratings, rankings, endorsements or 'bestselling' insurance products.

Source: <http://www.livemint.com/Money/ubSEsmOL8rY3omjfdAbldM/New-rules-give-insurance-web-aggregators-a-boost.html>

May 10th, 2017

Insurance be considered as proof of BS-III 2-wheelers sale

The Delhi High Court has told the city's transport department that while verifying date of sale of BS-III two-wheelers prior to registration, it should take into account the dates of online payment of insurance premium or issuance of insurance certificate. However, the direction would be applicable to only the 'non-self registering dealers', who cannot make online payment of sales tax, the high court has clarified. Several such dealers had moved the high court saying the department was not considering the documents for registration and claimed that they have made the sale before the deadline. Around 1000 BS-III fuel two-wheelers and commercial vehicles were awaiting registration. The department while verifying the factum of sale may take into accounts the online proof of payment of insurance premium or issuance of policy prior to the date of March 31, 2017. The petitioner-dealers can be allowed to present their vehicles for physical inspection till May 15. These directions, however, would be applicable on case-to -case basis and only to 'non-self registering dealers. The EPCA made a distinction between non-self registering and self registering dealers while laying down guidelines for registration of BS-III vehicles sold on or before March 31.

Source: <http://www.moneycontrol.com/news/business/companies/insurance-be-considered-as-proof-of-bs-iii-2-wheelers-sale-hc-2275541.html>

10th May 2017

Exide Life Insurance posts 27 per cent jump in NP at Rs 112 crore

Exide Life Insurance has registered a 27 per cent growth in net profit at Rs 112 crore in FY-16, compared to the previous year. While the new business premium of the company saw a

growth of 36 per cent to Rs 863 core, over last year total premium income grew by 18 per cent to Rs 2,409 crore during the year. The diversified distribution network coupled with best in class protection, savings and investment plans, helped deliver this growth Exide Life Insurance that commenced operations in September 2001, has over 15 lakh customers. The company has over 50000 life insurance advisers in over 200 cities. The life insurance industry is expected to bring growth in the economy, increasing penetration, and rise in domestic savings due to decline in inflation rate. The private sector enjoys roughly 30 per cent market share in the life insurance market with 23 private companies. Exide Life Insurance being the midsized player enjoys 1 to 1.2 per cent market share of the entire industry and 2-2.5 per cent of the private sector.

Source: <http://www.dnaindia.com/money/report-exide-life-insurance-posts-27-per-cent-jump-in-np-at-rs-112-cr-2433532>

10th May 2017

SBI General Insurance reports Rs 153-cr PAT in FY17

BI General Insurance, a joint venture between State Bank of India (SBI) and Insurance Australia Group (IAG), reported profit after tax of Rs 153 crore in financial year 2016-17. This was the first time the insurer posted profits since starting operations in 2009-10. In 2015-16, it suffered a loss of Rs 120 crore. The rise in profits is likely due to the risk selection coupled with better expense control, efficient claims management and using re-insurance facilities in much more efficient way. The net worth of the company as on last financial year was Rs 1,098 crore. The reason for the performance was also because of underwriting profits in segments such as health and fire insurance. Underwriting losses, which was Rs 375 crore in 2015-16, improved

to Rs 197 crore in fiscal year 2016-17 and SBI General is hopeful that by 2019 the company might make underwriting profits. SBI General's Investment income for 2016-17 was Rs 345 crore, up by 31%, against the previous fiscal year. In the last financial year, SBI General had seen its gross direct premium at Rs 2,604.48 crore against Rs 2,039.84 crore in 2015-16 – a growth of 27.68%, having a market share of 2.05%. This process is on to hike the stake from 26% to 49% of IAG in the joint venture. Solvency of SBI General also improved from 1.81% in financial year 2015-16 to 2.19% in the last fiscal year.

Source: <http://www.financialexpress.com/market/sbi-general-insurance-reports-rs-153-cr-pat-in-fy17/664714/>
12th May 2017

Insurance companies target south Indian film industry

Insurance firms are focusing on tapping the south Indian film industry for their film insurance policies. The film industry in India is increasingly opting for insurance cover. In FY17, nearly 160 film insurance policies have been issued, mostly in Bollywood. Recently Future Generali had insured Baahubali-2 for over Rs 200 crore. The film insurance typically covers the risks related to the film during the pre-production to post-production stage. It insures the film against unforeseen incidents like death, illness of an actor or occurrence of natural calamities or accidental damage leading to delays in the film schedule.

It also includes coverage against accidents that damage equipment while shooting is in process. Additionally, it covers insurance against its legal liability to pay damages for third party civil claims arising out of bodily injury or property damage caused in the course of the event by

an accident in the premises where it is held and during the policy period.

While the premium of a film insurance policy could be in the range of 0.5 to 1 per cent of the sum assured, the cost of the policy could increase if risks are higher. Apart from Future Generali, insurance firms like New India Assurance, National Insurance Company, IFFCO-Tokio General Insurance among others offer film insurance products.

Source: <http://www.deccanchronicle.com/business/in-other-news/120517/insurance-companies-target-south-indian-film-industry.html>

12th May 2017

SBI Life's IPO for Rs 6.5k cr may be largest in 7 years

The initial public offer (IPO) for SBI Life Insurance, which aims to garner up to Rs 6,500 crore, could become the largest such offer in the country in almost seven years. State Bank of India (SBI), the country's largest bank in the process of appointing eight merchant bankers for SBI Life's IPO in which its promoters – SBI and European insurance major Cardiff – are together selling 12% stake. This could value the life insurer at more than Rs 50,000 crore (close to \$8 billion). In October 2010, PSU major Coal India had mobilized Rs 15,400 crore through its IPO, which is still the largest such offer in the country. Prior to that, Reliance Power had mobilized about Rs 11,700 crore when it went public in January 2008. Once listed, SBI Life would be the second listed life insurer in India. Last September, ICICI Prudential Life went public through a Rs 6,057-crore offer. SBI Life is expected to hire Axis Bank, ICICI Securities, Citigroup, BNP Paribas, Deutsche Bank, Kotak, SBI Capital Markets and JM Financial to handle the offer. Given that SBI Life is not seeking to raise fresh capital, the IPO will comprise an

offer for sale of shares from SBI and Cardiff. The executive committee of the board approved a decision whereby SBI will divest around 8% of its holding, while Cardiff will sell around 4%. Since BNP Paribas has not exercised its option to increase stake, the headroom available for foreign shareholders can now be used to market the issue to foreign institutional investors. The company is even better placed to distribute products through the SBI group following the merger of associate banks with the parent. With all the branches now on the same core banking platform, the company is in a better position to sell group products.

Source: <http://timesofindia.indiatimes.com/business/india-business/sbi-lifes-ipo-for-rs-6-5k-cr-may-be-largest-in-7-years/articleshow/58651278.cms>

13th May 2017

Cyber insurance policies can help negate WannaCry impact

The WannaCry ransom ware attack that has sent companies across the globe, including India into a panic mode, could have minimized financial impact if a company has opted for cyber liability insurance. In India, less than 200-300 such policies have been sold by the industry as a whole. Among those who have taken a cover, maximum number of companies have been from the IT or fintech space. WannaCry ransom ware that have spread across some Indian states, encrypts the computer and demands payment for restoration of service. Using data from one computer, it has also the ability to affect multiple devices and may also steal data. According to ICICI Lombard General Insurance India's exposure has been lower than the rest of the world so far, there could be a spillover and it is a serious threat. The coverage of cyber liability is not yet widespread and primarily whoever has taken it are primarily financial

institutions and that is where the risk is. Other institutions like hospitals have not taken it. After this incident, we hope that sale of this product should pick up," he added. A cyber-insurance policy will take care of the expenses involved in informing individuals whose data has been breached. This is besides the liability arising out of any law suit filed by the customers for the data leakage. Bajaj Allianz General Insurance introduced a pure cyber liability cover last year and has witnessed a gradual surge of 25 percent in the number of companies seeking a cover against cyber risks.

Source: <http://www.moneycontrol.com/news/india/cyber-insurance-policies-can-help-companies-negate-wannacry-impact-2279281.html>

15th May 2017

LIC books 72% profit at Rs 19,000 cr from equity play in FY17

The continuing rally in the markets has had the nation's largest financial investor LIC booking a whopping 72 per cent more profit at Rs 19,000 crore from its equity play in FY17, even though its incremental investment into equities has been steadily falling. In FY16, Life Insurance Corporation (LIC), whose total investment stood at around Rs 23 trillion, had booked Rs 11,000 crore profit from the markets. Recent Sensex rally has helped it book 19 percent more profit in the March quarter alone. During the April-December period of 2016, it had netted Rs 16,000 crore in profit. V K Sharma, Chairman of LIC said : That latest number is provisional, as it is yet to be approved by Parliament. Sharma was replying to query on how the Corporation can assure 8 percent annual return on its new product Jeevan Umang that was launched on Tuesday in a falling interest rate regime. He defended the assured 8 per cent return on the new product saying on average it nets 7.5 per

cent from huge exposure of around Rs 18 trillion in government bonds alone. It can be noted that the Corporation made this stellar gain even as its equity investment, which stood at around Rs 5.11 trillion as of March 2017, have been steadily falling. It slumped to Rs 40,000 crore in FY17, from Rs 50,000 crore in FY16 and a high of Rs 65,000 crore in FY15. Almost 80 percent of its Rs 23 trillion investment is in government bonds, while around 19 percent in equities and the rest in realty and other areas. Both the Sensex and the Nifty rallied nearly 0.80 percent to scale new closing peaks at 30,580 plus and over 9500, respectively, today. In FY17, LIC saw its first-year premium jump 27.22 percent to Rs 1,24,396.27 crore on a surge in single-premium policy sale and falling interest rates. In FY16 this stood at Rs 97,777.47 crore. This had the insurance giant increasing its market share to 71.07 per cent from 70.61 per cent. LIC's market share in terms of number of policies stood at 76.09 per cent, up from 74.72 per cent last year, even though it sold fewer policies which declined to 2.01 crore in FY17 from 2.05 crore in FY16. Sharma attributed this to lack of enough products.

Source: http://www.business-standard.com/article/companies/lic-books-72-profit-at-rs-19-000-cr-from-equity-play-in-fy17-117051601150_1.html

16th May 2017

New MV Act to cut insurance losses

The new Motor Vehicle Amendment Bill 2016, which has been passed by Lok Sabha, would help the insurance industry cut its losses, said experts. For years the industry has been undermined by a particular provision that allows policyholders/family members to file claims any time they want — 10 months or 10 years or even 100 years from the date of the accident.

But a new amendment to the Act introduces specific timelines for faster processing of third party insurance claims — a problem that used to bleed the general insurance industry for years.

The Motor Vehicles Act, which is likely to be passed in the next session of Parliament, directs the victim/family to file such application within six months of the accident. The insurance company is then required to make an offer to the claimant within 30 days of receiving the claim. If the claimant accepts the offer the insurer is liable to make payments within 30 days. If he does not, the claim can be referred to the claims tribunal for a hearing. Insurers say that the unlimited liability clause was really hurting their bottom-line and loss ratio. Faced loss ratios of 110% and higher in motor, insurance companies also found themselves increasingly a target of fraudsters because of this clause. Some claims reported 10 years after the incident. For the first half of 2016-17, as many as 27 general insurance companies did not report underwriting losses; the exceptions were Bajaj Allianz General Company, Agriculture Insurance Company of India and Export Credit Guarantee Corporation of India - which reported profits. The losses were largely due to natural disasters, floods and the drought situation in the south. But the losses were also in part due to motor and health insurance continuing to face very high loss ratios. With the new Bill you can expect our (industry) losses to come down. And our balance sheet to improve; as we'll need to set aside less reserves

Source: <http://timesofindia.indiatimes.com/business/india-business/new-mv-act-to-cut-insurance-losses/articleshow/58723270.cms>

18th May 2017

DBS Bank launches open architecture on a single platform for life insurance

DBS Bank India (DBS) announced the launch of its unique open architecture model on a single platform in the life insurance segment by expanding its strategic partnerships with two new partners in Tata AIA Life and Birla Sun Life, in addition to Aviva India Life. This makes it the first bank in the country to adopt the new open architecture model with three life insurers on a single platform giving its clients the freedom to choose using an analytics-driven, intelligent and interactive process. The need to leverage algorithms and analytics approach to help customers match their financial and milestone needs with the most comprehensive suite of products from three of the reputed insurers in India. This differentiated technology platform is simple, easy to use and helps our customers identify the right insurance policy. The move follows the guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI) in 2015, allowing corporate agents including banks to partner with up to three insurers in each of the segment of life, general and health. This algorithm driven, need-based sales process with customer choosing the right product will help increase customer satisfaction through transparent and unbiased advice. DBS Bank soon plans to augment the health and general insurance propositions to further strengthen its unique platform and offerings.

Source: <http://www.moneycontrol.com/news/business/economy/dbs-bank-launches-open-architecture-on-a-single-platform-for-life-insurance-2282805.html>

18th May 2017

WannaCry ransomware: India Inc fears fire over cyber crime; just 200 insurance policies sold in 5 years

Curiously enough for the internet age, Indian firms fear fire more than they do cyber crime. In the past five years fewer than 200 policies for protection against cyber breaches have been bought and the premium paid has not hit even Rs 100 crore. Of this a good chunk, or 25%, of the premium is estimated to have been paid last year. On the other hand, the premium paid for fire insurance in just 2016-17 alone was close to Rs 10,000 crore. Typically a large-sized bank, insurers say, would buy a cover for around \$50-60 million (Rs 325-390 crore), for which the annual premium would be work out to \$400,000-500,000 (Rs 2.6-3.2 crore). Currently, premiums for cyber cover a range between 0.5% and 1% of the sum insured. Despite premiums having come down in the last couple of years, the number of policies sold isn't rising meaningfully. The premiums have come down by about 30-40% in the last couple of years because insurers have been able to re-insure the policies with re-insurers. This is largely a re-insurance driven business. Moreover, so far there have been virtually no claims in India, so insurers have not really faced any losses on this count. Barely half a dozen insurers—Tata AIG, HDFC Ergo, Bajaj Allianz, New India India Assurance and ICICI Lombard—today offer a cyber cover product. And while WannaCry will be a wake-up call, it is unlikely to be a tipping point. ICICI Lombard General Insurance believes companies will be more conscious about cyber insurance now. Among the biggest buyers of cyber cover are IT firms, banks, BPOs, utilities and e-retailers—these are typically the high risk segments. Globally, too the business is relatively new and nearly 80% of this takes place in the US. In India, cyber security insurance cover includes

losses from theft, vandalism and cyber liability, among other segments. So far there have been no claims but insurers are keeping their fingers crossed. Interestingly, Insurance Regulatory and Development Authority of India (IRDAI) have asked insurers to insure themselves. Not surprisingly, manufacturing companies are less worried and it's the banks and services companies that are, understandably, a lot more cautious. The spread of Wannacry has been halted thanks to pure luck but not before an estimated 200,000 customers across 150 countries were infected by ransomware – users found their data encrypted and were asked to pay ransom in Bitcoins in order to be able to use them.

Source: <http://www.financialexpress.com/industry/technology/wannacry-ransomware-india-inc-fears-fire-over-cyber-crime-just-200-insurance-policies-sold-in-5-years/675701/>

19th May 2017

Karnataka Bank partners LIC to sell its insurance products

City based private sector bank - Karnataka Bank entered into memorandum of understanding with Life Insurance Corporation of India (LIC) for selling life insurance products of LIC. Karnataka Bank and LIC inked the corporate agency agreement at the head office of Karnataka Bank. Customer needs are changing and it is necessary for every service unit to meet their expectation. Bank is firmly moving in this direction and with the day's MoU with LIC; bank will be able to provide vast choice of life insurance products to its customers across all its 769 branches, supported by customer centric products of LIC. The two institutions are household names and both are time tested entities. Partnership is an important part of our growth strategy which requires robust distribution network and this will be possible as the bank is having its existence

at every nook and corner of the country. This is an alliance of two like-minded organizations looking to offer technological innovations and best in class risk management practices and provide opportunity to provide more effective life insurance solutions. LIC is largest insurer in the globe and has a death claim settlement ratio of over 99.90%. Karnataka Bank is a strong private sector bank and this alliance will be beneficial to both. LIC will strive hard to create customized insurance solutions for the bank's customers and is committed for reaching a new benchmark in claim settlement process.

Source: <http://timesofindia.indiatimes.com/city/mangaluru/karnataka-bank-partners-lic-to-sell-its-insurance-products/articleshow/58792778.cms>

22nd May 2017

IRDAI considering insurance cover for discontinued ULIPs

The Insurance Regulatory and Development Authority of India (IRDAI), the country's insurance sector regulator, may provide insurance cover to policyholders who discontinue their unit-linked insurance plans (ULIPs) within five years of buying the policy. As of now, insurance cover ceases when the policy is discontinued. Currently, if one stops paying premium within the first five years of buying a unit-linked policy, the policy gets discontinued and the fund gets transferred to a discontinuance fund after deduction of surrender charges. This discontinued policy fund earns an interest rate of 3.5 per cent per annum till the completion of the lock-in period. When the lock-in period is over, the insurer sends the proceeds, including the interest earned, to the policyholder. IRDAI is now evaluating the situation, two industry insiders, with knowledge of the development, said on condition of anonymity. According to them, the regulator is reviewing all existing

regulations enforced in 2013. As part of the exercise, the regulator may also stop deducting discontinuance charge on ULIP, which gets deducted when one fails to pay premium within the first five years of buying the policy. Surrender payouts continue to be a serious issue for the life insurance industry. According to the latest annual report released by IRDAI, life insurers paid Rs 80,356 crore to policyholders on account of surrenders and withdrawals in 2015/16, down by 20 per cent, which experts say is a positive trend for the industry. In case of Life Insurance Corporation of India (LIC), out of Rs 37,292.24 crore surrenders in 2015/16, ULIP policies accounted for Rs 8,960.57 crore (24.03 per cent) as against Rs 23,224.49 crore, (49.90 per cent) in 2014/15. In case of private insurance industry, the ULIP surrenders accounted for Rs 37,489.04 crore (87.05 per cent) in 2015/16 as against Rs 48,724.32 crore (90.48 per cent) in 2014/15.

Source: <http://www.businesstoday.in/money/insurance/irdai-considering-insurance-cover-for-discontinued-ulips/story/252686.html>

22nd May 2017

Acko gets in-principle regulatory nod to start general insurance business

Acko General Insurance had received in-principle regulatory clearance to launch a general insurance business in India. This is called the first level of approval or R1. Acko will operate as an independent general insurance company with its entire operations offered through the digital platform. It will create products and deliver opportunities in areas where there are gaps, such as personalized insurance products based on user consumption behavior. Post the R1 approval, the company has filed for R2 approval with the insurance regulator. Insurance world over and especially in India has massive

opportunities harnessing technology for lower distribution costs, algorithmic customized pricing and automated claims. The opportunity is even wider if innovative products which are designed to be consumed online within the internet economy can be made to work in a way that customers find it relevant and easy to access. Acko had raised USD 30 million, which in effect makes it one of the largest seed rounds for a startup in India. The company is backed by Narayan Murthy's Catamaran Ventures, Venk Krishnan and Subba Rao of NuVentures, Infosys co-founder Kris Gopalakrishnan, Hemendra Kothari of DSP Blackrock, Atul Nishar – Founder & Chairman of Hexaware Technologies, and Rajeev Gupta, veteran investment banker and Founder of Arpwood Capital, Accel and SAIF Partners. Consumers need to be given more innovative product choices, at a price point that is 'designed' for them & at an unparalleled convenience and service levels. All of this is only possible within the construct of manufacturing insurance.

Source: <http://www.moneycontrol.com/news/business/companies/acko-gets-in-principle-regulatory-nod-to-start-general-insurance-business-2286341.html>

23rd May 2017

Insurance companies told to be customer-centric

TheNewIndiaAssuranceCoLtd chairman-cum-managing director G. Srinivasan underscored the need for insurance companies to be "extremely customer centric" in the backdrop of customers becoming more assertive of their rights as a consumer. Emerging trends in Indian insurance sector organised by trade and industry body. As a mechanism to provide relief to the consumers should be evaluated such a move in addition to the existing institution of ombudsman, would strengthen

and preserve the faith in the insurance sector. Giving a list of trends witnessed in the sector; increasing literacy and improving standard of living people are slowly but steadily taking to insurance. The next 10 years will clearly see a very high level of growth in the insurance sector; digitalisation is poised to play a major role with regard to sale of policies, claim settlement and customer service. The sector would also see consolidation. On products and process innovation the trend would be bundling of insurance products. The growing emphasis on data analytics would also lead to better pricing, specifically in the non life industry. There will be better risk management strategies and risk inspections. Data analytics, fraud analytics and risk modeling would play a major role. A risk is associated, valued at its level and premium related to the risk would be given as opposed to the present system based on averages.

Source: <http://www.thehindu.com/news/cities/Hyderabad/insurance-companies-told-to-be-customer-centric/article18556120.ece>

24th May 2017

Govt to use CSCs, post offices to sell crop insurance policy

The government has decided to use 1.75 lakh Common Service Centres (CSC) and post offices in a big way to encourage more non-loanee farmers to take up crop insurance schemes such as PMFBY in 2017-18 crop year beginning July. Currently, it is mandatory for loanee farmers to take the crop insurance policy. The government wants both loanee and non-loanee to take advantage of Pradhan Mantri Fasal Bima Yojana (PMFBY) as well as weather-based crop insurance scheme. CSCs, set up under the Ministry of Electronics and Information Technology, till now were being

utilised for booking railway tickets, providing Aadhaar numbers and passport applications. Non-loanee farmers who have taken the crop insurance policy at present are only 22 per cent. We want to achieve 40 -50 per cent. We have decided to use multiple platforms to reach out to them as stated by a senior government official.

Source: <http://www.dnaindia.com/india/report-govt-to-use-cscs-post-offices-to-sell-crop-insurance-policy-2450631>

25th May 2017

Why role of foreign partners in Indian insurance has been shrinking

In 2001, when the insurance business was opened up to private sector players there was a rush of foreign players into the country who wanted to taste an unexplored market with the advantage of a rising population. Indian entities were also clueless about this segment. Cut to 2017, the industry players are of the view that having a foreign partner is no longer a must. While the causes for this big change in strategy are partly due to the changes in the insurance laws and inclusion of Indian management and control clause that has acted as a dampener for new entities entering this space, several global companies have had constraints in their domestic markets leading to exits from the Indian market. "The reality is, when we entered the industry is 2001 we had no clue of how this business was done. It was imperative that we mandatorily have a partner who not only brought in some capital but also had the requisite experience in the sector. That is no longer the case," said an executive director at a private life insurance company. The newest entrants to the general insurance sector, Kotak General Insurance as well as DHFL General Insurance, are 100 percent Indian owned. In

terms of the licensing process, sector officials of the insurance sector are of the view that it is easier and faster to get the certificate of registration (R3 approval) from the regulator, if an entity decides to go solo. If there is a foreign entity involved, their books, past records as well as compliance-related matters are also inspected before permission is granted to set up presence in India. When the Insurance Act (Amendment) Act was passed in 2015, the maximum permissible foreign direct investment (FDI) was increased to 49 percent from 26 percent in the insurance sector. Though this was expected to lead to an influx of new foreign players, many of the players from Europe and South East Asia planning to enter postponed their decisions. As per the foreign direct investment norms in India, 'control' includes the right to appoint most of the directors or control the management or policy decisions, by virtue of shareholding, management rights, shareholder agreements or voting agreements. Foreign joint venture partners expressed reservations about entering the country due to this clause. A senior official associated with setting up operations in India for a South East India explained that the excitement to enter the market has waned among the Asian players. "While they are expected to bring almost an equal amount of capital like the Indian partner, the foreign partner gets only a fraction of the rights. It is not just new players, but even existing players where exits have been seen have chosen to stay put. For instance, even three years after ING Group existed the life insurance venture in India, Exide Industries promoted Exide Life continues to be a 100 percent Indian entity. Similarly, in April, private sector lender Kotak Mahindra Bank announced that it is buying out British partner Old Mutual's entire 26 percent stake in its life insurance arm Kotak Life Insurance. The bank

is currently planning to be a 100 percent Indian-owned entity.

Source: <http://www.moneycontrol.com/news/business/economy/why-role-of-foreign-partners-in-indian-insurance-has-been-shrinking-2289975.html>

26th May 2017

Insurers post better profits in FY17 on reduced expenses, bank-led growth biz

Insurance companies have seen a bumper year for business in FY17 backed by reduction in expenses on one end and growth in bank-led business on the other. With a big jump in bank deposits during the demonetisation period, a lot of the excess funds have been used to purchase insurance or cross-sell these products to customers. IndiaFirst Life Insurance, promoted by Bank of Baroda, Andhra Bank, and Legal & General announced an annual profit for the 3rd consecutive year of Rs 35 crore, which was a jump of over four times of the previous fiscal. The company witnessed a new retail premium collection of Rs 403 crore by the end of FY17, as against Rs 221 crore in FY16, recording a year-on-year growth of 82 percent in individual annualised premium equivalent (APE). APE constitutes 100 percent of regular premium business and 10 percent of single premium business. The country's sole listed insurer, ICICI Prudential Life Insurance saw a marginal growth of net profit from the company reported profit of Rs 408.24 crore in Q4 of FY17 compared to Rs 402.95 crore in the corresponding quarter of the previous financial year. Overall, the insurer's annualised premium equivalent grew by 28.1 percent. Savings APE stood at Rs 6364 crore in FY17, showing an increase of 26.5 percent over the previous fiscal. For the insurer, bancassurance was the largest channel contributing 56.9 percent of the APE. For its sister entity, ICICI Lombard General Insurance,

gross domestic premium income was at Rs 10725.9 crore for FY17. Net profit grew by 38.3 percent to Rs 701 crore for the fiscal. Private life insurer Bajaj Allianz Life said that their growth in premiums was on account of a jump in individual rated new business. It reported 14 percent growth in new business at Rs 3,290 crore in FY17. The insurance regulator had brought a new set of regulations on the expenses of management listing out the maximum expenses allowed under every category. This has encouraged many insurers to reduce overall expenses and bring about operational efficiency. Bajaj Allianz General Insurance posted a 29.8 percent rise in net profit at Rs 728 crore for FY17. The Gross Written Premium (GWP) of the company increased by 30.3 percent to Rs 7687 crore in FY17. The company also reported an underwriting profit of Rs 62 crore in FY 1617 and improved its combined ratio to 96.8 percent in FY17 as against 99.3 percent. The biggest advantage from demonetisation has been seen by insurance entities promoted by large banks. State Bank of India and BNP Paribas Cardif promoted SBI Life Insurance saw a 31 percent growth in net profit Rs 336 crore in Q4 of FY17. In this financial year, SBI Life aims to bring out an initial public offering to be listed on the stock markets. It has already begun the process for this and it is anticipated to be listed by the fourth quarter of FY18.

Source: <http://www.moneycontrol.com/news/business/economy/insurers-post-better-profits-in-fy17-on-reduced-expenses-bank-led-growth-biz-2290795.html>

27th May 2017

General insurance industry's premium grows 16% in April

General insurance industry grew 16 per cent to Rs 12,206 crore in April in terms of gross written premium (GWP) collection. In April last year,

GWP stood at Rs 10,500 crore. The industry saw a higher growth of 30 per cent in terms of GWP during fiscal 2017, according to Irdai data. However, the April figure doesn't include the crop insurance segment that drove growth in the general insurance industry by adding almost Rs 18,000 crore in FY17. Crop insurance for the current fiscal will start shortly with Kharif sowing.

In a first, the private sector general insurance (GI) companies have overtaken their state-owned peers in terms of GWP market share in April. During the month, the four PSU GI companies' (GWP) grew only 5.42 per cent to Rs 5,904 crore, while their peers in the private sector expanded by 27.88 per cent to Rs 6,302 crore, the data showed. In the month of April, the private sector players have grown at 27.88 per cent and four PSU general insurers registered a growth of 5.42 per cent (without standalone health and mono line insurers).

The difference has been mainly in agriculture business, where the private players have shown an increase of more than Rs 400 crore while it has been hardly anything. The PSU general insurers continued to have more than 50 per cent of market share (53.21%) until fiscal 2017 as against 46.79 per cent for their private peers. After the increase in the third party motor premium since April 1, the industry, as a whole, has recorded the highest growth in the portfolio, a 23 per cent rise in total premium to Rs 1,888 crore.

According to IRDAI data the health portfolio went up by 9 per cent, from Rs 3,277 crore to Rs 3,568 crore. However, there has been degrowth in aviation and marine portfolios in the month. Four PSU general insurance companies were formed in 1970s after merging over 100 firms in existence then. The four state-owned companies are New India, National, United and Oriental.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/general-insurance-industrys-premium-grows-16-in-april/articleshow/58878887.cms>

28th May 2017

Old and rusty insurance industry awaits its Uber moment in India

In economics, as well as in politics, there is a classical divide between strategists: growth or distribution? Jagdish Bhagwati or Amartya Sen? Republican or Democrat? GDP or Social Security? Those who pump up for growth, want free enterprise to flourish with as little interference as possible from the government. Taxes should be less and opportunities ought to be open so that everyone competes and the economy as a whole grows bigger, with everyone sharing all the benefits.

Those who frown on the growth engine theory, castigate this fixation on growth saying that in the race to grow, usually the winner takes all and the less privileged are left scrambling for crumbs.

As the stock markets get red hot and Sensex is stroking the stratosphere, we may tag stock brokers as champions of growth while insurance agents could be the proponents of social justice.

Really? An insurance policy is essentially an instrument of re-distribution. Like taxes levied on the rich and distributed as subsidies among the poor, insurance collects premiums to pay for the claims of those who are financially distressed.

It is more effective and direct than government subsidies. You pay premium regularly, and you are certain to get the money when you need it most—say, in case of a financial mishap. Unlike government schemes, there aren't any leakages (well, at least in theory).

Insurance is, therefore, an ideal instrument to: provide financial security, prevent destitution and reduce the unforeseen financial hardships that are thrust upon families that lose their bread winner. Without any real insurance, death or disease can cripple families and even lead them into poverty traps. No welfare scheme of the government or any amount of charity from well wishers is as effective in combating a sudden onslaught of poverty caused by risky winds of lifestyle events.

But this lofty idea of insurance is compromised in practice, especially in savings-linked life insurance plans.

A thought that torments me whenever I pass by someone depressingly poor is that, compared to that person I am relatively affluent thanks to a career in insurance—a domain where the essential purpose is to lessen financial insecurity and accidental poverty. If a policeman can't prevent a crime, a doctor can't treat a patient or a soldier can't fight a battle, the sense of shame is profound, as it is in my case. Somewhere along the line, we get carried away by the frenzy of the corporate world and a fake sense of purpose, forgetting our core function. Doctors may disregard their Hippocratic Oath, bankers may overlook financial due diligence, and insurers sometimes produce policies that cause, rather than relieve, their customers from facing further hardships.

When an endowment policy provides no endowment, a whole-life policy only makes you pay for many years with no apparent real returns, or a children's education policy provides pathetic protection against children dropping out of school, one wonders if these faulty policies help people in a real sense? The fat commissions and thin returns in these policies make a mockery of financial propriety.

When a family is passing through turbulent financial weather, these policies hardly provide any succour.

In every industry, products are improving and becoming cheaper for consumers: even in insurance, term plans, motor insurance and health insurance are getting cheaper and more useful.

When will the life insurance industry follow suit?

Does it require an actuary or a financial wizard to tell the industry captains that they are not creating any real value for their customers through their outdated insurance policies? Don't the insiders know that if you choose to buy financial security through an old-fashioned with-profit policy, you are poorer than a person who does it through mutual funds or bank deposits wrapped in a layer of term cover?

Perhaps this farce would continue as vested interests fight hard to prevent change, the way older taxis or auto rickshaws did till one day Uber and Ola arrived—creating a new business model of growth with equitable distribution of benefits for all.

The old and rusty insurance businesses must shake themselves out of their reverie, and produce life insurance that's a true vehicle of long-term and systematic savings that are far superior in risk-adjusted returns than any mutual fund or short-term bank deposit.

Poverty of thought and action then could give way to true financial security in a country where millions of families implicitly trust life insurance as a handy tool to protect them against poverty if their bread winner dies too young or the old among them live too long.

Source: <http://www.livemint.com/Opinion/MwV8rjPMDThvfsMZo3FBKI/Old-and-rusty-insurance-industry-awaits-its-Uber-moment-in-1.html>

28th May 2017

Vodafone announces smartphone insurance of upto Rs 50,000 & antivirus protection

Vodafone India has introduced a new feature called Red Shield, which is a security solution device. The feature also offers a complimentary insurance for smartphone which assures a protection cover of up to Rs 50,000 on brand new smartphone and those up to six months old. The Vodafone Red Shield is currently available exclusively for Vodafone RED Post Paid customers only. The company claims that this is the only device protection offering in the industry that offers theft cover, beyond basic handset damage cover and extends complimentary insurance cover to handsets that have been purchased up to six months earlier.

The Vodafone Red Shield App is available across all platforms including Android and iOS play stores. It basically offers a comprehensive security solution to smartphone devices. In addition to the theft cover, the Vodafone Red Shield comes with malware protection and other security features. The insurance cover which Vodafone is offering is provided through New India Assurance Company Ltd. The device is being brought through a partnership with Shotformats Digital Productions.

The actual premium amount will be borne by Vodafone. Meanwhile, the subscription fee has been maintained at a low price point with an aim to lure in a maximum number of consumers through the new benefits under Vodafone Red Shield. The annual subscription of Rs 720 will be debited to the customer's monthly bill through 12 equal installments of Rs 60 per month. The Vodafone Red Shield comes with a validity of one year.

Another aspect which makes Vodafone Red Shield unique is that customers can claim insurance cover up to two times in a single year. To avail this service, Vodafone customers can download Vodafone Red Shield App and then sms DSS to 199 from their handset. The app will diagnose the mobile handset and approve if it matches the criteria.

Source: <http://www.financialexpress.com/industry/technology/vodafone-announces-smartphone-insurance-of-upto-rs-50000-find-out-all-about-the-red-shield-program/691506/>

29th May 2017

Chola MS General Insurance raises Rs 100 crore of Tier 2 Capital

Cholamandalam MS General Insurance raised Rs 100 crore through non-convertible debentures to fuel growth. The coupon rate is 8.75% per annum and a maturity period of 10 years with a call option after 5 years. "We have augmented our capital base by issuing subordinated debt," said S S Gopalarathnam, MD & CEO, Chola MS General Insurance. The funds raised through this issue would be used to fuel and facilitate business growth by further strengthening the Company's solvency. Recent, the Insurance Regulatory and Development Authority of India (IRDAI) had allowed alternative forms of capital. Chola MS is looking to grow its gross written premium by 40% to Rs 4,500 crore. The company had solvency ratio of 1.63 at the end of March 31, 2017.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/chola-ms-general-insurance-raises-rs-100-crore-of-tier-2-capital/articleshow/58928068.cms>

31st May 2017

Life insurers to knock at govt doors again on GST rates

The life insurance industry is all set to knock on the doors of the government to seek better rates

for Goods and Services Tax (GST) regime. A formal representation through industry body Life Insurance Council is expected to be sent in a few days. While a meeting was held on Tuesday with tax experts on how to proceed on the rate front, no consensus was reached. Insurance will come under the 18 percent tax bracket under GST as compared to 15 percent, currently. The Life Insurance Council is contemplating sending a representative to the government in the next few days, the body's Secretary General V Manickam told Moneycontrol. He added that while the body had earlier suggested a centralised Goods and Services Tax (GST) for insurance, the GST Council did not pay heed to their demands. "Among our demands is to have a zero rate for life insurance especially since penetration is low. Further, we also wanted a centralised system of registration as compared to decentralised system under GST. According to Manickam, with the GST structure, an insurance company will have to fill 1,800 forms under the new regime which would eat into a lot of productive time. Large companies will have a tough time registering in each state. Manickam said that the industry should be given at least six months to move to the new tax regime and added that January 1 would be a better date for implementation of GST. The Insurance Regulatory and Development Authority of India (IRDAI) is meeting the chief executive officers of life companies on June 16. While this is an annual review meeting that the regulatory body holds in the beginning of every financial year and has been pushed to June this year, among performance and product regulations, the issue of higher service tax will also be discussed.

Source: <http://www.moneycontrol.com/news/business/economy/life-insurers-to-knock-at-govt-doors-again-on-gst-rates-seek-time-till-jan-2293941.html>

31st May 2017

TOP DEVELOPMENT NEWS

IRDAI issues new outsourcing guidelines for insurers

The sectoral watchdog IRDAI has issued new guidelines on outsourcing activities by insurers by clearly defining the areas of work that should be done in-house and those which can be handed out to third-parties. Accordingly, the new regulations ban insurers from outsourcing investments and related functions to third parties, apart from not allowing fund management, including NAV calculations, compliance with AML and product design. According to IRDAI the new regulations called Outsourcing of Activities by Insurers Regulations of 2017 will come into force from the date of their publication in the official Gazette and supersede the guidelines issued earlier. However, these norms are not applicable to re-insurers but are applicable to all insurers registered with the Insurance Regulatory and Development Authority. If an insurer is engaged in both direct insurance as well as reinsurance business, these regulations are applicable only in respect of direct insurance business of such insurers, it added. It defines 'outsourcing' as use of third-party services to perform activities that would normally be undertaken by the insurer but does not include services such as legal services, banking services, courier services, medical examination, and forensic analysis. The new regulations also make it mandatory on the board of the insurer to put in place an outsourcing policy and also set up an outsourcing committee comprising key management persons of the insurer, including the chief risk officer, chief financial officer and chief of operations.

Source: <http://www.livemint.com/Industry/>

[gj3nPuHh9gpwEMKABJrOrO/Irdai-issues-new-outsourcing-guidelines-for-insurers.html](http://www.assocham.com/gj3nPuHh9gpwEMKABJrOrO/Irdai-issues-new-outsourcing-guidelines-for-insurers.html)

7th May 2016

HDFC ERGO expands health insurance portfolio

HDFC ERGO, a private general insurer, has expanded its health insurance portfolio with the launch of 'Group Critical Illness Insurance' policy, which covers the entire family or employees under one umbrella of protection. Unlike a regular health insurance policy where the insured makes a claim based on the actual expenses incurred on hospitalization, the Group Critical Illness plan pays a lump sum to the insured on diagnosis of listed critical illness covered under the policy. This policy is an extension of the company's existing critical illness insurance policy. This new product will provide financial protection to the entire family or employees against potential financial liabilities arising out of critical illnesses, which requires specialized treatment for an extended period of time.

Source: <http://www.thehindubusinessline.com/money-and-banking/hdfc-ergo-launches-group-critical-illness-insurance-policy/article9689130.ece>

09th May 2017

Odisha includes 7 crops under PMFBY insurance for kharif, 2017

Odisha government decided to include seven major crops - paddy, groundnut, cotton, turmeric, ginger, red-gram (arhar) and maize - under the Pradhan Mantri Fasal Bima Yojana (PMFBY) for the Kharif season, 2017. This was decided at the State Level Coordination (SLC)

Committee meeting on Crop Insurance held under the chairmanship of Chief Secretary A P Padhi. Last year, five types of crops - paddy, groundnut, cotton, ginger and turmeric - were covered under the PMFBY. A total number of 17.63 lakh farmers cultivating around 12.57 lakh hectare were brought into the insurance fold, official sources said adding that a total sum of Rs 68.88 crore was insured for the farmers. Around Rs 530 crore was paid as premium to the insurance companies. During this season around Rs 422 crore of claims was raised by the farmers from all 30 districts that were divided to 5 clusters for the purposes of crop insurance. Tender had already been called from the insurance companies. Representatives of the insurance companies who were also present in the meeting were also asked to disburse the insured sum to the farmers within 15 days of the final crop cutting report.

Source: <http://www.dnaindia.com/money/report-odisha-includes-7-crops-under-pmfby-insurance-for-kharif-2017-2433877>

10th May 2017

HDFC Life insurance ties-up with Rubique

Private life insurance company HDFC Life announced its partnership with Rubique, to offer its life insurance products and services on the Rubique online marketplace. Rubique is a one-stop online marketplace providing technology enabled solutions to the financing needs of individuals and SMEs, HDFC Life. This partnership will enable the private insurer to reach out to a sizeable online customer base. Apart from life insurance, Rubique will also host home insurance, health insurance and automobile insurance in its marketplace. It has partnered with Moat software as a service analytics company to provide clients with trusted

measurement on campaigns. The partnership integrates Moats view ability and attention measurement with Times Internets marketing platform - Colombia Audience Network and will provide marketers with insights into their campaign performance. It is a big opportunity for marketers, as they take advantage of behavior trends, measurement will be the key to understanding the impact of brand advertising, and it will help the market move away from spending on ads that were never seen.

Source: <http://indiatoday.intoday.in/story/hdfc-life-ties-up-with-rubique/1/951214.html>

11th May 2017

SBI Life Insurance to hire eight banks for up to USD one billion IPO

SBI Life Insurance Co Ltd is set to hire eight banks including Citigroup, Deutsche Bank and BNP Paribas to manage its up to USD 1 billion initial public offering of shares. The life insurance arm of top Indian lender State Bank of India will hire five local banks - Axis Capital, ICICI Securities, JM Financial, Kotak and SBI Capital Markets –IFR. SBI Life now plans to offer a 12 percent stake in the IPO, up from the 10 percent earlier planned. Of that, State Bank of India will sell 8 percent and BNP Paribas Cardif will sell 4 percent. State Bank of India owns 70.1 percent of SBI Life, while BNP Paribas Cardif owns 26 percent. KKR and Temasek own 1.95 percent each.

Source: <http://www.newindianexpress.com/business/2017/may/12/sbi-life-insurance-to-hire-eight-banks-for-up-to-usd-one-billion-ipo-1604019.html>

12th May 2017

LIC launches new insurance policy with 8% assured annual return

Life insurance giant Life Insurance Corporation (LIC) launched a long-term endowment policy

Jeevan Umang, that covers up to 100 years and offering a combination of income and protection including an assured 8% annual return. The plan provides for annual survival benefits from the end of the premium paying term till age 99 and a lump sum payment at the time of maturity or on death of the policyholder during the policy term. The USP of the plan is that guaranteed survival benefit is payable on the life assured surviving to the end of the premium paying term, provided all due premium have been paid or the paid up value, for instance Rs2 lakh if the policyholder has paid three premium. The survival benefit will be equal to 8% per annum of basic sum assured and paid up sum assured respectively. The first survival benefit payment is payable at the end of premium paying term and thereafter on completion of each subsequent year till the life assured survives or till the policy anniversary prior to the date of maturity, whichever is earlier. The plan is available from age 90 days to 55 years and there is no upper limit to the basic sum assured but shall be in multiples of Rs25,000 with premium paying terms having option of 15, 20, 25 and 30 years. The maturity benefit is payable on the life assured surviving to the end of the policy term being age 100 years, provided all due premiums have been paid, being sum assured on maturity which is equal to basic sum assured. The Corporation has registered a 27.22% growth in the new business premium in terms of the first-year premium in fiscal 2017. It garnered total first-year premium of Rs1.24 trillion in FY17 as against Rs98,000 crore in the previous fiscal, helping it improve its market share to 71.07%.

Source: <http://www.livemint.com/Industry/UeeM4oLDfZiYGGtf8FfXVL/LIC-launches-new-insurance-policy-with-8-assured-annual-ret.html>

16th May 2017

DBS Bank launches open architecture on a single platform for life insurance

DBS Bank India (DBS) announced the launch of its unique open architecture model on a single platform in the life insurance segment by expanding its strategic partnerships with two new partners in Tata AIA Life and Birla Sun Life, in addition to Aviva India Life. This makes it the first bank in the country to adopt the new open architecture model with three life insurers on a single platform giving its clients the freedom to choose using an analytics-driven, intelligent and interactive process. The need to leverage algorithms and analytics approach to help customers match their financial and milestone needs with the most comprehensive suite of products from three of the reputed insurers in India. This differentiated technology platform is simple, easy to use and helps our customers identify the right insurance policy. The move follows the guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI) in 2015, allowing corporate agents including banks to partner with up to three insurers in each of the segment of life, general and health. This algorithm driven, need-based sales process with customer choosing the right product will help increase customer satisfaction through transparent and unbiased advice. DBS Bank soon plans to augment the health and general insurance propositions to further strengthen its unique platform and offerings.

Source: <http://www.moneycontrol.com/news/business/economy/dbs-bank-launches-open-architecture-on-a-single-platform-for-life-insurance-2282805.html>

Dated: 18 May 2017

Insurance policies to get dearer by 3% from July 1

Buying an insurance cover will become an expensive proposition from July 1 with the GST

Council deciding to club it with the financial services sector and taxing it at 18 per cent under the GST regime. Currently, service tax on insurance sector is about 15 per cent including cess. The GST rate for insurance, clubbed with financial services has been announced at 18 per cent. This will increase the incidence of tax for customers from the existing 15% to 18 per cent. Health insurance is no more a business proposition, it is a social necessity. An attractive GST would have further influenced insurance penetration but the industry is still geared up to take the growth further with rise in life expectancy, per capita income, financial literacy and medical advancement in India. Most of the existing service exemptions like education, healthcare is a welcome move for these sectors, the same could also result in possible increase in cost of such services due to increase in overall tax structure on procurements. Service providers are expected to have a more complex compliance environment under GST as compared to the current service tax compliance regime.

Source: <http://www.dnaindia.com/personal-finance/report-insurance-policies-to-get-dearer-by-3-from-july-1-2444903>

19th May 2017

HDFC Life launches AI-based insurance email bot 'SPOK'

HDFC Life announced the launch of an artificial intelligence-based application that can automatically read, understand, categorize, prioritize and respond to customer emails sent to the private insurer. SPOK- an insurance email bot, can read customer queries within milliseconds and respond to them. This automation initiative will enable the company to respond to user queries faster, more efficiently and consistently. The deployment of SPOK will

improve customer experience, while providing the support staff with the bandwidth to focus on customer satisfaction. SPOK will help to increase our operational efficiency and we are excited to see how these interactions with our customers provide us inputs to enrich their future experience with us. HDFC Life has embarked on this initiative in collaboration with Senseforth, a startup that offers a wide range of enterprise bots built on its artificial intelligence (AI) platform. The email Bot is built on cutting-edge Artificial Intelligence and Natural Language Processing technologies.

Source: <http://indiatoday.intoday.in/story/hdfc-life-launches-ai-based-insurance-email-bot-%60spok/1/959978.html>

22th May 2017

IRDAI to modify insurance policy covers for shops, hotels

Regulator Irdai has proposed changes in fire and allied policy covers to increase insurance penetration for dwellings, offices, hotels and shops that suffer big economic losses due to natural calamities. Recent catastrophic events such as floods in northern parts of India and in Chennai as also Hud Hud Cyclone have revealed that economic losses are much higher than insured losses, said Insurance Regulator and Development Authority of India (Irdai). There is a need to increase the penetration of fire and allied perils insurance, in particular for dwellings, offices, hotels, shops as well as for micro, small and medium enterprises. The product structure for cover against fire and allied perils that is currently being followed is that of the erstwhile fire tariff. The seven-member panel headed by Anurag Rastogi of HDFC Ergo General Insurance Company has been asked to submit its report within 12 weeks. It will examine the current product

structure under Standard Fire and Special Perils Policy (SFSP) and study the need and scope for changes in the current product structure. The group has been asked to suggest standard and simple policy wordings, add-on covers, clauses, endorsements to be adopted by the general insurer that adds value to policyholders. Another task of the panel is to make recommendations with regard to relevant regulatory framework, including assessment of risk, pricing, reserving, accounting etc for both long-term and short-term policies.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-to-modify-insurance-policy-covers-for-shops-hotels/articleshow/58809367.cms>

23th May 2017

DHFL General Insurance to launch business operations soon

DHFL General Insurance, a general insurance venture promoted by Wadhawan Global Capital (WGC) is set to begin its business operations soon. The insurer has received its Certificate of Registration (R3 license) from Insurance Regulatory and Development Authority of India.

WGC businesses have established leadership presence across financial services from home loans, project finance, SME lending, education loans, mutual funds, asset management to life insurance. This general insurance venture would help to offer protection and mitigate the economic effects of illness, accidents, death, disability and disasters. DHFL General Insurance will focus on providing a positive customer experience not only at the point of sale, but across the customer engagement cycle to ensure customer retention. DHFL General Insurance is a general insurance venture promoted by Wadhawan Global Capital Private Limited. Wadhawan Global Capital Private Limited (WGC) is a core investment company with its flagship brand being the listed housing finance entity, Dewan Housing Finance Limited (DHFL). DHFL General Insurance, which is a 100 percent owned entity of WGC, was incorporated on July 5, 2016.

Source: <http://www.moneycontrol.com/news/business/companies/dhfl-general-insurance-to-launch-business-operations-soon-2289231.html>

25th May 2017

TOP APPOINTMENTS

A V Girija Kumar appointed CMD of Oriental Insurance

A V Girija Kumar was today appointed as Chairman-cum-Managing Director of Oriental Insurance Company Limited. Kumar, who is at present General manager of United India Insurance Company Limited, has been appointed to the new post for a period of five years, Alamelu T Lakshmanachari has been appointed as the CMD of Agriculture Insurance Company (AIC) of India Limited. Lakshmanachari, who is General Manager in new India Assurance Company Ltd, has also been appointed to the post for five-year term, it said. The AIC has taken over the implementation of National Agricultural Insurance Scheme which, until 2002-03 was implemented by General Insurance Corporation of India.

Source: <http://www.dnaindia.com/business/report-a-v-girija-kumar-appointed-cmd-of-oriental-insurance-2455967>

30th May 2017

ASSOCHAM VIEWS & SUGGESTIONS

Domestic opportunity can help IT firms tide over job losses: Assocham

Amid concerns over job losses in USD 155 billion IT sector, industry lobby Assocham today said this is the time for outsourcing companies “to look inward” and focus on the domestic opportunity to curtail layoffs.

“It is time our industry bellwethers looked a bit inward now. It is also time to redraw strategy that gives a good look at the home market, which can more than make up, at least in the short to medium term, for the possible dent on jobs in the disruptive overseas markets,” it said in a note.

The information technology and business process management industry has grown at a healthy clip for nearly two decades, but protectionist policies in the west and increased automation have led to job losses in the recent past with some analysts estimating layoffs at over 2 lakh per year.

Even as IT majors say that Indian opportunity is very volatile, contributes only single digits to the revenue and has problems surrounding payments, the industry lobby said PM’s Jan Dhan Yojana and Aadhar based service delivery models offer interesting opportunities.

It said 60 per cent of the current work done by the Indian IT industry is for global companies in the banking, financial services and insurance sector. Data generated by PMJDY and its linkages with Direct Benefit Transfer (DBT) can be a “delight for different set of analytics” and can be used to help the fast moving consumer goods, auto, telecom, insurance, agri sectors, it said.

An increased focus on the domestic front will be a “win-win” for both the country as well as the IT industry, it said, calling for a high level task force consisting of IT industry and the Government.

The lobby’s secretary general D S Rawat claimed “lakhs of new jobs” can be created through the focus on domestic opportunity which can make up for the losses due to upheavals in global markets and changing technologies.

The note comes months after Reliance Industries’ Mukesh Ambani called the protectionist policies in US as a blessing in disguise for India.

(US President Donald) Trump can actually be a blessing in disguise. The domestic IT industry can focus on solving problems right here, which is a huge market,” Ambani had said in February.

Source: <http://www.thehindubusinessline.com/info-tech/domestic-opportunity-can-help-it-firms-tide-over-job-losses-asso-cham/article9703732.ece>

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INSURANCE PORTAL

www.mybimaassocham.com

An exclusive portal to facilitate simple, affordable insurance plans to provide financial security to all MSME and other interested members of ASSOCHAM would be designed, developed and maintained in collaboration with Insurance Inbox.

The primary purpose of the Portal is to serve the insurance needs of the MSME segment and the secondary purpose is to provide insurance to the employees and their families at affordable premium rates.

The portal would also make best efforts to capture the unfulfilled needs of the members and their workforce to channelize them in an aggregated manner and negotiate with the insurance companies for a custom made solution, which is more beneficial to the members.

Benefits to Members

The key benefits to the members are in 5 areas:

- Reducing the premium costs to the MSME through online aggregation and offline negotiation
- Custom designing affordable insurance covers for specific needs of the members which are not easily available in the market
- Extending the discounted rates of insurance beyond the members to their workforce and their families, especially the senior citizens
- Offering assistance in insurance advisory services and follow up assistance on claim

settlement in a fair and customer friendly manner

- Providing extra benefits to the insured members through various offers and promotional discounts facilitated by other industry players

Benefits to the Insurance Industry

Insurance Industry benefits from this innovative portal in 5 key aspects:

- It provides easy, level playing and cost effective access to thousands of members to provide their insurance plans in a mutually beneficial manner
- It facilitates industry feedback, risk management research and key insights to understand and improve their insurance offerings
- It helps in reaching newer market segments especially the rural and agriculture sectors in a cost efficient manner
- It improves the image of the industry in leveraging digital technology for customer service and claim settlement
- It assists in continuous and real-time engagement with the industry to better manage the risks and the user experience

Types of Insurance Plans:

www.mybimaassocham.com attempts to cater to all 6 kinds of insurance plans as listed below:

- Category wise: Life, General and Health

- Ownership wise: Public Sector, Private Sector and Joint Sector
- Segment wise: Industry, Agriculture and Services Sectors
- Customer wise: Large, Medium, Small, Micro Enterprises and Individuals
- Geography wise: Urban, Semi Urban and Rural
- Channel wise: Online and Offline
- Policy wise: Commercial and Retail; Individual and Group

Working Process:

Key Modules

Mybimaassocham.com will have 4 key modules as detailed below:

Registration Module: In this part members would sign up and enter their insurance requirements

Best Deals Module: In this part members will have option to search for the available products, compare the features, benefits and prices online or offline to avail the most appropriate plans that match with their requirements.

Add on Module: Here the members can also enter the details of their workforce, their families so that they can also optionally avail the best rates basing on their collective needs and also avail various discounts and promotional offers on the products and services related to their insurance needs.

Claims and Services Module: In this part, members can enter any of their claims or service requests of policies sourced through the portal or even those cases which have been sourced from other channels to facilitate a digitally assisted follow up mechanism that

helps the members track and monitor their claim settlement process and also rate the service standards of various insurance companies basing on their prompt responsiveness.

Simplification

Insurance is one of the most complex products to understand even for a financially scholastic person. Mybimaassocham.com would make every effort to simplify the language, present the varied terms and conditions in a very user friendly language for everyone to easily understand and related to the need.

Integrating Enterprise and Employee Needs

The most beneficial and innovative feature of the Portal would be that it would integrate the enterprise's insurance needs with those of its workforce and their families to extend the same level of discounts, high standards of service and offers and promotions available to corporate clients to the common man.

Integrating Industrial, Personal and Agricultural Insurances

Insurance is vastly seen as an urban and industrial sector's need while the actual requirement of financial security is more critical in the rural and agricultural sectors. The portal makes a significant effort to bring together both industrial and agricultural insurances together for urban and rural population in a mutually supporting manner

Universal Listing

The portal would make attempt to list all the 50+ Insurance companies' products numbering over 1000+ plans catering to the diverse needs of the clientele. It will facilitate both online and

offline transactions in respect of any of these listed products.

Annual Insurance Awards

The most important thing about Insurance is about its service. Currently there is no industry wide, public participating rating mechanism for insurance services. Through this portal and associated insurance app that is being developed in collaboration with insuranceinbox.com, the portal would facilitate Annual Insurance Awards to the insurance company leaders, employees and associates to bring in competitive spirit to improve the image and the service standards of the industry.

IRDAI CIRCULARS

Date	Ref. No	Title	Short Description
26/05/2017	IRDA/INT/CIR/ IMF/122/05/2017	Circular	Procedure to be followed to deal with resignation of Insurance sales Person
03/05/2017	-	All insurers	Investments - Master Circular - IRDAI (Investment) Regulations, 2016

ASSOCHAM's NATIONAL COUNCIL FOR INSURANCE

Chairman,
ASSOCHAM's National Council for Insurance
Shri G Srinivasan
CMD, New India Assurance Co Ltd

FORTHCOMING PROGRAM AND BULLETINS

Banker Borrower's Business Meet	ASSOCHAM's National summit on 3rd Banker Borrower Business meet - 2017	16th June 2017, Hotel Le-Meridien, New Delhi
Bond Market	ASSOCHAM's National Conference on Bond market-2017	30th June 2017, Hotel Hyatt, Ahmedabad
NBFC	ASSOCHAM's 4th National Summit on Non-Banking Finance Companies	2nd week of July, New-Delhi
ASSOCHAM Banking Bulletin	Vol. 26	10th July 2017
ASSOCHAM Insurance Bulletin	Vol. 6	10th July 2017
www.bimaassocham.com	Launch of Insurance Portal	October 2017

For Further Suggestions, kindly contact:-

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