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Journal

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A Decade of Innovation – Progressive Metamorphosis

बीमा विनियामक और विकास प्राधिकरण

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From the Publisher

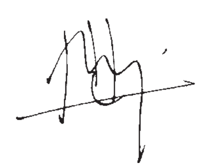
The opening up of the insurance industry in India for private participation was done to ensure that insurance business acquires a prominent place in the financial services of the economy, as also to ensure that the Indian insurance market inches closer to global standards. With this intent, several new measures have been adopted; and continue to be adopted progressively. It is gratifying to note that all these innovations have led to remarkable growth in business, especially in some very vital classes of insurance. It should, however, be noted that the progress has not been without any hiccups absolutely.

A very major development during the period has been the detariffing of the non-life insurance industry. The reservations that were voiced even at the time of liberalizing the industry were active once again. It was felt that the maturity of the players was not sufficiently tested as to warrant detariffing. The absence of any major fall-outs has vindicated the confidence reposed in the players. We have, nevertheless, been watching the progress closely to ensure that there are no major upheavals and are confident that the players act with prudence, despite the freedom afforded.

Distribution has a key role to play in enlarging a domain like insurance. Although the tied agency style of distribution has been largely successful in the monopolistic regime, the introduction of brokers, corporate agents, and other alternate channels of distribution have been seen to be contributors to the growth achieved in the competitive era. In the Health insurance arena, the role of the Third Party Administrator has come to be accepted as an essential component of the entire value chain. Several other irritants that have been noticed in the domain of Health insurance have been, and continue to be, addressed properly, thereby leading to phenomenal growth in the class.

It would be fatal to rest on laurels and assume that everything is as rosy as can be. We have embarked on a long journey that is bound to be arduous. I would sincerely urge all the stakeholders to join shoulders in ensuring that the tasks ahead are met with gusto; and the Indian insurance industry achieves global standards, sooner than later.

'Innovations and Developments in the Liberalized Regime' is the focus of this issue of the **Journal**. In view of the tremendous positive response that we received to the issue on best practices, an encore is just in place. 'Best Practices in Insurance' will be the focus of the next issue of the **Journal**.



J. Hari Narayan

INSIDE

ISSUE FOCUS

THINKING CAP

END-USER

Progressing Steadily

- Through Innovations and Developments

The business growth observed in the insurance industry in India over the last decade has surpassed all prior estimates. At the time of opening up of the industry, although it was anticipated that competition would provide the impetus for rapid growth; the surge in business that has been witnessed during this period has not been envisaged. One hopes that the growth levels are maintained, if not surpassed, in the years to come. One of the major reasons for the Indian insurance industry showing such remarkable growth is the introduction of several innovative trends that have contributed either directly or indirectly.

One of the earliest reforms that have taken place in the liberalized regime is the revamping of the Motor insurance portfolio. By bringing in better objectivity in the valuation / assessment of the insured vehicles/ losses; several controversies that earlier used to be the bane of the class have been set right. It however remains to be seen on how we solve another key riddle – the number of uninsured vehicles plying on the roads. In the area of Health insurance, another vital class, several new initiatives have ensured that it has not only grown in size but many irritants that earlier used to bother the players as well as the policyholders have been taken care of. The latest developments in the form of standard treatment guidelines, clarity with regard to pre-existing diseases coverage, special schemes for senior citizens etc. are sure to take the class even further.

The importance of the distributor's role in the domain of Indian insurance need not be over-emphasized. We have progressively moved from a tied agent model to more dynamic distribution channels like brokers, corporate agents, Bancassurance etc. which are bound to contribute to the growth of the industry. Bancassurance, in fact, has been one very dominant channel in several European countries – France, in particular; and with such a large network of bank branches spread all over the country, one looks forward to a more dynamic performance from this channel. Particularly in an area like micro-insurance for which the Indian regulator has been commended, Bancassurance could play a key role.

'Innovations and Developments in the Liberalized Regime' is the focus of this issue of the **Journal.** Mr. Kamesh Goyal sets the ball rolling with his article 'Defining Strategies for the Future'; in which he writes that as against insurance being taken earlier mainly for tax-saving purposes, it is increasingly being seen as an instrument for protection and investment. Intermediation in insurance has undergone a lot of visible change – and for good reasons, at that. Mr. P.C. James brings in his experience to highlight this aspect. The prospect being enabled to take an informed decision is what has been desired, especially in the liberalized regime. Mr. Paresh Parasnis throws light on whether we have been able to achieve this; and if so, to what extent. One area which has grown beyond any imaginable expectations is Health insurance; and not without reasons. Ms. KGPL Ramadevi and Ms. Nimisha Srivastava give a detailed account of the various initiatives taken in this domain; and how they have helped the growth of the market.

In the 'Thinking Cap' section, we have an article by Mr. N. Basu who suggests possible ways of bringing the economically deprived sections of the society under the umbrella of insurance. We have two articles under the 'End-user' section. The first among them, a very topical one, by Mr. Dieter Berg addresses the issue of sea pirates and associated problems, which insurers have to tackle tactfully. The second article by Mr. Avinash Singaraju talks about the importance of proper upkeep of warehouses as part of the overall risk management strategy for corporate houses.

Best practices in insurance, which we covered as the focus of the issue earlier, has left many an area uncovered; and articles have been pouring in, as a result. While ensuring that a great deal of *déjà vu* is avoided, we will have 'Best Practices' as the focus of the next issue of the **Journal.**

U. Jawaharlal

Report Card:LIFE

First Year Premium of Life Insurers for the Period Ended July, 2009

Sl No.	Insurer	Premium u/w (Rs. in Crores)			No. of Policies / Schemes			No. of lives covered under Group Schemes		
		July, 09	Up to July, 09	Up to July, 08	July, 09	Up to July, 09	Up to July, 08	July, 09	Up to July, 09	Up to July, 08
1	**Bajaj Allianz**									
	Individual Single Premium	27.32	78.41	106.89	6076	20596	24842			
	Individual Non-Single Premium	215.06	643.55	1060.40	163706	505988	703817			
	Group Single Premium	5.34	13.74	0.84	3	6	0	10976	16888	950
	Group Non-Single Premium	15.56	105.22	29.82	78	260	169	1672628	4233714	1307594
2	**ING Vysya**									
	Individual Single Premium	0.87	2.76	12.54	114	382	1499			
	Individual Non-Single Premium	53.17	172.20	201.77	25405	90166	109385			
	Group Single Premium	0.77	2.92	5.24	0	0	0	170	892	1085
	Group Non-Single Premium	0.05	0.13	1.19	0	0	35	1054	2262	12034
3	**Reliance Life**									
	Individual Single Premium	11.71	34.22	163.64	2169	7732	40560			
	Individual Non-Single Premium	201.48	634.61	633.95	198526	599533	392060			
	Group Single Premium	8.76	48.30	32.06	1	2	4	25	407	14536
	Group Non-Single Premium	8.26	18.10	8.57	45	173	111	76647	325110	234854
4	**SBI Life**									
	Individual Single Premium	34.16	93.33	201.37	5817	17031	29582			
	Individual Non-Single Premium	248.74	736.32	664.38	138863	287776	189519			
	Group Single Premium	12.03	54.18	70.53	0	0	0	3953	31986	35892
	Group Non-Single Premium	30.59	514.41	521.36	4	37	20	73314	273717	888521
5	**Tata AIG**									
	Individual Single Premium	1.11	5.57	17.37	232	1399	3676			
	Individual Non-Single Premium	79.29	254.13	275.51	64264	212640	198985			
	Group Single Premium	2.30	7.69	15.23	0	1	5	3833	11282	52088
	Group Non-Single Premium	16.07	28.82	25.77	7	25	33	32175	61620	65494
6	**HDFC Standard**									
	Individual Single Premium	10.46	35.92	44.90	20832	41789	20067			
	Individual Non-Single Premium	191.01	548.56	609.72	53159	184285	216338			
	Group Single Premium	6.81	33.58	21.06	26	74	47	25680	100066	88512
	Group Non-Single Premium	0.21	3.07	9.48	0	0	2	46	325	12790
7	**ICICI Prudential**									
	Individual Single Premium	10.02	43.63	93.57	1203	4835	16776			
	Individual Non-Single Premium	345.03	886.30	1654.22	153998	510398	814545			
	Group Single Premium	9.78	58.82	98.56	15	149	122	85159	307892	249902
	Group Non-Single Premium	28.68	211.83	345.99	14	237	273	21485	261274	397229
8	**Birla Sunlife**									
	Individual Single Premium	3.68	15.18	12.35	9374	37505	41212			
	Individual Non-Single Premium	177.79	546.02	676.07	126353	427973	214028			
	Group Single Premium	0.09	0.24	2.93	0	0	1	213	538	6539
	Group Non-Single Premium	4.59	65.12	14.73	22	77	47	26011	120518	52243
9	**Aviva**									
	Individual Single Premium	6.90	30.69	5.70	817	3980	840			
	Individual Non-Single Premium	48.18	152.06	211.28	19266	59037	106177			
	Group Single Premium	0.00	0.00	0.04	0	0	0	0	0	63
	Group Non-Single Premium	3.02	9.46	7.85	8	30	25	285387	569536	305848
10	**Kotak Mahindra Old Mutual**									
	Individual Single Premium	0.97	3.58	9.00	146	524	961			
	Individual Non-Single Premium	56.67	178.42	312.64	24812	77229	160762			
	Group Single Premium	4.12	10.88	10.87	0	4	2	9133	30491	46374
	Group Non-Single Premium	9.61	22.96	12.64	24	165	121	43468	186408	193627
11	**Max New York**									
	Individual Single Premium	14.83	66.32	85.68	342	8274	6459			
	Individual Non-Single Premium	111.64	490.66	538.61	116847	367016	381629			
	Group Single Premium	0.57	0.65	5.76	4	9	10	66538	272743	187394
	Group Non-Single Premium	14.18	18.39	11.78	35	281	214	1351313	1547688	217935

12	**Met Life**									
	Individual Single Premium	0.70	2.10	1.61	78	303	367			
	Individual Non-Single Premium	66.84	200.96	246.31	24339	71917	64225			
	Group Single Premium	3.00	9.04	6.34	0	0	34	1101	3519	68794
	Group Non-Single Premium	2.89	12.59	0.00	14	68	0	35854	116650	0
13	**Sahara Life**									
	Individual Single Premium	3.85	8.39	13.68	1136	2530	3522			
	Individual Non-Single Premium	5.65	17.02	20.17	6623	19027	22940			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	3.15	10.47	0.00	0	1	2	331693	1247014	78
14	**Shriram Life**									
	Individual Single Premium	8.27	22.25	65.41	1243	3491	10806			
	Individual Non-Single Premium	17.84	60.49	40.54	9398	38345	20807			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	0.05	0.15	0.00	2	4	0	3981	11984	0
15	**Bharti Axa Life**									
	Individual Single Premium	0.44	1.12	2.20	468	549	524			
	Individual Non-Single Premium	28.96	92.27	62.30	13412	43350	41935			
	Group Single Premium	2.18	6.56	2.77	0	2	1	1136	4714	12043
	Group Non-Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
16	**Future Generali Life**									
	Individual Single Premium	0.70	2.38	0.15	107	391	28			
	Individual Non-Single Premium	24.86	73.57	2.70	19340	64060	6226			
	Group Single Premium	0.00	0.02	0.00	0	0	0	13	104	0
	Group Non-Single Premium	1.18	7.54	2.72	9	37	16	24024	104136	46215
17	**IDBI Fortis Life**									
	Individual Single Premium	8.44	30.04	26.74	1112	4572	3642			
	Individual Non-Single Premium	15.83	57.51	30.64	5223	17421	11053			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	0.00	0.02	0.00	0	2	0	2507	10031	0
18	**Canara HSBC OBC Life**									
	Individual Single Premium	0.85	3.19	0.00	40	143	0			
	Individual Non-Single Premium	42.80	161.95	12.69	10485	24028	1139			
	Group Single Premium	0.22	0.29	0.00	1	2	0	138	180	0
	Group Non-Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
19	**Aegon Religare**									
	Individual Single Premium	0.17	0.35	0.01	7	34	1			
	Individual Non-Single Premium	5.66	17.11	0.07	2922	7990	91			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
20	**DLF Pramerica**									
	Individual Single Premium	0.00	0.03		0	0				
	Individual Non-Single Premium	2.13	6.47		1222	4289				
	Group Single Premium	0.00	0.00		0	0		0	0	
	Group Non-Single Premium	0.00	0.00		0	0		0	0	
21	**Star Union Dai-ichi @**									
	Individual Single Premium	7.45	13.20		870	1712				
	Individual Non-Single Premium	15.72	29.19		5630	10744				
	Group Single Premium	1.40	2.85		0	0		1300	3005	
	Group Non-Single Premium	0.17	0.51		2	2		1331	4387	
	Private Total									
	Individual Single Premium	**152.92**	**492.66**	**862.81**	**52183**	**157772**	**205364**			
	Individual Non-Single Premium	**1954.35**	**5959.37**	**7253.98**	**1183793**	**3623212**	**3655661**			
	Group Single Premium	**57.37**	**249.75**	**272.23**	**50**	**249**	**226**	**209368**	**784707**	**764172**
	Group Non-Single Premium	**138.26**	**1028.78**	**991.90**	**264**	**1399**	**1068**	**3982918**	**9076374**	**3734462**
22	LIC									
	Individual Single Premium	1593.37	4083.85	3433.13	396651	1064285	933103			
	Individual Non-Single Premium	1622.53	5095.68	4482.77	2427238	7664543	6666847			
	Group Single Premium	2021.42	5086.46	2881.20	2738	6211	4831	1632262	4950492	4245142
	Group Non-Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Grand Total									
	Individual Single Premium	**1746.28**	**4576.52**	**4295.94**	**448834**	**1222057**	**1138467**			
	Individual Non-Single Premium	**3576.88**	**11055.05**	**11736.75**	**3611031**	**11287755**	**10322508**			
	Group Single Premium	**2078.79**	**5336.21**	**3153.43**	**2788**	**6460**	**5057**	**1841630**	**5735199**	**5009314**
	Group Non-Single Premium	**138.26**	**1028.78**	**991.90**	**264**	**1399**	**1068**	**3982918**	**9076374**	**3734462**

Note: 1. Cumulative premium / No.of policies upto the month is net of cancellations which may occur during the free look period.
2. Compiled on the basis of data submitted by the Insurance companies.
3. @ Started operations in February,2009.

CIRCULAR

Date: 05-08-2009

Ref.IRDA/F&A/CIR/025/2009-10

To
The CEOs of All Insurers

Dear Sir,

Guidelines on Corporate Governance for the Insurance Sector

The Authority had issued the Exposure Draft on Corporate Governance for the Insurance Sector vide Press Release dated May 28, 2009 inviting comments from all stakeholders.

The Authority has received responses from various entities/ individuals, which have been compiled along with the Authority's views thereon. These are placed at Annexure I.

The Guidelines on "Corporate Governance for the Insurance Sector" have now been finalized based on the requisite modifications and are placed at Annexure II. It may be observed that the companies are required to take necessary action to ensure that the compliance of the Guidelines is in place latest from the financial year commencing April 01, 2010. These final guidelines may now be placed before the Boards of the Company along with an action plan towards compliance. A Compliance Report may be furnished to the Authority in due course.

Yours faithfully,

Sd/-
(C.R. Muralidharan)
Member (F&I)

AGENT ORDER

August 6, 2009

IRDA/AGENTS/ORD/25/AUG 2009

To
All the CEOs of Insurance Companies

Re: Insurance Qualification of the Corporate Agent

The Authority had issued new Guidelines for Corporate Agents Qualifications vide Circular Ref: IRDA/AGENTS/ORG/17/July 2009 dated 3rd July, 2009. The Authority has received a number of representations from the Insurers seeking clarification and extension of above relaxation on the ground that the three days workshop is not available as on date.

The insurer can consider the qualification mentioned in the said circular for the Chief Insurance Executive, the designated officer and other specified person pending the three days workshop to be finalized shortly. The same must be incorporated on or before 31st March 2010.

(A. Giridhar)
Executive Director

PUBLIC NOTICE

Insurance Regulatory and Development Authority (IRDA) is a regulatory body established by an Act of Parliament to protect the interests of the policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto.

It has come to the notice of the IRDA that a company by the name and style of M/s.Winner Insurance Benefits Ltd. is issuing certificates of protection for health hospitalization mutual scheme and collecting money from the applicants subscribing to the same. The said entity is operating from the following address:

"27-A, Vatsa House, 4th Floor,
Janmabhoomi Marg, Fort, Mumbai – 400 001."

The general public is hereby informed that the above named company has not been issued any license/registered by the IRDA under any of the provisions of the Insurance Act, 1938 and the IRDA Act, 1999 for carrying on the said business.

Therefore, the issuance of such certificates of protection for health hospitalization mutual scheme without obtaining the mandatory license or certificate of registration from the IRDA in terms of provisions of the Insurance Act, 1938 and the IRDA Act, 1999 amounts to a violation of the said statutes for which appropriate action, civil or criminal under the Insurance Act and the IRDA Act may be taken up by the IRDA against such company.

In view of the above, the general public is hereby cautioned not to deal with or to purchase or subscribe to any of the said certificates of protection for health hospitalization mutual scheme of the said company or through any person claiming to be its Agent / Advisor / Representative. Any person doing so would be acting at his/her own risk.

Date:11/08/2009
Place: Hyderabad

(Prabodh Chander)
Executive Director

CIRCULAR

13th August, 2009

No: 27/IRDA/ACTL/NON-LIFE/2009-10

To
All CEOs of General Insurance Companies

Sub: Role of Appointed Actuaries

Ever since we moved towards de-tariff regime there is a natural compulsion on the part of non-life companies to adopt risk based pricing. Risk based pricing involves the availability of the strong data base and also various analysis regarding pricing, to measure the underwriting impact, testing the profitability of products etc. We have reached a situation where the role of appointed actuaries has to be enhanced significantly so that general insurers are in a position to cope with public demand for non-life products and at the same time ensure the availability of solvency on a continuous basis. Due importance must also be given for the profit to be generated by each product. Keeping in view all these requirements the following measures are proposed:

1. The Appointed Actuary must be given necessary infrastructure in the office of non-life insurer so that he can function effectively and lead the team members in the actuarial department.
2. The Appointed Actuary shall be invited for all the Board Meetings of the Non-life insurance company.
3. The Appointed Actuary has to certify that each product is financially viable.
4. The Appointed Actuary must help the insurer to ensure the availability of required solvency of the company at all points of time and wherever deficiency is noticed he / she must inform the Board for necessary action. In the event of no action / inadequate action, he / she has to keep the Regulator informed as enshrined in the Appointed Actuary Regulations.
5. The Appointed Actuary has to prepare the financial condition report of the non-life insurance company and in this context the Regulator will give necessary guidance very shortly. This Report is to comment from the financial year ending March 31, 2009.
6. The CEO of general insurance company must send a letter to the Authority on or before September 15, 2009 that necessary arrangements are in place for the Appointed Actuary to undertake the above responsibilities.

This circular comes into effect from October 1, 2009.

sd/-
(R. Kannan)
Member

CIRCULAR

18th August, 2009

No. 028/IRDA/LIFE/PAN/Aug-2009

All Insurers

Re: Requirement of PAN for Insurance Products

It was mandated vide Circular No.021/IRDA/LIFE/PAN/Jul-2009 dated 22.07.2009 that insurers shall collect PAN from all persons purchasing insurance policies with annualized premiums exceeding Rs. one lakh per policy.

1. Many insurers have expressed difficulty in meeting with the deadline of 1st August, 2009 for implementing the above Circular and requested for an extension. Taking the representation of the insurers into consideration, the deadline for complying with the Circular is now extended to 01.09.2009.

2. Representations have also been made that since certain categories of persons such as persons with only agricultural income, NRIs with no assessed income under the IT Act, 1961 etc are exempted from the requirement of PAN, the requirement of submitting PAN be waived in case of such persons. This request has been considered and it is now decided that insurers shall insist on PAN from all persons who are required to obtain the same under the provisions of IT Act, 1961. Insurers shall however collect a signed declaration from persons exempted from the requirement of PAN, stating the provisions of the IT Act under which they have been exempted.

3. It has also been decided that in cases where a proposer has applied for PAN but has still not received the same, a copy of form 49A (application for PAN), duly acknowledged by the agency authorized to collect applications for PAN, can be accepted by insurers in lieu of PAN, with an undertaking from the proposer that the PAN shall be submitted as soon as it is received.

sd/-
(J. Harinarayan)
Chairman

CIRCULAR

20th August, 2009

No: 29/IRDA/Actl/ULIPs/2009-10

To
CEOs of Life Insurers

Sub: Unit Linked Products – Cap on Charges

Ref: Circular No.20/IRDA/Actl./ULIP/09-10 dated 22nd July, 2009

Vide reference cited, the Insurance Regulatory and Development Authority had specified caps on charges on all Unit Linked Insurance Products. Certain concerns were expressed by the industry on the circular and a meeting of the Life Insurers was held on 29th July, 2009 to discuss all relevant concerns. Taking into account the discussions, the following clarifications are issued and consequently the circular referred is modified to the extent stated below.

1. Mortality and Morbidity charges may be excluded in the calculation of the net yield for the purpose of the sub-para (a) of the penultimate paragraph of the reference cited;
2. Within the overall cap prescribed in paragraph 5 of the reference cited, the Fund Management Charge shall not exceed 135 basis points irrespective of the tenor of the contract;
3. No surrender charge can be levied by an insurer for policies surrendered from the 5th policy year and thereafter and consequently the policyholder will be entitled to receive the full fund value on such surrender.

The circular No.20/IRDA/Actl./ULIP/09-10 dated 22nd July, 2009 shall be complied with by all insurance companies with the above modifications.

sd/-
(R. Kannan)
Member

CIRCULAR

Date: 4th Aug. 2009

Ref: INV/CIR/02 3/2009-10

To
The CEOs of All Insurers

Dear Sir,

Audit of Investment Risk Management Systems & Process. Internal / Concurrent Audit

The Authority vide notification F.No. IRDA/Reg/5/47/2008 dated 30th Jul, 2008 notified IRDA (Investment) (4th Amendment) Regulations, 2008 on 22nd Aug, 2008. The Regulation, under point 'E' of Annexure III, makes Internal and Concurrent Audit of Investment transactions and related Systems mandatory and further directed all Insurers having Assets under Management (AUM) not more than Rs.1000 Crores to have its Investment functions audited on a Quarterly basis through Internal Audit (either through internal resources or through firms of Chartered Accountants) and Insurer with AUM of over Rs.1000 Crores to appoint a firm of Chartered Accountants as Concurrent Auditor to have its Investment transactions and related Systems audited on a concurrent basis.

A. Investment Risk Management Systems and Process Audit

1. The Authority vide Circular No. INV/CIR/008/2008-09 Dt. 22nd Aug, 2008 advised that a Chartered Accountants firm, which is not the Statutory or Internal or Concurrent Auditor of the concerned Insurer shall certify that the Investment Risk Management Systems and Processes as per the 'Technical Guide on Review and Certification of Investment Risk Management Systems and Process of Insurance Companies' issued by the Institute of Chartered Accountants of India (ICAI), in consultation with IRDA, are in place.
2. All companies seeking IRDA registration from 1st Aug, 2009 shall file a report certified by a Chartered Accountant firm, describing the level of preparedness of the applicant company to comply with the various systems related requirements as given in the "Technical Guide on Review and Certification of Investment Risk Management Systems and Process of Insurance Companies", when the company seeks R3 under IRDA (Indian Insurance Companies Registration) Regulations, 2000. It should also indicate the actions further required to be taken by the company.
3. All Insurers shall have their Systems and Process Audited at least once in three years by a Chartered Accountant firm. In doing so, the current Internal or Concurrent or Statutory Auditor shall not be eligible for appointment as Risk Management Auditor. The Insurer shall file the certificate issued by the Chartered Accountant, as provided in the technical guide referred under point A (1) of this Circular.

B. Internal / Concurrent Audit of Transactions

1. An insurer (both life and General Insurance Business) having

Assets under Management (Shareholders and Poticyholders funds taken together) of not more than Rs.1000 Crores shall have its transactions and related systems Internally audited on a Quarterly basis and if the AUM is equal or over Rs. 1000 Crores shall have the Investment transaction concurrently audited. The first such audit would start from 1st Sep, 2009.

2. The 'minimum' Scope for Internal or Concurrent Audit shall be as detailed in the "Technical Guides on Internal / Concurrent Audit of Investment Functions of Insurance Companies" issued by ICAI (in consultation with IRDA), for both Life and Non-Life Insurers. The Insurer could include additional scope depending upon their need for control systems. The Internal / Concurrent Audit is expected to cover 100% of transactions of all fund(s) as per the periodicity prescribed.
3. Where the Internal Audit is carried in house, the internal audit report shall be signed by the Head Internal Audit.
4. An insurer who gets covered under AUM clause of over Rs.1000 Crores for the 1st time, for the purpose of applicability of Internal / Concurrent Audit, will continue to have the Investment functions concurrently audited, even if the AUM falls below Rs.1000 Crores, subsequently.
5. The status of implementation of Investment Risk Management Systems, and issues of non-compliance pointed out in the Risk Management Report are required to be reported by the Internal / Concurrent Auditor vide item No.5 of the Technical Guide on Internal / Concurrent of Investment functions of Insurance Companies, The report shall be filed with IRDA, as per the format provided in Annexure-1.
6. The Audit report for a quarter, issued by the Internal or Concurrent Auditor, shall be placed before the Audit Committee of the Insurer's Board during the next succeeding quarter, and with its feedback on implementation, should be filed with IRDA, as an annexure to FORM-4.

C. The Auditors to be appointed by the Insurer for certifying the Investment Risk Management Systems & Process and Internal / Concurrent Audit of Investment transactions should satisfy the norms specified in Annexure II of this Circular.

Yours faithfully,

(C.R. Muralidharan)
Member (F&I)

ANNEXURE-I

TO BE ISSUED BY THE INTERNAL / CONCURRENT AUDITOR
ANNEXURE TO FORM - 4 (EXPOSURE AND OTHER NORMS – CONFIRMATION)
INVESTMENT RISK MANAGEMENT SYSTEMS & PROCESS – IMPLEMENTATION STATUS

Insurer Name : .... **Reg** No..................
Name of the Audit firm : ....
Date of issue of Certificate : ....

No.	Anx. Ref	Audit Objective	Audit Observation	Severity of Non-Compliance	Action(s) taken for Compliance	MMM/YYYY Committed by the Insurer's Board to IRDA for complying with the requirement	Proof provided (or) demonstrated by the Insurer, to the Auditor to comply with the requirement	Remarks & Comments of Audit Committee of the Board on non-compliance of 'time frame' communicated to IRDA on implementing Systems & Process
A	ISSUES OF PREVIOUS QUARTER(S)							
B	ISSUES TO BE COMPLIED IN CURRENT QUARTER							

CERTIFICATION

We certify that all issues, to be reported to IRDA on implementation of Investment Risk Management Systems and Process, for the Quarter and pending issues of previous Quarter(s) [as committed to IRDA], and as listed in the Chartered Accountant's Certificate issued, vide Circular INC/CIR/008/2008-09 Dt. 22nd **Aug, 2008, have been covered** in the **above table.**

Chartered Accountants
Place:
Date:

Note

1. No shall be as per the Annexure(s) to the Certificate issued by the Chartered Accountant appointed for certifying implementation of Investment Risk Management Systems and Process.
2. The above statement, signed by the Internal / Concurrent Auditor should be filed with IRDA and the Softcopy of it, in MS-Excel format, shall be sent in a Compact Disk.

APPOINTMENT OF AUDIT FIRMS

The Authority vide notification F.No. IRDA/Reg/5/47/2008 dated 30th Jul, 2008 notified IRDA (Investment) (4th Amendment) Regulations, 2008 on 22Pd Aug, 2008. In appointing the Audit firms the Insurer shall ensure the following norms.

A. **Investment Risk Management Systems & Process**
   1. *The Chartered Accountant firm shall be a firm, registered with the Institute of Chartered Accountants of India.*
   2. *The Audit firm should have experience, for at least four years, in* conducting *reviews of Risk Management Systems and Process of either Banks or Mutual Funds or Insurance Companies or have, on behalf of IRDA conducted Investment Inspection of Insurance Companies.*
   3. *On the date of appointment as an Auditor for certifying Investment Risk Management Systems and Process, the Auditor must not hold more than two audits of Internal, Concurrent and Risk Management Systems Audit, all taken* together. *Hence, the Audit firm, can at the maximum hold not more than three Audits (i.e., Investment Risk* Management Systems *and Process Audit, Internal Audit, Concurrent Audit – all taken together), apart from Statutory Audits at any point of time. For this purpose, at the time of appointment, the insurer shall obtain a declaration to this effect from the firm of Chartered Accountants. The Insurer shall, file with IRDA, the confirmation obtained from the Chartered Accountant firm, within 7 days of such appointment,*
   4. *The Auditor should not have been prohibited/debarred by any regulating agency including IRDA, RBI, SEBI, ICAI etc.,*
   5. *The Auditor appointed for certifying the Investment Risk* Management Systems and *Process, should not have conducted the following assignments for the same Insurer proposing to be appointed as Systems Auditor, for a period of two years immediately preceding his appointment.*
      i. *Statutory Audit*
      ii. *Any Internal Audit*
      iii. *Any Concurrent Audit*
      iv. Any consulting assignment, whether or not related to Audit functions

B. **Internal / Concurrent Audit of Transactions**

ANNEXURE-II

In appointing the Internal / Concurrent Auditor, the Insurer shall ensure the following:

1. *The Chartered Accountant firm complies with points A (1), (2), (3) and (4) of Annexure-I of this Circular,*
2. *The Internal/Concurrent audit term shall be for the financial year and where the appointment is made* during *the course of the financial year, it shall be up to the end of that financial year.*
3. *The Internal / Concurrent Auditor shall be appointed by the Audit Committee of the Insurer's Board and the Auditor shall directly report to the Audit Committee of the Insurer's Board. Any change in Auditor during the middle of the term, shall be communicated to IRDA with the reasons for such change. The new Auditor, for the remaining term, shall be appointed only with the prior approval of IRDA.*
4. *The Internal / Concurrent Auditor shall not be eligible for re-appointment, with the same Insurer after serving three consecutive years or three years during the preceding five years.*
5. *The Internal / Concurrent Auditor appointed for the first time should not have conducted the following assignments for the same Insurer proposing to be appointed as Internal or Concurrent Auditor for Investment /functions during a period of two years immediately preceding his appointment as Internal or Concurrent auditor.*
   i. *Statutory Audit*
   ii. *Any Internal Audit*
   iii. *Any Concurrent Audit*
   iv. *Any consulting assignment, whether or not related to Audit functions*
   v. *Reviews or Certification of Investment Risk Management Systems and Process*
6. *Every Insurer, upon appointing the firm of Chartered Accountants as Internal or Concurrent or Risk Management Systems Auditor shall send a communication to IRDA within seven days of such appointment, confirming such appointment as per Annexure-III*

All insurers are required to comply with the above requirements.

ANNEXURE – III

IN THE LETTER HEAD OF THE INSURER

Date:...........................

To
The Insurance Regulatory and Development Authority
Parisrarn Bhavan, 3rd Floor, Basheerbagh
Hyderabad – 500 004

Sir,

In pursuant of IRDA Circular INV/CIR/008/2008-09 Dt. 22nd Aug, 2008 and related communication in respect of Internal (or) Concurrent Audit of Investment functions, we have appointed the following firm(s) as our Internal / Concurrent Auditor(s) for the Investment functions for the period starting from:...................... to ....

We have taken necessary confirmations in writing from the Chartered Accountant firm(s) as required under INV/CIR/023/2009-10 Dt. 4th Aug, 2009.

Yours faithfully

Chief Executive Officer
<Name of the Insurance Company>

CIRCULAR

August 24, 2009

Ref: 30/IRDA/AML/CIR/AUG-09

To
The CEO's of All Insurance Companies,

Sub: Anti Money Laundering (AML) guidelines

A review of the extant guidelines on Anti Money Laundering for Insurers vis-à-vis the 40+9 recommendations of Financial Action Task Force (FATF) was carried out in view of the scheduled Evaluation of AML regimen of India by FATF during November-December 2009.

2. It is observed that though the guidelines are largely in accordance with the said recommendations, some of the extant stipulations need to be further elaborated/specified to be in consonance with the FATF norms.

3. Accordingly items (a) to (e) elaborate the extant guidelines. The items at (f) and (g) are additional requirements now specified:

Sl. No.	FATF Recommendation/Criteria Reference	Extant Stipulation (Clause Ref: Master Circular on AML dated November 24, 2008)	Addition/ Elaboration
a.	5.1 Financial institutions should not be permitted to keep anonymous accounts or accounts in fictitious names.	Clause 3.1.1 (Know Your Customer (KYC): Life insurance companies are required to carry out KYC norms which includes determination and documentation of the true identity of all customers requesting for its services	While carrying out the KYC norms, special care has to be exercised to ensure that the contracts are not anonymous or under fictitious names.
b.	5.7 Financial institutions should be required to conduct ongoing due diligence on the business relationship.	Clause 3.1.1(vii): Besides verification of identity of the customer at the time of initial issuance of contract which includes obtaining a recent photograph, KYC should also be carried out at the claim payout stage	KYC process is initially to be done as per the extant guidelines. Any change in the customers' recorded profile that comes to the notice of the insurer and which is inconsistent

Sl. No.	FATF Recommendation/Criteria Reference	Extant Stipulation (Clause Ref: Master Circular on AML dated November 24, 2008)	Addition/ Elaboration
		and at times when additional top up remittances are inconsistent with the customers' known profile.	with the normal and expected activity of the customer should attract the attention of the insurer for further ongoing KYC processes and action as considered necessary.
c.	6.2 Financial institutions should be required to obtain senior management approval for establishing business relationships with Politically Exposed Persons (PEPs)	Clause 3.1.3 (ii) for the high risk profiles, like for customers who are non-residents, high net worth individuals…..(PEPs)……who need higher due diligence, KYC and underwriting procedures should ensure higher verification and counter checks…..	Insurers should devise procedure to ensure that proposals for contracts with high risk customers are concluded after approval of senior management officials. It is however, emphasized that proposals of Politically Exposed Persons (PEPs) in particular requires approval of senior management, not below Head (underwriting) / Chief Risk Officer level.
d.	11.2 Financial institutions should be required to examine as far as possible the background and purpose of all complex, unusual large transactions, or unusual patterns of transactions, that have no apparent or visible economic or lawful purpose and set forth their findings in writing.	Clause 3.1.5 "…Large single premiums should be backed by documentation, to establish sources of funds". Clause 3.1.6 Defining Suspicious Transactions (including Suspicious Cash Transactions): The AML program envisages submission of Suspicious Transaction Reports (STR)/Cash Transactions Reports (CTR) to a Financial Intelligence Unit-India (FIU-IND) set up by the Government of India to track possible money laundering attempts and for further investigation and action……. Suspicious activity monitoring programs should be appropriate to the company and the products it sells. Clause 3.1.10 "The insurer/agents/ corporate agents are required to maintain the records of types of transactions mentioned under Rule 3 of PMLA Rules 2005 and the copies of the Cash/ Suspicious Transactions Reports submitted to FIU as well as those relating to the verification of identity of clients for a period of 10 years".	It is advised that special attention is paid to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose and transactions as indicated at clause 3.1.6. It is further advised that background including all documents /office records / memorandums pertaining to such transactions, as far as possible, be examined by the Principal Compliance officer for recording his findings. These records are required to be preserved for ten years as indicated in clause 3.1.10

Sl. No.	FATF Recommendation/Criteria Reference	Extant Stipulation (Clause Ref: Master Circular on AML dated November 24, 2008)	Addition/ Elaboration
e.	15.1.1 Financial institutions should be required to develop appropriate compliance management arrangements e.g., for financial institutions at a minimum the designation of an AML/CFT compliance officer at the management level	Clause 3.2.1"The companies should designate a Principal Compliance Officer under AML rules. …" Clause 3.2.2 i. The Principal Compliance Officer should ensure that the Board approved AML program is being implemented effectively, including monitoring compliance by the company's insurance agents with their obligations under the program; ii. He should ensure that employees and agents of the insurance company have appropriate resources and are well trained to address questions regarding the application of the program in light of specific facts.	Principal Compliance Officer for AML guidelines should be at senior level and preferably not below the Head (Audit/ Compliance) /Chief Risk Officer level and should be able to act independently and report to senior management.
f.	15.1.2 The AML/CFT compliance officer and other appropriate staff should have timely access to customer identification/data and other CDD information, transaction records, and other relevant information.	Not specified in the guidelines	Principal Compliance Officer for AML guidelines and staff assisting him in execution of AML guidelines should have timely access to customer identification data, other KYC information and records.
g.	14.2 Financial institutions and their directors, officers and employees (permanent and temporary) should be prohibited by law from disclosing ("tipping off") the fact that a STR or related information is being reported or provided to the FIU.	Not specified in the guidelines	Directors, officers and employees (permanent and temporary) shall be prohibited from disclosing the fact that a Suspicious Transactions Report or related information of a policyholder/prospect is being reported or provided to the FIU-IND.

4. The above stipulations are being brought into effect immediately.
5. Insurers are advised to carry out changes as necessary in their existing AML policy and note it for compliance. The revised AML policy, in accordance with the above mentioned stipulations, may be filed with the Authority at the earliest but not later than October 31, 2009 and placed before the Board for information.

Sd/-
(C.R. Muralidharan)
Member (F&I)

Adopting Best Practices

In Letter and Spirit

'IT HAS BECOME INCREASINGLY IMPORTANT FOR CORPORATE HOUSES TO ADOPT AND DEMONSTRATE BEST PRACTICES IN THE CONDUCT OF BUSINESS, FOR THEIR LONG-TERM SUCCESS' WRITES U. JAWAHARLAL.

It is a universally known fact that the bottom line for any commercial outfit is profit; and despite all the unique initiatives that corporates tend to adopt, they are ultimately guided by the profit motive. While it is an accepted fact, it depends greatly on the processes that players put into practice in deciding their fairness of approach. During the course of business, there may arise several opportunities that could bring in a sudden windfall of gains. However, it should be the strategy of the business houses not to get carried away by ephemeral gains; but be guided by sustained, long-term interests. The emphasis should be on adopting best practices that would be capable of enhancing their reputation in the market place.

Coming to the insurance industry in India, one of the main problems that have been bothering the key players is the asymmetry of information although insurance contracts have essentially to do with reciprocal obligations. The emphasis in order to work towards curtailing this problem should be on achieving simplicity in designing the forms and documents – the proposal form, the contract document etc. to name a few; and to ensure that the basic necessities have been comprehensively conveyed to the prospect. To convince oneself that this is being achieved in toto would be ambitious. The practice of filing a copy of the proposal to the policy document is a step in this direction; and should be adopted in spirit in order to minimize the constraints of asymmetry of information.

Underwriting in insurance holds the key to the long-term success of the business. It should be the endeavour of insurers to be fair in this function; and not to be guided by the demands of competition entirely. For non-life insurers, targeting class-wise success rather than having to look for cross-subsidization between the classes should be the target. Also, undue dependence on investment income, especially in times of financial crisis, would be detrimental to their long term interests.

Similarly, adopting best practices in another key area viz. claims settlement will take them a long way in gaining reputation. Early settlement of claims will certainly contribute towards making their intentions known. In cases, where a claim has either to be repudiated or to be settled partially, clear reasons for the same should be made known to the claimant. In order that transparency is what is intended, the claimant in such cases should be educated with the avenues of grievance settlement; if he really intends to take it further. It has become essential in the competitive scenario to ensure that the advantage of multiplicity of players is not taken undue advantage of. Accordingly, making use of the available data-base; and proceeding objectively, especially in some classes, will certainly add to the adoption of best practices in the long-term interests of the industry.

'Best Practices in Insurance' will be the focus of the next issue of the **Journal.** We look forward to one more episode of interesting debate on this very important aspect.

Best Practices
that Yield Better Results

in the next issue...

Defining Strategies for the Future

Innovations and Developments in Insurance

KAMESH GOYAL ASSERTS THAT CUSTOMIZATION OF PRODUCTS FOR THE CLIENTELE, IN TUNE WITH THEIR GROWING DEMANDS AND GLOBAL EXPOSURE, HAS BEEN THE HALLMARK OF THE INDIAN INSURANCE INDUSTRY IN THE POST-LIBERALIZED REGIME.

The Indian insurance industry has in the last ten years; post the liberalization era witnessed a sea of changes and yet awaits a lot more...Privatization of the industry, Detariffication in the general insurance sector, significant amendments in regulations of Unit Linked Life Insurance Policies, just to name a few – mostly all leading to a stronger trend towards customer orientation and benefits. Customer service has sure been a highlight and hearteningly so!

Life insurance, earlier sold purely as a tax saving tool, is now promoted as a combination of investment and protection tool.

Life insurance, earlier sold purely as a tax saving tool, is now promoted as a combination of investment and protection tool. There is more transparency in products and a wide variety like guaranteed returns, highest NAV protector, options of health riders, etc. Traditionally, life insurance covers had limited life cover with focus being on savings, though return was low, in most cases returns were guaranteed. Today the benefits of an economy on an upswing along with stock market access have been provided to the masses through Unit Linked Life Insurance Products. These products are more inclined towards investments with the added advantage of choice of opting for a higher life cover. In India, where the presence of mutual funds is primarily in the top 20 cities, life insurance through its unit linked products has been instrumental in taking the stock market to all economic and geographical strata of society. The share of the life insurance sector today in the equities market stands at the highest.

For the first 5 – 6 years there was little scope for general insurance players to do much variation in the products spectrum. Pricing too for majority of the lines of business was driven by a tariff. Focus of private players was more on enhanced customer service, infrastructure and operations. Improvised processes, automation and technology built a platform for anytime, anywhere servicing of policy along with reduced operational costs in the long run for insurance companies.

The general insurance industry did witness introduction of a large number of products in the liability, travel, health and entertainment sectors which were previously untapped in the Indian market. Exposure of corporate houses to global markets was a driver in creating space and need for different kinds of liability covers; Product Liability, Professional Indemnity, Commercial General Liability, Directors & Officers Legal Liability etc. being some of the prominent covers. In a substantial number of cases the existence of these covers was a mandate for international business contracts, this jump-started the popularity of liability covers for Indian corporate houses.

Sports, media and entertainment saw customized insurance packages to meet their unique needs – short period covers built to compensate for losses on account of expenses made to organize sport events, weddings, films etc. Contingencies like involuntary postponement, cancellation or abandonment of the event, celebrity / crew Accident Insurance cover, provision

> **Today, with companies being present on-line through web based portals, the purchase of an insurance cover or renewal payment of premium is possible 24*7 at the customer's convenience.**

to cover venue, sets and equipment against fire, riots, terrorism, earthquakes; third party / public liability cover for the event organizers.

Customized Marine insurance covers for corporate clients were developed covering end to end transit (Multi Transit Covers). For multi modal transport operators, a property cum liability coverage was possible under one comprehensive policy. Credit insurance gave an impetus to business and access to credit ratings aiding the export sector by opening up potential markets for Indian manufacturers.

In addition to product development and improvisation; customer segmentation has gained importance in how we look at insurance and classify the market. Within Health Insurance (a growing market) parameters like age, occupation, and lifestyle of an individual have become relevant in the coverage offered and pricing that goes with it. Within Motor Insurance; factors like the make, model, location where the vehicle plies etc. are intrinsic to pricing. In life insurance as well, products are being developed and positioned to cater to changing needs of individuals – this could be based on changing life stages, priorities and financial / security needs – ranging from savings as a habit, to investment, to protection, to a provision for children's benefit or retirement options. As the industry matures, segmentation in all lines of insurance business will only increase and become more detailed.

From a distribution perspective within the life and general insurance industry the system primarily consisted of individual agents (who still are the dominant force and the largest premium generating channel). However, the emergence and contribution of other distribution channels has been significant in the last 4 – 5 years. This has not only increased reach of the sector to diverse segments but has also resulted in a wide array of choice to the customer in terms of service options and price competitiveness, making insurance a possibility for all starting from a premium of Rs.45 – 50 to much higher amounts.

Each channel has added a facet to the distribution dynamics intrinsic to their construct – micro-finance set up has provided a platform to the masses for investment, protection and saving; who, prior to this, had limited or no access to financial instruments. Travel agents offer convenience, spread of awareness and a one service point for all needs related to a trip overseas. Brokers have aided the corporate sector by offering expert advice, structuring insurance covers based on the needs and business of the client along with the service of comparing products of various insurance companies to zero down on what is best suited. Dealers and DSAs again have been major players in Motor Insurance, some even providing free insurance along with purchase of new vehicles for the first year.

Banks have gone a long way in being a cost effective distribution channel along with advantages of providing reach to insurance companies where their own branches may not be present including semi urban and rural sectors. Insurance covers are bundled with loans for homes, cars and other assets providing a huge security to families in case of misfortunes where loans are taken to finance assets. Propagation of Life and Health covers along with Debit Cards / Credit Cards has been another area where contribution of banks has been significant.

Today, with companies being present on-line through web based portals, the purchase of an insurance cover or renewal payment of premium is possible 24*7 at the customer's convenience. In addition to this, call centers, mobile payments, collection services, any branch service facility add to the variety of options available for customers. The customer has an option of accessing all insurance requirements from purchase of a policy to its servicing and claims settlement without even visiting an insurance company's office!

Renewal follow up is gathering the momentum and importance it deserves - timely reminders, renewal notice in various languages, facility to renew policy anywhere, anytime, SMS reminders for renewals to policy holders etc. – are a few of the service initiatives undertaken to strengthen the renewal mechanism. Convenient modes of renewal premium payment such as auto debit, ECS, net, mobile and secure telephonic payments have resulted in creating ease of transaction and accessibility for policyholders.

Multilingual customer service centers and customer grievance cells set up further demonstrate the importance given to post sale service and continued interaction with customers.

Claims settlement too has evolved over time, today almost 70% of Motor and Health claims are settled by cashless mode. Services like on-the-spot assessment and payment, SMS alerts of motor claims status has elevated service to a new level. This and many other services pioneered by the insurers have lowered the TAT of claim settlement. Life companies offer fund value on SMS. Catastrophes like Mumbai floods or earthquakes have seen insurance companies raise the service bar by reaching out to customers, visiting disaster sites, making on account and speedy settlement of claims, setting up dedicated helplines and bringing in additional back office support to meet the requirement of the hour effectively and efficiently.

As customers become more and more sophisticated, they would move away from 'only price' syndrome to one who values service.

What's next?

Going forward, I feel that the insurance industry would continue to use technology to lower their transaction costs and increase penetration of insurance; besides making it affordable to the vast sections of the society who are still out of the insurance ambit. Some of the developments that can help the insurance industry to scale new heights would be –

- Use of technology extensively to prevent frauds which has become a bane for the industry in its pursuit of growth – Developing a data base of customers for claims record in Motor and Health insurance. The Unique Identity project would come in handy for all the stakeholders of the financial industry to check previous records of the consumer.
- Increase in the usage of mobile-based platform would increase the accessibility for the consumers with premium payment reminder alerts, and other policy transactions would be much simpler.
- As customers become more and more sophisticated, they would move away from 'only price' syndrome to one who values service.
- With use of derivatives life insurance companies can offer long term guaranteed products, Variable Annuity can also be the products of the future. Several new riders in the existing motor insurance covers like depreciation cap, new vehicle replacement, etc are waiting to be launched.

Though we have traversed a long and arduous journey, we still have a long way to go. The industry has to evolve and become more transparent to the customers. We need to publish claim settlement record on a regular basis. Our financial and operating performance needs to be published and compared with the best in the industry. Our expenses are quite high and profitability of the industry quite low, this can't be sustained beyond a point. We need to aggressively address this as customers demand more for their money. This would be the real test for insurers.

The author is Country Manager (Allianz); and CEO, Bajaj Allianz Life Insurance Company Limited.

Playing the Vital Role

Innovations in Intermediation

P.C.JAMES OBSERVES THAT INNOVATIONS IN THE DOMAIN HAVE TAKEN INSURANCE INTERMEDIATION TO A NEW PLANE FROM WHERE REACHING GLOBAL STANDARDS IS A CLOSER REALITY.

Insurance is a difficult mix of promise and service. As a result it is described as a credence and experience good. Indemnification, for instance, which is the basis of claim settlement, is a difficult concept to understand as it is based on loss adjustments where many calculations play and often confuse many insurance customers. As it is, the insurance contract contains many lengthy clauses and complex concepts. At the same time insurance is increasingly becoming an essential requirement in the economy today as there is a need to transfer risks in an increasingly risk-based economy. In this dilemma for consumers the insurance intermediary offers great value in the area of promotion, advice, guidance, assurance, services and relationships. Traditionally, insurance was known as a 'sold' product and insurance broking and intermediation had been an integral part of the insurance industry from the industry's early days. The relevance of intermediaries is still strong as insurance services are filtering down to every citizen and every organisation, and at the same time the products offered are increasingly becoming more relevant and as a result often more complex.

The need for reassurance and advice is as relevant as ever and intermediary agencies find a necessary place in the insurance sector.

Insurance has always provided solutions to the changes required by the consumer and therefore it is characterized by a continuous stream of innovations and renewal of its relevance, in line with changing risks and enhanced customer requirements. Thus insurance products now span all areas of human activity horizontally and product options have moved up the value chain in effectiveness to answer more and more of the consumer's risk-resilient aspirations. For instance, in a simple product like personal accident insurance there are a variety of innovative products that look at the contingency of death, disability, livelihood and medical expenses through a variety of prisms and come out with elegant solutions that help to meet the real needs of the customer.

Insurance promotion is unique in that it has to identify the real uncertainties facing the economic life of customers to help to evolve relevant products that may be of use to various layers of interested parties such as the owner, financier, buyer, contractor / principal, spouse, legal heirs, employer, third parties, courts, governments and so on. Thus there can be constant flux and apparent ambiguity in the terms of coverage, exclusions, pricing and servicing aspects. The need for reassurance and advice is as relevant as ever and intermediary agencies find a necessary place in the insurance sector.

Intermediaries are also equally required by insurers for minimising the possibilities of the prevalence of adverse selection, moral hazard and other consumer oriented anti-selection and over-utilisation risks. Intermediaries can accordingly play an important role in mediating between the two markets owing to the high information asymmetries and high search costs that characterise insurance transactions. Intermediaries have thus been widely prevalent in all major insurance markets owing to the many services they can render.

Intermediary benefits to the customer

- There is considerable evidence that customers do not appear to enjoy buying insurance despite their evident need for the same and so the consumers need the necessary advice and push to enable them to buy insurance.
- They help to evaluate customer needs and ensure that necessary insurance protection based on life cycle and occupational needs is offered to the consumer for consideration. They make meaningful the security of the cover offered.
- The customer faces considerable search costs when trying to buy insurance. Intermediaries help to create awareness of relevant products and their features and offer advice on the best buy, and this lowers the search costs of the insured.
- Insurance products are complex contracts and use language that is difficult to understand. Their value is in the nature of a promise. Customers need

> **The intermediary can expose to the insurer the behavioral aspects of the risk, which even a comprehensive risk survey cannot bring out.**

advice and assurance to help them to reduce their uncertainty costs when buying insurance.

- There can be many procedural hassles involved when buying insurance – such as filling the proposal form, the production of various documents etc. The intermediary helps to reduce the complexity costs involved in the purchase of insurance.
- Insurance coverage also calls for additional services such as endorsements to the policy, renewals, no claim discounts, refunds etc. and this enhances the lifetime value of the coverage and the intermediary helps to ensure this.
- In the unfortunate event of a claim, the insured needs considerable claims assistance and liaisoning with the insurer/surveyor/ hospital etc. Intermediary support helps to ease the delay and difficulties.
- They help the customer to move up the insurance value chain and evolve with the changes that are taking place in the marketplace with regard to better products and prices.
- The intermediary helps to shield the customer against a possible indifferent, actuarial mindset of the insurer; and prevent the insured from being treated callously as one of the thousands of policies they deal with daily.

Thus the intermediary covers a wide gamut of risk management, informational, relational and liaisoning services to the insured.

Intermediary benefits to the insurer

- Helps the insurer to attract good risks. There is always a knowledge asymmetry faced by the insurer with regard to an insured. Intermediaries can reduce these informational costs considerably.
- This helps pricing of risks more accurately, which is also beneficial to keep the loyalty of low risk customers with low risk pricing and the market will note the differential.
- Their services help everyone in the insurance market as otherwise the frictional costs that can arise out of asymmetric information can thrust a premium load on all policyholders, leading to less demand and credibility of the service offered.
- The intermediary can expose to the insurer the behavioral aspects of the risk, which even a comprehensive risk survey cannot bring out.
- Intermediaries can be effective market makers, match buyer needs with insurer's products and service capability; and give feedback on customer demand and aspirations.
- The intermediary markets new products for the insurer, and helps to gauge market reactions to new product offerings and help to discover the correct price points at which sales can maximize.
- Intermediaries provide detailed information to assist the insurer in underwriting risks properly.
- A similar service adds value when claims arise so that claims are considered fairly and settled fast.
- They can offer research benefits, test and develop new products, or new services.
- They can provide the insurer with competitive value by collection of information – both risk-specific or general.
- They assist and add value in services such as policy endorsement, renewal and claims documentation.
- They provide the insurer with lifelong customer relationship value and retention through a double tier of relationships.
- Their interactions provide a live feedback loop on the quality of service rendered by the insurer and on the reputation of the insurer in the market.

Radical changes and innovations in the intermediary arena in India

In the Indian general insurance market, prior to the arrival of the Insurance Regulatory and Development Authority (IRDA) in 1999; the main channel of selling and servicing was through direct efforts by insurers' own marketing officers coupled with a few individual agents complementing the direct selling effort. There was a dismantling of the intermediary network role envisaged by the Insurance Act of 1938 during the nationalized insurance period of 1971-2000. The key role that can be played by intermediaries was however appreciated by the Malhotra Committee which looked into the issue of reforms in the insurance sector. Their report (January 2004) had a full section on insurance intermediaries. The Committee appreciated that owing to the inherent features of insurance, intermediaries are essential in propagating insurance and that their role is more onerous than the marketing job of their counterparts in many other trades and services.

Arising from the reforms initiated with the setting up of the IRDA, many streams of intermediaries are now permitted and are operating in the Indian insurance market. Their role is defined in the various regulations of IRDA as below:

- Insurance agent means an agent, who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business including business relating to the continuance, renewal or revival of policies of insurance.
- Corporate agent means any person specified and licensed to act as such. These include a firm, a banking company, co-operative society, panchayat or local authority, an NGO, or any other organisation as may be approved by IRDA.
- Insurance broker means a person who for remuneration arranges insurance contracts with insurance companies on behalf of his clients.
- Third Party Administrator means an entity, who is engaged for a fee by an

insurance company for the provision of health services.

- Micro insurance agent means a Non-Government Organisation (NGO), Self-Help Group, or a Micro-Finance Institution who is appointed by an insurer to act as a micro-insurance agent for distribution of micro insurance products.

It is well accepted that in India, insurable risks are sadly almost universally uninsured and/or underinsured. Insurers have onerous duties in the area of product development, underwriting, maintaining solvency and various service parameters in carrying the risks of the consumer. Therefore it is only natural that the model of direct marketing is well supplemented, if not replaced by an intermediary system that dramatically adds value to the customer, the insurer, to the industry and the society. Insurance is such a complex subject that IRDA has brought in concepts that are well suited to the consumer and country's requirements. These include:

- Though agents have traditionally been active in the market, the provision for their training and capacity building was a much needed innovation in our market, as advice and guidance to the insured had been poor and often misleading.
- Institutional agents have been introduced through the corporate agency concept as they have already considerable relationship with swathes of large uninsured but potential consumers. As many as ten different types of organisations have been named in the regulations, and the Authority can enroll others as well if satisfied as to their bonafides.
- Bancassurance has been the biggest beneficiary of the opening up of institutions as intermediaries. This is a rapidly developing concept of great promise in a new financial world of convergence and technological innovations, where consumers seek a one stop shop for all their financial requirements. The role of bancassurance in rapidly scaling up insurance penetration can be dramatic in India provided banks do not merely see it as a short cut to adding to their fee based income, but as a value addition and a security both to their customers and their lending activities.
- Another innovation is the restoration of the broker concept to direct insurance business. This greatly alters the balance in favour of the customer as the broker is to represent the customer and choose for the customer the best product and terms from the best insurer in the market.
- By being the first regulator to notify the micro insurance regulations, the IRDA has brought in the innovation of the micro-insurance agent which allows new institutional initiatives through Microfinance Institutions (MFIs), Non-governmental Organisations (NGOs) and Self Help Groups (SHGs) to offer insurance services for the poor by tying up with willing insurers.
- Finally, a new intermediary channel called Third Party Administrators (TPAs) has been introduced to service health claims on behalf of insurers, tie up with hospitals to provide cashless settlement of claims to the insured patient so that out of pocket payment which is quite inequitable to those not having sufficient cash flows to pay high hospital bills can be facilitated. They are to offer a range of new services by which the experience of health insurance is to be taken to new heights through call centre and other assistance services, pre-authorization of treatment and so on, to add value to the insured and also help the insurer in claims monitoring, cost control and cost reduction.

Insurance is such a complex subject that IRDA has brought in concepts that are well suited to the consumer and country's requirements.

Every intermediary has been required to follow a code of conduct in the respective regulations. Further, necessary qualifications and minimum training have been prescribed, all with the intention that consumers are advised properly and treated fairly. Thus the innovations in the intermediary area give customers a two level opportunity to receive value and service, and for the industry a two level manifestation of concern for the customer.

The concern for customer value through intermediaries has continued to be a matter of importance for the Regulator, and a number of Committees were formed and guidelines issued to address various issues thrown up. These include:

- A.C.Mukherjee Committee Report 2003, to examine the remuneration system for Insurance Brokers, Agents etc. in general insurance business.
- IRDA Guidelines on Licensing of Corporate Agents, 14th July 2005.
- G.K.Raman Committee Report, November, 2006 on Brokers and Broker related issues.
- Guidelines on Insurance and Reinsurance of General Insurance Risks dated 15th September 2006 to set rules of conduct for both insurers and brokers.
- N.M.Govardhan Committee Report on Distribution Channels.
- Report of the IRDA Committee to Evaluate the Performance of Third Party Administrators (Health Services), April 2009.

Radical changes have thus been brought into the Indian insurance market with great foresight and vision so as to meet the challenge of covering a billion people for the many contingencies that they may face in their lives. It is hoped that insurers and intermediaries will seize the opportunities thrown up to convert our underinsured economy into a developed, full fledged insurance economy.

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Creating Multi-pronged Strategies

In Tune with Innovations and Developments

PARESH PARASNIS WRITES THAT THE INTRODUCTION OF INSTITUTIONAL DISTRIBUTION CHANNELS HAS BROUGHT IN A FRESH FLAVOUR TO THE WAY INSURANCE IS MARKETED.

The phenomenal development in the life insurance industry is clearly visible as evidenced by the increased penetration of life insurance (as a proportion of the Gross Domestic Product) from 2.15% from 2001 to 4% by year 2008. The expectations, set out by the Malhotra Committee and subsequently accepted by Parliament, were focused on deepening the penetration of life insurance and introducing innovative practices in the Indian market. In hindsight, it is generally accepted that the industry rose to the challenge and has exceeded expectations all round.

The New Business premiums have grown at the compounded annual growth rate (CAGR) of 41% and the total premium growth has been around 28% for the period 2001-2007. This growth has been possible due to a few key drivers. I have attempted to cover the major trends in the rest of this article.

The Spread and Depth of Distribution Channels

Over the past 8 years, the branch network for the life insurance industry has grown from 2,199 in 2001 to 8,913 as of March 2008; with more than 70% of the offices catering to "C" class and less than "C" class locations.

From a single channel industry viz. the individual tied agent, the industry has embraced a few well established channels and continues to experiment with a few more. The evolution of bancassurance, corporate agents and brokers was driven by the desire of these players to meet all financial needs for their existing customers and a timely development of the regulatory framework. Some of the other channels – direct sales models, tele-marketing, mall assurance, teleassurance, on-line selling – are, I would say, still in their formative stages.

Channel strategies have played a key role in the expanding footprint of the life insurance industry. The contribution from channels, other than the tied agent, is noteworthy specially for the private sector. This is quite evident from the statistics for the industry shared by the IRDA in its Annual Report for 2007-08. The changes being considered by an IRDA Committee on the possible role of banks could lead to the next major change in the industry landscape.

NUMBER OF LIFE INSURANCE OFFICES
(As on 31st March)

	2008	2007	2006	2005	2004	2003	2002	2001
Private Sector	6391	3072	1645	804	416	254	116	13
LIC	2522	2301	2220	2197	2196	2191	2190	2186
Total number of offices	**8913**	**5373**	**3865**	**3001**	**2612**	**2445**	**2306**	**2199**

A Focus on improving the sales and advisory process

To my mind, the move (albeit not yet complete) from a product push model to a needs based sales model has been the outcome of increased competition. Starting with basic qualification requirements for agents being put into place, the increased awareness amongst customers has meant a more scientific analysis of individual risk appetite and financial needs.

The entry of institutional distributors with an existing customer base, led to a better segmentation of customers. This, in turn, has driven a sales process that is in tune with customer expectations and in line with the product design e.g. an OTC product for a mass banking customer with minimal advice contrasted with a full underwriting advice driven product for a private banking client.

INDIVIDUAL NEW BUSINESS PREMIUM OF LIFE INSURERS FOR 2007-08 CHANNEL-WISE (in %)							
Life Insurer	Individual Agents	Corporate Agents		Brokers Selling	Direct	Total	Referrals
		Banks	Others**				
Private Total	59.81	18.89	11.03	1.5	8.78	100	7.79
Lic#	98.36	1.3	0.29	0.05	-	100	-
Industry Total	**83.75**	**7.97**	**4.36**	**0.6**	**3.33**	**100**	**2.95**

*Any entity other than banks but licensed as a corporate agent.
#Does not include its overseas new business premium.

Note: 1) New business premium includes first year premium and single premium.
2) The leads obtained through referral arrangements have been included in the respective channels.

Another area where the industry is currently making significant inroads is in catering to the rural and social sectors of the Indian market. Working with NGOs to deliver life cover has largely been possible due to the use of the "group policy" route to minimise the level of documentation and simplifying the product to eliminate complicated sales processes.

Customer friendly Product design & strategies

The changes in product design and strategies since the opening up in 2000 have been discussed at great length at every opportunity. I am, hence, not planning to spend too much time on this aspect. Suffice to say, the acceptability of unit linked products, unbundling of products through rider benefits, standalone health insurance plans, the development of the personal pension market, Over-The-Counter bancassurance products – are some examples of this phenomenon. Improvement in mortality rates over the last ten years has also added a lot of spice to the protection market. The biggest beneficiary of this change has been the customer, who today has access to products for every life stage and on a structure that meets her risk appetite.

Development of servicing capability through the use of technology

For an industry that services more than 290 million policyholders, servicing policy-holder requirements has to be a key focus area. A big contribution to this change has come from the leading player, which has reinvented itself to remain competitively aggressive in the changed environment.

In addition to traditional channels, technology has opened up new vistas for policyholder servicing – right from the prospecting stage to receiving a proposal to settling a claim – the industry has invested in technology and processes to deliver a seamless experience to the policyholders. Use of technology at these different stages – workflow and imaging, mobile and handheld technology, capabilities of the internet, CRM and call centre technology – have helped manage the scale and geographical spread of the business quite efficiently. This has effectively meant that the customer decides where she wishes to be serviced at a time of her choosing.

Challenges will, however, continue to face the industry especially when it comes to servicing of policyholders in the semi urban and rural markets, which still suffer from infrastructural challenges. We have, in the recent past, witnessed pilots being launched by life insurance companies for these markets, at times, in cooperation with government agencies and NGOs. This would be of prime importance in achieving the long term objective of deepening penetration to hitherto unexplored markets.

The grievance redressal mechanism has undergone a substantial change over the last few years. Driven by the desire to retain and service existing customers, companies have invested in ensuring that customer grievances are addressed to the satisfaction of customers. Companies have also used this feedback to go back to the drawing board in, either improving product design or improving internal process delivery. The regulatory framework, starting with the regulations governing policyholder protection, has played a large part in this evolution.

Increasing customer awareness

Low levels of financial literacy have hampered the adoption of financial savings in the past. The insurance industry has played a stellar role in improving awareness of long term financial planning amongst potential customers. This has taken place through innovative use of various media, internet and on the ground initiatives. I believe, we today see a change in customer perspective from "Am I insured?" to "Am I insured enough?"

The need to plan for various life stage events – education, marriage, housing, retirement – and the role that life insurance can play in meeting that eventuality, is certainly far better than was the case ten years ago.

More, of course, needs to be done. The IRDA and the life insurance industry need to work together to improve awareness about the importance of long term financial planning. The "age dividend" that India benefits from should be tapped into to ensure a secure financial future for its citizens.

Regulatory Reforms

The passage of the IRDA Act at the turn of the last century was a turning point in paving the way for regulatory reforms in the insurance sector. In last 10 years, the regulator has played a key role in supporting innovation and development in the life insurance industry. The regulations pertaining to distribution – agents' licensing, corporate agency, referrals and brokers - and the requirement for rural and social obligations have spurred the development of robust distribution model to reach out and insure the masses.

The protection of policyholder regulations has played a significant role in protecting and being responsive to policyholders' needs. It has helped in bringing transparency to the entire interactions between insurers and insured in the sales process, documentation (especially the benefit illustration) and communications to customers, service levels, grievance addressal etc. The thriving institution of the Ombudsman is ensuring that the rule of the law is protected in grievance cases.

The Unit linked guidelines have ensured that a fair level of insurance coverage is maintained at all times and adequate disclosures are made to facilitate informed decisions by the policyholder. The recent regulation capping charges levied on unit linked policies is effectively driving the focus of the industry in offering better value for customers. Life insurance is a long term protection tool and more can be done to propagate and improve the level of awareness.

However a key concern remains

Insurance is a long term business and taking a report card after nine years of liberalization may be too early to draw inferences on success of new initiatives brought by the industry. However, it is always useful to review key trends to ensure that we are on the right track.

One of the key parameters is how many of the policyholders continue with the services of the life insurance company. In insurance, the retention of customers is all the more important due to long term nature of business. The industry is still struggling to find the right answer in ensuring customer retention. This is also borne out by some analysis of premium figures at an industry level.

The New Business Premium collected by the private sector companies in the first 6 years of operations was approximately Rs.30,000 crores. The renewal premium for private players for the seventh year, however, was only Rs.17,845 crores. An amount of approximately Rs.12,000 crores has leaked out of the life insurance industry where the customers have exited without reaping the benefit of a long term policy.

Being a long term business with a focus on providing long term financial solution to customers, this leakage is concerning. With consolidation of business being the mantra for most of the players, the objective should be to make use of the innovations implemented over the years as well as look at some further options to retain the customer – this can only happen when the industry continues to provide value to the customer. At the end of the day, the success of developments and innovations will depend on perceived value provided to the customer and measured by customers continuing with their policy and coming back to the industry to fulfill further financial needs.

Way forward

Going forward, the opportunity for innovation will continue, especially where the industry needs to reach out to the mass under-insured population, particularly in rural areas. The huge opportunity to provide for health insurance and retirement planning solutions beckons the industry – where improving customer education and awareness would be key. While there are challenges and risks, insurers would have to adopt solutions and approaches tailored to the peculiar circumstances of the Indian market.

In a fast changing and increasingly more competitive world, all players are searching for achieving sustainable competitive advantages. However, increasingly all of us will find that this search will lead not towards increasingly hi-tech solutions but instead towards the soft side of business – values and culture.

Insurers have an enormous responsibility to build a management style that is grounded in ethical practices; that is quick to promote an active customer focused strategy and is in tune with the environment in which it operates. In the long run, this approach makes business sense as customers are likely to be much more discriminating in a world of information and transparency and are likely to gravitate to those institutions that have an impeccable standing and who hold themselves responsible to robust governance standards.

Note: I would like to acknowledge the contribution from my colleague R Chandrasekhar, Executive Vice President in putting this article together.

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Innovative Trends in Health Insurance

A Journey Through the Decade

KGPL RAMADEVI AND NIMISHA SRIVASTAVA ASSERT THAT SEVERAL INNOVATIONS IN THE DOMAIN OF HEALTH INSURANCE HAVE CATAPULTED THE CLASS INTO ITS PRESENT POSITION. THEY HASTEN TO ADD THAT THERE IS HOWEVER SCOPE FOR A LOT MORE.

Introduction

Health Insurance is one of the mechanisms for financing healthcare requirements, based on pooling of risks at a certain price enabling purchasing of healthcare efficiently. Given ballooning healthcare costs and increasingly demanding consumers; providing high-quality, accessible and financially sustainable health care to the population is a very challenging task for any government. The origin of the first healthcare insurance plans can be traced back to the late seventeenth century, when it was first proposed by Hugh the Elder Chamberlen from the Peter Chamberlen family. During the middle to late 20th century, traditional disability insurance available for the previous few decades gradually evolved into modern health insurance programs. Today, comprehensive health insurance programs are available in many countries which cover the cost of routine, preventive, and emergency healthcare procedures, and most prescription drugs and diagnostics.

> **Nobody intentionally wants to fall sick or remain unhealthy, availability of health insurance does bring about an element of moral hazard due to over-production or over-consumption of health services.**

While nobody intentionally wants to fall sick or remain unhealthy, availability of health insurance does bring about an element of moral hazard due to over-production or over-consumption of health services. With increasing life expectancy and high income levels, demand for and expectations of healthcare services and the cost of meeting them are rising all the time across advanced nations. Further, healthcare is unique in being a supply driven market, where the healthcare providers can also potentially induce demand. The resultant effect is that many of the developed nations are increasingly strained due to spiraling charges of the providers and its consequent impact on health insurance costs. The impact of the healthcare policy is so much that it is making or breaking the fortunes of the politicians and is becoming one of the important items on the agenda for placing before the electorate.

In India, health insurance is just coming out of its infancy and slowly becoming indispensable for financing healthcare expenses. While some social health insurance programmes such as Employees State Insurance Scheme, Central Governement Health Scheme and similar Employer-Employee oriented group health insurance schemes were prevalent in the country, the concept of Health insurance for the public was first introduced as a standardized product in the market by the brand name "Mediclaim" in 1986 by the subsidiaries of General Insurance Corporation of India. The product was an in-patient hospitalization expenses reimbursement cover with common exclusions, conditions and pricing across the industry. Even today, the term health insurance has become synonymous with 'Mediclaim'

New vistas unfolded

Even the Malhotra Committee's report commented that a revamp of Mediclaim policies is needed to make them work in

Insurers are now introducing innovative health insurance covers in the market, both as standalone products and as part of packaged health products.

practice and the insurance industry should urgently address this issue.

After opening up of the insurance industry and formation of IRDA, the Authority has brought out a prominent developmental agenda for health insurance; and for the first time, Health Insurance business was defined in IRDA (Registration of Indian Insurance Companies) Regulations, 2000 and it is indicated therein that the Authority will give preference in grant of certificate of registration to those applicants who propose to carry on the business of providing health covers to individuals or groups. Further, in the year 2001, Third Party Administrators were introduced into the market for facilitating health services on cashless basis for in-patient hospitalization which included issuance of identity cards, entering into tie ups with the hospitals along with settlement of the claims. In an attempt to gain entry into the market, the new insurance players have also entered into tie-ups with various banks and corporate agents and started offering health insurance which was initially more or less modeled on the Mediclaim insurance offered by the public sector general insurance companies.

Based on the feedback and grievances received on Health insurance and in order to maximize the value offered by way of Health insurance, the Authority had set up a National Health Insurance Working group in 2003, which provided a platform for various stakeholders of the health insurance industry to work together and suggest solutions. Subsequently, between 2003 and 2006, sub-groups of this working group looked into the requirements for standardized data on Health insurance, ICD coding, areas of registration of stand-alone health insurance companies and to suggest innovations in health insurance products. The Health Data Format group (2007-08) revised the standard data submission formats for collecting data electronically for the health data repository at the TAC which were mandated for all general insurers in Nov 2008. By now, the repository has over 100 million records on health insurance policies, members and claims, which can be used for effective health insurance underwriting. The Authority has taken a pro-active approach and it has involved all the stake holders in finding acceptable solutions to those problems which were a cause of concern, from the angle of policyholders' protection. The efforts resulted in the General Insurance Council arriving at a standard definition of pre-existing diseases, which had been a cause of concern for repudiation of majority of claims. IRDA's measures initiated towards renewability of health insurance, adequate disclosures to the policyholders and availability of health insurance to the Senior Citizens with entry being possible upto the age of 65 years have, in the recent past, been widely appreciated.

In terms of growth, no body could have imagined that the health insurance premium would grow from a meager amount of Rs.380 crores in 1999-00 to Rs.6625 crores recorded for FY 2008-09; from being predominantly dominated by a single product i.e. Mediclaim marketed by the four non-life insurers, to more than 300 health insurance products that are offered by over 30 insurance companies, both general and life; in less than a decade.

Discovery & new dimensions

Insurers are now introducing innovative health insurance covers in the market, both as standalone products and as part of packaged health products. The inclusion of pre-existing diseases after a waiting period not exceeding 48 months is a similar, innovative and industry-wide initiative. From coverage point of view, the insurers are now offering a wide variety of comprehensive products including expansion of the standard hospitalization policy. E.g. Listing of day care procedures which do not require 24-hour hospitalization which has not only enhanced the coverage, but also facilitated to minimize the costs towards unnecessary overnight stay in the hospitals. Similarly, the expenses towards organ trans-plantation as well as the treatment for the donor, external medical aids, are also being offered under coverage, which were otherwise considered exclusions. Even the maternity cover, which was earlier not available in the case of individual health insurance policies, is now being offered after a certain waiting period.

Increasingly, health insurance policies now offer fixed benefit products like daily hospital cash benefit – which is a fixed allowance to cover incidental costs at a nominal premium and is unlinked to expenditure actually incurred. Policyholder can opt for the allowance based on his needs, with policies available already offering a wide range from Rs.100 to Rs.5000 per day. Initiatives such as linking of sub-limits against sum insured, co-payments and compulsory and voluntary deductibles are not only means of cost effectiveness, but also minimize the moral hazard elements, thereby containing claim costs and help keep premium costs in check. Comprehensive coverage for disease management such as products for Diabetes are already into the market. Apart from the above, a number of high deductible products have also been introduced wherein coverage starts when expenses incurred by the policyholder exceeds the specified limit. This specifically addresses already insured segment (including those covered by employers) who find their present insurance policies inadequate to cover all of their medical expenses. Recent clarifications on CGHS beneficiaries also mean that they can get benefited if they have additional health insurance in addition to their entitlements in CGHS, subject to the total not exceeding the total expenditure incurred.

Critical Illness benefit is another regular element appearing in most of the comprehensive health policies, and with the recent attempts at standardization of nomenclature and definitions of critical illness products, this area may see greater activity too. Treatment of major diseases like cancer, heart problems etc. is very costly; and many expenses may not be covered by hospital indemnity policies. Critical Illness policies pay a lump sum amount on the diagnosis of any of specified critical illness, and both life and non-life insurers offer critical illness benefit either as standalone products or as riders to policies or as a component of a packaged health insurance product.

Gradually, health insurers are also offering OPD coverage in a limited way. Features like e-opinion or second opinion, telemedicine treatment are also increasingly becoming regular feature of comprehensive policies.

Products & Pricing: There are a number of health insurance policies available in the market which have been more publicized after the advent of the private insurance players. The products of additional prominence introduced into the market include Critical Illness or Dreaded Disease Cover (explained earlier in detail); Hospital Daily Cash cover to take care of incidental costs and non-admissible expenses; and Specific Disease cover for Cancer, HIV, and Diabetes in addition to standard in-patient hospitalisation insurance etc., both on indemnity as well as on benefit basis. Detariffing of general insurance industry in 2007 gave the much required fillip to health insurance and other personal lines of business. The falling rates and decreasing margins in de-tariffed lines has forced the insurers to turn around for alternative business expansion options and the untapped health insurance market has emerged as the most potential area for expanding retail health insurance business, resulting in over 110% growth in the first two years after de-tariffing. Insurers are increasingly experimenting with product features (like linking limits for room rent to sum insured, waiting periods, opting for co-payments etc,) and are enriching the market with innovative products by packing preventive care and out patient expenses cover into health insurance thereby providing comprehensive health protection. Of late, the life insurance companies have also started offering health insurance, also by way of stand alone health insurance policies without any life cover. For most of the buyers, hospital indemnity continues to be the commonest product purchased.

Over the years, the insurance companies are learning to overcome the effect of cross-subsidizing of health insurance with the other lines of corporate business; and controlling the spiraling healthcare costs.

The underwriting of Health insurance depends on whether the proposer is an individual or a group. While age, medical history, employment and stability, type of occupation, hobbies and income/social environment are some factors for assessment for an individual, the basis of underwriting of the group are the type of group, past claims experience, nature of claims, employee turnover, financial stability and nature of activities etc.

Over the years, the insurance companies are learning to overcome the effect of cross-subsidizing of health insurance with the other lines of corporate business; and controlling the spiraling healthcare costs. While the insurers have to blame themselves for indiscriminate low pricing of group insurance despite adverse past claim experience in an attempt to grab the market, resulting in high losses in health insurance business; now, all insurers do agree that the market has reached a point of saturation against poaching for business, and time has come when it is impossible to further subsidize the pricing to please the corporate customers. Attempts are being made to deal with the menace of such adverse selection by proper pricing to be commensurate with the relative risk loss, underwriting selection and policy design.

Towards creating sustaining healthcare insurance systems

PWC's Health Cast Report 2020 has impressed upon the pivotal role of the health insurance that has to be played towards creating sustainable healthcare systems. In its report, it has mentioned that there is global pressure for change and the need to determine what care or benefits are basic to public health and structure an insurance system for the rest. In the last few years, health insurance industry of India has seen remarkable growth. The health insurance premiums have more than doubled in just two years from Rs.3209 crores in 2006-07 to Rs.6625 crores in 2007-08. There are a host of health insurance policies offered by more than 30 insurers available today to choose from.

One of the factors driving growth perhaps is the increasing awareness of health insurance, especially in formal sector or employed group. It is no longer uncommon for an Indian employee to expect that healthcare will be part of an employment package. Rising healthcare costs and expensive technological advancement in healthcare have also encouraged people to consider health insurance as a financial tool to cope with health related expenditure, unforeseen as well as expected.

Government initiatives have also explored health insurance system for making healthcare available to low income and below poverty line segment of population. In 2004, Universal Health Insurance Scheme (UHIS) was introduced to cover BPL families. The scheme could only get mediocre success due to low enrolment and unwilling implementation of the scheme by insurers. In 2008, Central government introduced Rashtriya Swasthya Bima Yojana (RSBY) aimed at making cashless healthcare available to BPL families through insurance mechanism. Target of RSBY is to cover 60 million BPL families in 600 districts of the country by 2012-13. Beneficiaries are offered a Smart Card which enables them to avail cashless treatments in networked hospitals across the country. Another large government insurance scheme is the Rajiv Aarogyasri Scheme, implemented in Andhra Pradesh in phases starting from 1st April 2007, which now covers over 18 million households and is thus the single largest health insurance scheme in the country in terms of number of people covered.

Earlier, senior citizens did not have too many options or avenues in health insurance. However, with the initiatives of the industry and the regulator, there are now over 30 products with maximum age at entry up to 65 years, in addition to six specific senior citizens products which allow entry and coverage for still higher age groups. The availability of such

The onus of disclosures with regard to the risks covered lies with the policyholder; the responsibility with regard to educating the policyholder on the nature of coverage, conditions and exclusions offered through insurance lies with the insurer.

products for senior citizens, the recently announced additional tax benefit for purchasing policies for parents and a recent circular from IRDA on Senior Citizen Health Insurance are bringing about a paradigm shift in the accessibility of health insurance for senior citizens.

Still, there is a gap which can be filled by having more Long term Health insurance products catering to the requirements of geriatric health management after attaining the age of 65, for which they can start savings from the age of 25 itself. It is not beyond imagination to have Unit Linked Health Insurance products with maturity after attaining the age of 65 years, in which the saving component of the present generation will take care of their future health care needs, which can be effectively used to meet the deductible expenses against purchasing a high deductible Health insurance cover at that age.

Consumer Awareness

Recent court rulings on matters pertaining to renewability and continued consumer grievances on issues like pre-existing diseases point to the fact that there is need to create more awareness with regard to adequate disclosures, coverage and exclusions on both the parties i.e. insurer as well as the policyholder. Thus, while the onus of disclosures with regard to the risks covered lies with the policyholder; the responsibility with regard to educating the policyholder on the nature of coverage, conditions and exclusions offered through insurance lies with the insurer.

In an attempt to streamline the procedures and to plug the existing gaps in health insurance practices, multi-stakeholder groups were formed involving industry chambers like CII and FICCI in collaboration with IRDA; and they have been working together to identify the requirements for standardization of data in health insurance and to suggest innovations in health insurance products. FICCI group released their report on health insurance in July 2009. The report includes (i) Standard Treatment Guidelines for 21 common causes of hospitalization, (ii) Standard definitions of critical illness, and (iii) Standard list of excluded expenses. All these documents are innovative outcomes to minimize ambiguities of understanding between the patients, insurers, TPAs and healthcare providers. More recently, in Aug 2009, the CII working groups have also disseminated their recommendations for standardization of important documents in health insurance systems, like pre-authorization form and claim form.

There is scope for lot of innovation towards designing sustainable solutions for versatile needs of Indian masses and there is need for capacity building to develop adequate expertise within the system for underwriting, claim assessment and product designing.

Way Forward

Despite the growth and focused efforts across the health insurance eco-system, insurance still is a small component of the overall health financing system and pays less than one tenth of all hospitalization expenditure in the country. The challenge for the industry and the government is to ensure orderly development of health insurance without inducing inflation in medical care costs and to make healthcare more accessible for all.

Even with multifold increase in volumes of the general insurance and health insurance premiums by more than ten times in a span of eight years, the growth level of insurance penetration and density in General Insurance remains very low. Therefore, customer education on risk management and insurance requirements should become integrated components of the training material for the marketing force; and they should be imparted with the skills and should be incentivized enough so that requirement of reaching the targeted segment is accomplished.

Yet another innovation in the Indian context is the data repository on health insurance which now has a wealth of data on insurance policies, members and claims. With the increasing availability of data, insurers will have the ability to design more innovative solutions for the needs of the country. Hopefully, we should soon have health insurance products which adequately address most of the needs of the diverse requirements of the potential users of health insurance in the country; and which make health insurance much more widely available, accessible and acceptable.

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PREMINA - An Insurance-based Welfare Model

For the Rural Populace

N. BASU WRITES THAT THERE IS NEED FOR A FORWARD-THINKING MODEL, EVEN IF IT SOUNDS RADICAL, FOR THE UPLIFTMENT OF THE POVERTY-RIDDEN RURAL MASSES.

A Synopsis

This paper outlines an insurance based welfare scheme for the rural populace. It describes how the Panchayats can partner the insurance industry in servicing the clients. It is proposed that the State, i.e. the Government of India (GoI), shall facilitate this partnership and shall ensure that future needs are met.

The Background Needs & the Envisaged Scope

60 - 70% of our people, say, 600 million of them, in 120 million families, live in the villages. They form the bulk of the country's poor. They need to be lifted out of their poverty and their well being assured. The nation's progress will be measured by how well these goals are achieved.

The GoI has launched the ambitious National Rural Work Guarantee Scheme. The Scheme guarantees a minimum of 100 days of remunerative work per family per year. The Bharat Nirman initiative of national reconstruction shall provide the employment opportunities. All re-construction work needs an incubation period – to design, to plan, to coordinate, to obtain approval, to put a management in place, to procure and arrange logistics of men and material. This period of wait can be long or short depending upon the preparedness and the initiatives at the local levels. All waitings are always too long for those who live on the margins of existence.

> To bring all these families within the fold of the scheme can prove to be too big a task for it. The industry will need help over and above their own resources.

The insurance driven welfare scheme proposed is to provide a minimum of welfare and security to each of the 120 million families — to complement the National Work Guarantee Scheme. None shall be driven to the edges of despair. The premium shall be affordable to all. Families unable to pay shall be subsidised. The 120 million are spread over a vast country and many are difficult to reach. The insurance industry has the widest spread. Yet to bring all these families within the fold of the scheme can prove to be too big a task for it. The industry will need help over and above their own resources. It is proposed that the Panchayats assume active roles in the management of the scheme and in servicing of the welfare policies.

The GoI shall facilitate the insurance industry – panchayat cooperation and shall provide sufficient fiscal compensations to the insurance industry as well as to the panchayats. Most importantly, it shall cause a capital fund to be set up and make substantial contributions in it. The fund shall ensure that the needs of the future years are met.

The welfare package proposed covers the basic needs of all families. It is at the bottom of a stack. The insurance industry shall devise additional policy covers to meet new demands as these arise and the people's prosperity grows. The proposed scheme shall be open ended for the future. In partnering the insurance industry, the panchayats will grow in stature. They will be empowered. Their roles as the guardians of their electorates will be vindicated. A primary requirement is of course that duly elected and functioning panchayats are established in all the province states.

Addressing poverty

Poverty is widespread in the rural areas. It manifests in many ways and afflicts the majority in varying degrees. It defies gradation or categorisation. Any means to combat poverty therefore needs to ensure that it:

- ***Has Comprehensive Reach*** to include each and every member of the target population however diverse they may be in ethnicity, in the developmental levels, in the resources they possess, in the traditions that sustain them, and irrespective of the geographical spread of their abodes in this vast land. In other words, there shall not be any 'eligibility' criteria within the target populace.
- ***Embraces Comprehensive goals***. The poor suffer from lack of means. But they suffer as well when they are unable to care for their sick and infirm. They suffer when they cannot help their young with their education. A programme that aims to redress the poor to be meaningful has to address these issues as well.
- ***Embodies A Unified Approach*** and engineered with unifom mechanisms well insulated against the political diversities and the bureaucratic inclinations at the provinces. For its success, it shall not depend upon the developmental level in a local society or upon the available infrastructures.
- ***Is Responsive & Affordable***. Most schemes, the National Work Guarantee Programme included, are said to suffer from sluggish responses to the people's need. Over time, they lose faith. This must not happen. The programme shall be devised to respond with alacrirty. It must also be affordable to the target population.
- ***Evolves with Time*** in tune with the changing (economic) conditions of the people and with the rise in new expectations amongst them.

The insurance industry shall devise additional policy covers to meet new demands as these arise and the people's prosperity grows.

PREMINA — A Solution Model for the Rural Populace

This paper presents the welfare model PREMINA, the name signifying poverty removal on insurance assistance. It is designed for the rural populace of the country. A cursory analysis will show that the model stands well against the above strategic requirements. The key elements in this programme are:

- A 'welfare package' that provides the basic securities that a family needs to live a life in dignity and without fear of an uncertain tomorrow.
- A group insurance scheme that underpins the 'welfare package'.

Why Only the Rural Populace?

The urban poor have no identity. They are forever on the move, from cities to cities, moving from one occupation to another, changing their places of living wherever opportune. They do not belong to a place or to a group, in the slums or in the shanties where they dwell they are not counted nor are they accounted for.

The rural populace however has a place where it belongs, where its life plays out in joy or in sorrow, amongst neighbours, friends and foes; where the traditions live, where time may seem to have stood still yet life remains vibrant. Blessed was that day when the panchayats were created. The rural populace is no longer a faceless mass but uniquely identifiable as groups in their respective panchayats.

Group insurance requires that clients be identified as groups.

Why Group Insurance?

- The underlying principle in Group insurance emphasises the solidarity and the collective strength of a group in achieving a common goal.
- The rural populace have been sharing a common destiny — down through the ages.
- Group insurances give the benefits at the cheapest cost to the customer.
- Everybody pays the same. Benefits, small or big, are the same for all as well.

The Welfare Package

The welfare package proposed consists of the following insurance covers:

- A policy that guarantees a minimum income for a family.

- A policy that provides for basic medicare and hospitalisation costs.
- A policy providing death and disability benefits.
- A policy that contributes a sum to each minor towards post-school education/ training.

For each family, the four policies shall be viewed together as a virtual single policy with a single premium which is suggested to be Rs.2,400 per year payable quarterly.

Who are Eligible for the Welfare Package?

Each and every family, rich, not-so-rich, poor and the very poor, will be eligible for this insurance cover provided they reside in a panchayat.

The Family

A family shall be defined as an adult with dependents and resident in a panchayat. Two or more families can reside under the same roof. None shall be 'bonded' to another family.

> The panchayats shall service the product and the clients. The NGOs shall support the panchayats in management and control.

The Main Players in PREMINA

The insurance companies shall provide and administer the product. The panchayats shall service the product and the clients. The NGOs shall support the panchayats in management and control. The Government of India shall facilitate wherever and however needed.

The Policies and the Benefits

The benefits shall be same for all policy holders. To be recipient of the benefits, each family will be induced to apply for and be in the possession of the 'welfare package'. (The modalities of the benefits from each policy need to be assessed in a wider forum. The following are suggested as indicative).

- The policy that guarantees a minimum income for the family: Gross : Rs.26,400 per year.

  (Net : Rs.24,000 per year + Rs.2,400 for yearly policy premium)
- The policy that provides for basic medicare and hospitalisation costs: Rs.600 per year towards the costs of medicines; Rs.400 per year for visiting doctors; and Rs.5,000 per year towards the cost of hospitalisation.
- The policy that provides for death and disability benefits (for the family head): Rs.50,000 lumpsum if death occurs at the age <= 40 yrs. reducing progressively to 0 at the age of 60; and

  Rs.150,000 lumpsum if 100% invalid at the age <= 40 yrs. reducing progressively to 0 at the age of 60 (amount reduced for partial disability : modality to be decided)
- The policy that contributes a sum to each minor towards post-schoolfinal education/training (for each minor in the age between 16 and 18); Rs.50 per month on attaining the age of 16 until 18 if living at home; and Rs.150 per month if living away from home.

When Does the Policy Come Into Force?

Immediately after the payment of the first quarterly premium of Rs.600, the family will be given the policy holder status. There may exist some families who are so destitute that they are unable to pay this sum. The panchayat shall advance this sum on behalf of those families. It is imperative that they are brought under the umbrella of the scheme at the earliest.

Paying Out of the Benefits

The servicing agency shall mete out the benefits for each category within a short but a fixed timeframe. The periods shall be matter of days — not weeks or months. When loss of income has occured, vouchers to purchase immediate neccessities shall be issued pending settling of the income support claims. From this the voucher amounts shall be deducted.

The benefits shall be scaled in accordance with the length of time a family has held the policy. It is proposed that the benefits for first year shall be 25% of the maximum, 50% in the second year, 75% in the third and in the fourth year, the familly shall be entitled to the full benefits. Even though it is scaled down, the first year income support will amount to Rs.6,000. It equals the amount the National Rural Employment Guarantee Scheme promises as the maximum. In the succeeding years, payouts will substantially increase with PREMINA policies.

The amount needed to sustain the minimum income shall be assessed against all regular incomes and after payment of the premium for the insurance packet. The medicare amounts are proposed to be delivered to each policy holder family in the form of vouchers of different denominations, each imprinted with policy number. The families will be encouraged to save for a rainy day by allowing them to carry over the residue vouchers to the next year. The medical service providers shall accept such vouchers on presentation of the policy holder card which shall contain all the names in the family who are covered by the policy. The patient's name and the policy number shall match. Hospitalisation shall be in a public institution where most of the services are free.

A Beginning of Medicare, but Only A Beginning

On most areas the public services have failed the people but nowhere more so than in providing medicare services to the poor. This matter will be the subject of the Part II of this series of papers. In the shorter term, those who can afford will draw supplementary policies to cover the additional costs needed for medicare in private institutions. With increasing well being, more people will take this route.

Obligations of the Stake Holders

- Stake holders are the families, the insurance companies and the panchayats
- Each earning member in the family if unemployed shall be duty bound to seek work
- Panchayats and the insurance companies together shall provide all assistance to those seeking employment; within the National Rural Work Guarantee Scheme, if possible, or outside of it.

The Panchayats to Service the Clients

PREMINA envisages insurance based welfare coverage for a rural populace of roughly 600 million or about 120 million families living in villages spread over the length and the breadth of the country often with sparse communication links. In them reside a multitude of ethnic groups with different religions, conflicting castes and with distinct traditions and values that fashion their respective lives.

The people in the partnership are to be given the necessary training in the role that they are expected to perform.

Should the insurance industry follow their standard mode of operation, the recruiting and training of sufficient number of field staff will prove insurmountable and will render the proposal untenable.

The only way to solve this is to involve in this process the prospective clients, in this case, the people themselves. It is therefore suggested that the insurance industry forge a working partnership with them through their panchayats. The panchayats are motivated. They wish to serve their members, bring welfare to their community — by themselves.

They will need help. The mode of working in partnership must be chalked out in detail and agreed to. The procedures must be laid and the ways to smooth out disagreements outlined. The people in the partnership are to be given the necessary training in the role that they are expected to perform.

The panchayats and those who will have their daily work in this must also be properly remunerated.

The Government of India, also referred to as the State, shall facilitate the processes.

The Empowered Panchayats in Their Defining Role

The panchayats gave birth to the dream of a functioning grass root democracy. The dream is yet some way distant. Not all provinces have held panchayati elections. Political parties have made their inmarch, sowed divisive attitudes, destroyed time trusted alliances and broken the bonds of age old loyalities. The sense of a community feeling that lay at the root and which gave shape to the panchayati concept is becoming increasingly dormant. PREMINA can be their rebirth, a tryst with the objectives for which they were created.

Panchayats shall be asked to assume responsibilities for its own members. They will be informed and trained. Responsibilities, information and training are what the panchayats have been waiting for. They will be empowered. Once empowered, people discover their defining roles. It has been demonstrated (most recently by the UK assisted 'PACTS' programme) — it heralds real and sustained development.

Servicing of PREMINA

The insurance companies shall formalise the partnership with the panchayats and together with their selected re-presentatives shall work out the modalities of the services required, of the responsibilities that each shall assume and of the modes of communications. The partnership envisaged in making PREMINA work will be a milestone of a unique process of people – private partnership on shared values and bring with it the promise of a new era of growth.

Training in Partnership, with the NGOs Helping

Having decided upon the modus operandi of the partnership, the next task will be to recruit the neccessary number of people from each panchayat and to impart training to them in the various jobs. In this, the panchayats shall draw upon the resources of the NGOs in their respective areas.

The NGOs shall first learn of the needs and the procedures of the insurance institutions. Thence they will train and impart the knowledge to those selected from the panchayat for the task. It is a tall order but the NGOs, in this new role, will secure for themselves a key position that they may have hitherto been denied. They shall of course be remunerated for their efforts.

PREMINA will bring IT to the Panchayats

PREMINA related services will benefit immensely from IT and will add urgency to its introduction in the panchayats. It is in consonance with the state's desire to spread Information Technology in the rural areas. Additionally, IT can enable spreading of information and knowledge that the rural populace seek. They are aware that herein lie the sources of true empowerment.

> **A multilevel promotional and information dissipation campaign shall be initiated with the assistance of a reputable organisation.**

The State shall Will

Let PREMINA be judged — by the intellectuals for its applicability, by the financial experts for its implications, by the knowledgeables for its technical soundness, by the panchayats for its vision, by the people on the sunny side for its compassion, by the people who are not so fortunate for its promise; and lastly by the political leaders if it will serve their followings with equity. If PREMINA proves to be all that to those who shall judge, then the State shall will it.

Having Willed, The State Shall Facilitate

To be and to grow, PREMINA shall have help. The State, having willed, shall proceed to give shape to its resolve. For the purpose of this paper, as mentioned earlier, the rural populace is assumed to be 600 million in 120 million families averaging 5 members per family. Each and every family is expected to possess the welfare policy.

The State shall negotiate with the public and the private sector institutions to reach at a structure that will at once be broadbased, strong in management, financially and technically innovative and importantly draw the people's trust. All that is needed to arrive at such a structure, the State shall facilitate.

The Obligations of the State

A multilevel promotional and information dissipation campaign shall be initiated with the assistance of a reputable organisation. The cost involved for the same would be modest and should be negotiated with the insurance organisation(s). As far as the human resources are concerned, at a rough estimate, 60 to 70 millions of manhours of training may be needed.

- ***Meeting the Statutory (IRDA) Requirements***

  The requirements, specially those from IRDA have been put in place to safeguard the interests of the policy holders. It is proposed that the State provides indemnity to the insurance organisation(s) against what in a sense are its own demands. To this end, the State shall create a capital fund, in this paper referred to as the PREMINA Fund. For the first six years the insurance organisation(s) shall be allowed to utilise the income from the fund. It shall be tapered down to nil in the next four years, and thereafter the matter shall be reviewed. The State and the insurance organisation(s) shall jointly oversee the fund's activities.

Villages and Habitats Getting a New Lease of Life

Improving the rural infrastructure is the main thrust of the Bharat Nirman initiative. The focus of this paper has been on the rural people, their lives and their future. The Indian soul rests in the villages and in the habitats. There it shines in its perennial glory. Centuries of poverty and neglect have made these wither.

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Sea Piracy Reaches New Dimensions

Need for Extreme Caution

'HIJACKING IS ACTUALLY A LOT EASIER BECAUSE YOU DON'T HAVE TO UNLOAD THE CARGO AT SEA. IT IS ALSO MUCH MORE LUCRATIVE', EXPLAINS DIETER BERG.

The hijacking of the super-tanker Sirius Star off the coast of Somalia in November 2008 has triggered a media frenzy. Clearly, piracy is not a new phenomenon. However, the frequency and scale of recent acts of piracy are a real cause for concern, especially those off the coast of Somalia, currently the most perilous waters in the world.

> When a ship is attacked, the hijackers frequently just lock the crew in the hold and leave them to their fate. If the "rudderless" ship then collides with a tanker, we are talking about losses of enormous proportions, endangering lives and the environment.

A few years ago pirates attacked ships for the petty cash on board or to make off with the ship's cargo. Today, hijacking is the new trend. The ransom demands have increased tenfold in recent years. In the case of the Sirius Star, the hijackers are said to have demanded an eight-figure sum.

Endangering lives, the environment and the economy

Marine insurers and reinsurers view the current events with growing concern. According to the author, the pirates have become more brutal than in the past. They now use rocket launchers, mortars and automatic weapons. They have also started to attack a whole new category of ships. It used to be small cargo ships. Now they gain control of massive ships – like oil or chemical tankers.

Even if piracy only accounts for a very small portion of marine insurance business, the potential perils are enormous. When a ship is attacked, the hijackers frequently just lock the crew in the hold and leave them to their fate. If the "rudderless" ship then collides with a tanker, we are talking about losses of enormous proportions, endangering lives and the environment.

Lines of business affected

The losses attributable to piracy primarily affect Marine Hull, Marine Cargo, and Protection & Indemnity (P&I) insurance. Losses may also be indemnified under loss-of-hire (LoH) insurance. Today, special kidnap and ransom covers are also offered to ship-owners. The coverage concepts on the different insurance markets may be largely the same in principle, but there are significant variations by country and type of policy regarding the definition of insured perils; and in the structure of the terms and conditions. The risk of piracy is frequently listed under special war and strike clauses that also include terrorism risk, i.e. the piracy risk is generally insured in one way or another.

The safe transportation of goods across waters is a vital economic factor in these days of increasing globalisation, with 90 percent of all goods worldwide transported by ship. But it is not just the large trading vessels that are the victims of piracy. Private yachts and passenger vessels have also become targets.

Some ships already avoid the Somali coast, Because the pirates are often advised by former military, police or paramilitary troops and are therefore well trained, you cannot expect a small crew to put up effective resistance. They would just be putting their lives at risk.

the Gulf of Aden and the Suez Canal; but that means they are at sea for longer and their goods become more expensive. Additionally, pirates are now able to extend their reach much further out to sea. This means they have an almost unlimited area to operate in and it makes it much more difficult for the navy to patrol such vast areas. If the pirates step up their activities in the Indian Ocean, this will compound the problem even further.

Lack of government control allows piracy to carry on unchecked

Piracy usually occurs in areas without effective government control or where corruption is rife. There are estimated to be over a thousand pirates operating off the Somali coast. In 2005, there were only 300. There is a very important reason for the rise in numbers: foreign fishing fleets using state-of-the-art methods have pretty much exhausted the fish stocks upon which the locals rely as their main source of income.

The pirates also live in a country that offers a very safe hinterland to retreat into. There is no state order and no police in Somalia. As long as the socio-political situation there remains chaotic, piracy will continue.

Costs are rising but high numbers of cases go unreported

Keeping statistical records of piracy is very difficult. Shipping companies report only a fraction of the actual cases for fear of their ships being impounded for long periods or because they simply do not want to pay the resultant higher insurance premiums. Reliable figures on the economic losses involved are therefore very hard to come by. The International Maritime Bureau (IMB), a department of the International Chamber of Commerce specialising in crime at sea, puts economic losses from piracy in 2007 alone at some €13 billion.

An increasingly important issue is the total ransom payments, which are rising rapidly and range up to an estimated US$ 30 to 60 million in 2008. In addition, the cost for negotiations and the handing over of the ransom payments have to be added. These amounts are considerable but difficult to estimate. There is kidnap and ransom insurance on offer today that can cover these perils.

On the other hand, the real, major worry is about the costs from potential environmental damage. Just take the case of a tanker with 300,000 tonnes of crude oil on board. What if someone dropped a hand grenade on board!

Protection from pirates

A variety of measures are recommended to protect against acts of piracy, mostly defensive tactics. Because the pirates are often advised by former military, police or paramilitary troops and are therefore well trained, you cannot expect a small crew to put up effective resistance. They would just be putting their lives at risk.

For example, there are special sprays that make the deck so slippery that attackers just cannot keep their footing. Another option is the sonic blasters, which emit a deafening sound. This alone can sometimes be enough to send the pirates packing. Some ships also have so-called “panic rooms” where the crew can ensconce themselves in the event of a pirate attack.

Preventive measures and effective pursuit of the pirates and criminal convictions by governments and authorities will only be possible once a clear legal basis is in place. There is clearly an urgent need for action in this respect. The success in combating piracy in the Malacca Straits is testimony to the effectiveness of close cooperation between the coastal states, their police forces and the armed services.

There is serious need for closely monitoring the development of piracy. Further, there is also need for publishing an in-depth analysis of the subject so that the perils are well-understood by the world at large; and measures are taken to keep in check the designs of the pirates.

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Warehouse Risk

Handle with Care

AVINASH SINGARAJU OBSERVES THAT EFFICIENT MANAGEMENT OF A WAREHOUSE IS AN ESSENTIAL PART OF THE OVERALL RISK MANAGEMENT PROCESS FOR A CORPORATE ENTITY; AND NEEDS TO BE PUT ON PAR WITH THE OTHER RISK MANAGEMENT STRATEGIES.

Fire protection is a serious issue that affects the safety as well as the bottom-line for any business establishment. Balancing safety issues with operational issues is rarely a simple task. An overly cautious fire protection design may result in significant loss of storage capacity, high costs, or create ongoing maintenance issues without necessarily reducing the exposure to hazards, while an under designed system could mean loss of life and property.

The last two decades have seen major changes in the way goods are stored and distributed to meet the ever-increasing demands of our consumer-oriented society. Warehousing is big business and margins are often tight, hence the move towards ever bigger units to keep storage and distribution costs low. However, the implication of fire in warehouses has, until recently, been a neglected topic. Besides life safety and property loss, a fire in a giant warehouse can ruin the business and pollute the environment.

> **Warehousing is big business and margins are often tight, hence the move towards ever bigger units to keep storage and distribution costs low.**

Each storage risk should be evaluated based on the commodity that is stored as well as the storage arrangements. Based on these criteria, it is possible to establish whether proper protection is in place. It needs to be borne in mind that protection requirements are very general and can vary from risk to risk.

Large single storey warehouse and distribution buildings are becoming common place. They are often located in areas remote from the local fire service base, or where there are no regional by-laws requiring added fire protection. The potential for a serious fire in these large buildings is now being recognized.

Fire safety legislation and building regulations are limited to minimum provisions for life safety. They have not necessarily kept up with developments in modern construction techniques or the materials that can threaten the life safety of rescue services. Fire brigades champion the installation of sprinklers in warehouse buildings but there is no statutory requirement for them.

The factors affecting the degree of hazard can be broadly classified as follows:

- Warehouse itself
- Nature of Stocks stored

This article aims to address the various aspects related to warehousing and arrive at a comprehensive view as to how to assess the inherent risks and the ways of minimizing the potential hazards.

The Warehouse – 'A bird's eye view'

The physical features of a warehouse contributing to the risk of fire can be summarized as under:

- Construction
- Electrification systems
- Storage practices
- Fire prevention/ protection methodology

Warehouse Construction

Warehouses come in all shapes and sizes. Some are multi-storied buildings built over

Voltage fluctuations leading to sparking, short circuiting of cables, overheating of the electrical equipment are a few of the basic reasons for warehouse fires.

100 years ago that have been well maintained. Others are new, single story, economically built structures that would not be capable of containing even a small fire. Non-combustible or fire resistive construction is most desirable for this type of risk. Additional considerations would include durability for wind and snow loads in the appropriate climates. The ideal warehouse would be single storied without a basement for improved ease for fire-fighting, ventilation and salvaging operations. Long, narrow buildings are more accessible than large square buildings.

Interior construction features should include dividing up large open spaces with fire walls which rise above the roof with proper parapet walls. These walls are rated by their resistance to fire (1-6 hr). If this situation is present, appropriate fire doors should be in place which segregate office and work areas. Within storage areas, proper divisions should exist for the storage of flammable liquids, aerosols and plastics. Interior divisions of this nature inhibit the spread of fire throughout the warehouse and minimize damage. Along exterior walls emergency access openings should be present to help manual fire fighting.

Particular attention needs to be paid to buildings that are older or may not have been designed for the current warehouse occupancy, and whose interior protection may be inadequate to handle the new packaging techniques of the 90's, which contain a lot of plastic and make up a significantly higher combustible load.

Consideration should also be given to the physical site of the warehouse. Is the risk subject to any natural catastrophes which would damage the structure or prohibit access to the facility? Such conditions include bridges with width or weight restrictions, roads subject to flooding, wash out or other blockages; and low overhead clearances, railroad grade crossings and drawbridges.

The so-called single-storey buildings can have a ground floor area of massive proportions, sometimes in the region of 20,000 sq. mtrs or thereabouts. They may have numerous galleries and high bay racking. While fire can gain access to these high bays very quickly, it is a different matter from the firefighting perspective. A normal fire may reach the top of 10 mtrs high racking within as little as two minutes. A typical fire brigade response would allow three to four minutes for alarms, nine minutes till first arrival, seven minutes to set up—typically 20 minutes to be effectively operational. Provision of storm water drains, heat and smoke vents and smoke extraction systems etc., aid the loss minimization efforts in case of any eventuality.

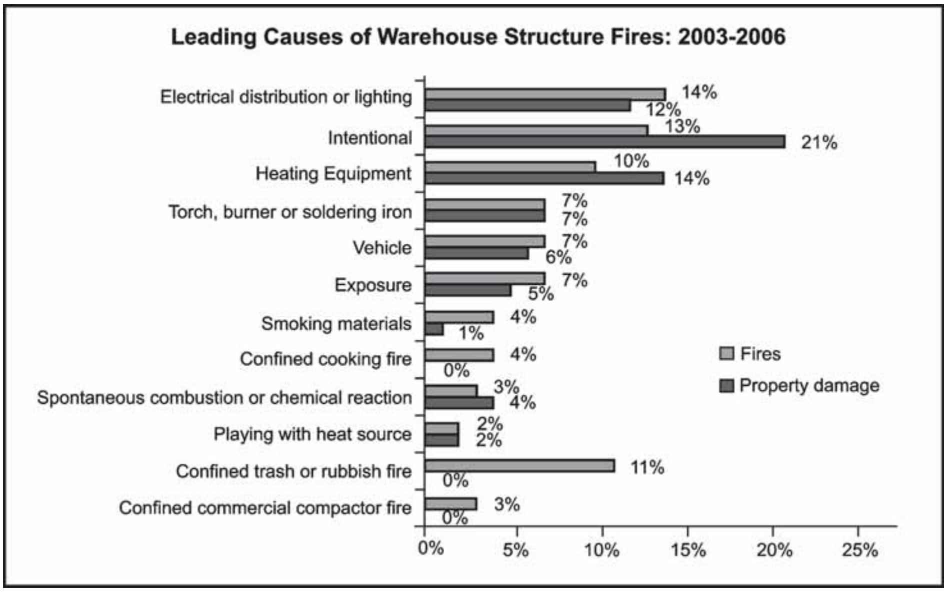
Electrification systems

Electrification of warehouses gets the prominence, in view of the damage history noticed across the globe. The occupancies invariably being of large dimensions and the high vertical stacking arrangements being a routine practice, the electrical equipments must be properly positioned and maintained so as to avert any adverse eventuality. Round the clock surveillance of the warehouse occupancies is impractical considering the size and tenancy of the occupancies which must be considered while setting up the electrification systems. Voltage fluctuations leading to sparking, short circuiting of cables, overheating of the electrical equipment are a few of the basic reasons for warehouse fires.

Based on a fact sheet published by the National Fire Prevention Agency (NFPA) in February 2009 on "Structural Fires in Warehouses Excluding Cold Storage Occupancies", it was clearly observed that electrical systems are one of the leading causes for fire mishaps in warehouses during the period 2003 – 2006 in the USA, as depicted in the following graph.

Light fittings provided inside the warehouse occupancy must be designed to prevent hot fragments falling onto storage racks. Industrial type fittings comprising fully enclosed bulbs are ideal for warehouses as the packing materials are all susceptible to fire. It is advisable to have a regular maintenance schedule wherein the entire lighting equipment is thoroughly checked for any operational deviations. Using Fire Retardant Low Smoke (FRLS) cables for electrical connections and routing the cables through metal conduits reduces the risk of fire spread.

Providing Earth Leakage Circuit Breakers, single point cut off switch outside the storage premises, avoiding loose and temporary wiring, avoiding the use of extension cords, setting up lightning protection system and proper segregation of forklift battery charging area from the storage area etc are yet other positive features that mitigate the chances of fire.



Care should be taken such that there are no electrical distribution transformers located in close proximity to the warehouse occupancies or near any of the openings such as ventilators, to rule out any possibility of sparks reaching the storage area. Also, it is advisable to have overhead transmission lines located at a safe distance from the warehouse structure.

It should be noted that proper shelving practices would facilitate loss minimization efforts and salvage recovery after any adverse occurrences.

Storage practices affecting the degree of hazard

With the ethos 'maximum stock in minimum area' and just-in-time stock-holding, densely packed goods are the norm. But such arrangements encourage rapid vertical than horizontal fire spread. Seasonal goods may bring unexpected hazards.

Normal storage practices followed in warehouses can be broadly summarized as follows:

- Solid piling – Boxes, bales and cartons
- Palletized Storage
- Rack Storage
- High-Piled Storage

It s a proven doctrine that larger the surface area, better are the chances that air will reach burning material. The contribution of different storage patterns vary from one another in a fire emergency scenario.

- Vertical arrangements promote fire growth and hence add to the loss.
- Solid pile or palletized storage may be prone to collapse in a fire situation, removing fuel from the direction of fire growth and limiting fire spread.
- Rack storage allows product to be stacked higher than solid pile or palletized storage. With increased storage height there are more combustibles to contribute to the fire plume.

Shelving is a necessary evil and cannot be done away with in warehouse occupancies. However, it should be noted that proper shelving practices would facilitate loss minimization efforts and salvage recovery after any adverse occurrences.

Solid shelves could obstruct sprinkler water penetration down through rack storage. Slotted, grated, or wire mesh shelves may present the same hazard as solid shelves, especially if commodities are not palletized. Open shelves are commonly preferred.

Aisle width is another commonly overlooked aspect in any of the warehouses. The aisle width affects protection requirements for the commodities stored in double-row racks up to 25 ft (7.6 m) high protected with extra-large orifice or standard sprinklers.

Flue spaces are to be essentially maintained as they provide a means for sprinkler water to flow down through the storage array to the seat of the fire. Care should be taken such that the flue spaces are never blocked especially in a rack storage arrangement.

(To be continued...)

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प्रकाशक का संदेश

भारत में बीमा उद्योग में निजी भागीदारी को खोलना / शुरु करना, यह सुनिश्चित करने के लिए किया गया कि अर्थव्यवस्था की वित्तीय सेवाओं में बीमा कारोबार का एक प्रमुख स्थान प्राप्त कर सकें। और यह भी सुनिश्चित करना कि भारतीय बीमा बाजार वैश्विक मानकों के इंचमात्र करीब है। इस आशा के साथ कई नए उपायों को स्वीकार किया गया और उत्तरोत्तर लगातार अपनाया जायेगा।

यह कहना संतोषजनक होगा कि सभी अविष्कारों ने व्यापार में असाधारण वृद्धि का नेतृत्व किया है, विशेषकर कुछ अत्यंत महत्वपूर्ण वर्गों के बीमा में। अतः यह ध्यान में रखना चाहिए कि अड़चनों के बिना प्रगति बिल्कुल संभव नहीं है।

इस अवधि के दौरान सबसे बडा विकास गैर-जीवन बीमा उद्योग का प्राशुल्क मुक्ति रहा। आरक्षण, जिसकी उद्योग को उदार बनाने के समय आवाज उठाई गई, एक बार फिर से सक्रिय हो गया था। और यह महसूस किया गया कि उद्योगियों की परिपक्वता की पर्याप्त रूप से प्राशुल्क मुक्ति के लिए जॉच ही नहीं की गई थी। किसी भी बड़ी गिरावट के अभाव में उद्योगियों में व्यक्त विकास का बहिष्कार हुआ। हम प्रगति को बारिकी से देख रहें हैं कि यहॉ कोई बड़ी रुकावट नहीं है। और विश्वास है कि उद्योगियों को दी गई स्वतंत्रता के बावजूद विवेक के साथ काम करते हैं।

बीमा जैसे उद्योग में डोमेन के विस्तार के लिए वितरण की एक महत्वपूर्ण भूमिका है। हालांकि वितरण की विबध एजेंसी शैली एकाधिकार सत्ता के अन्य वैकल्पिक चैनलों की शुरूआत प्रतिस्पर्धा युग में हासिल वृद्धि के लिए प्रमुख यौगदान के रूप में देखा गया है। स्वास्थ्य बीमा के क्षेत्र में टी.पी.ए. / तृतीय पक्ष के प्रशासक की भूमिका पूरी-मूल्य श्रृंखला के एक आवश्यक घटक के रूप में स्वीकार की गयी है। स्वास्थ्य बीमा क्षेत्र में अन्य परेशानियाँ आई और आती भी रहेगी, जिन्हें ठीक से सम्बोधित किया और जो कि इस क्षेत्र में अभूतपूर्व वृद्धि प्रगति के लिए अग्रणीय है।

इस तथ्य पर बैठना कि सब कुछ इतना आसान / सुन्दर है संकटकारी होगा। हम एक लम्बी यात्रा के लिए निकल पडें हैं जो कठिनाओं से भरी है। मैं ईमान्दारी से सभी हितधारकों से यह सुनिश्चित करने के लिए आग्रह करना चाहता हूँ कि उत्साह से इस कार्य में कंधे मिलाकर शामिल हों तो भारतीय बीमा उद्योग जल्दी ही नहीं तो बाद में वैश्विक मानकों को प्राप्त करेगा।

'उदार व्यवस्था में नवाचार और विकास' के मुद्दे इस अंक के केन्द्र बिन्दु हैं। भारी साकारात्मक को ध्यान में रखते हुए हमने इस मुद्दे पर सर्वोत्तम प्रतिक्रियाओं को प्राप्त किया है और एक दोहराना अपनी जगह में हैं। 'बीमा में उत्तम आचरण' जर्नल के अगले अंक का केन्द्र बिन्दु होगा।

जे हरि नारायण

जे. हरि नारायण
अध्यक्ष

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दृष्टि कोण

सरकारी अधिकारियों के रूप में, राष्ट्रीय बीमा आयुक्त संघ और राज्य विनियामकों को, किसी भी गलत सूचना को परिचालित होने से रोकना, जिम्मेदारी है। उपभोक्ता संरक्षण हमारी पहली और सबसे बड़ी चिन्ता है।

सुश्री थरसे एम (टेरी) वाँघन
एन.ए.आई.सी. मुख्य कार्यकारी अधिकारी

(उत्पादक के मिश्रण) निरीक्षण की प्रवृति, जो कई अन्य देशों में प्रचलित है, भारत से अलग नहीं है। इसके अतिरिक्त जहाँ बीमा उत्पादों की मांग का सम्बन्ध है, हमें 'ग्राहकों की पसंद' को सर्वोच्च प्राथमिकता देनी चाहिए।

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जोखिम प्रबन्धन हर किसी की जिम्मेदारी है न कि जोखिम प्रबन्धकों की ऊपर से संस्कृति का खतरा तो संगठन में व्याप्त है।

श्री चुआ किम लैंग
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वैश्विक वित्तीय संकट के दौरान, ऑस्ट्रेलिया के विवेकपूर्ण विनियमन ढाँचे ने हमे अच्छी स्थिति में खडा रखा तथापि संकटों से सबक सीखना और सुधार के लिए हमेशा जगह रही है।

श्री जॉन एफ लैकर
अध्यक्ष, ऑस्ट्रेलियन प्रूडेंशियल विनियमन प्राधिकरण

एक सफल नियामक का मुख्य आधार उसकी संस्कृति और उसके लोग है। हमारी संस्कृति ऐसी हो जो उनकी व्यक्तिगत गुणवति को आकर्षित और बर्खरार रखे जो अभी तक वितरित निर्णय फैसले पर विचार रखते हैं।

श्री हैक्टर सैंन्टस
मुख्य कार्यकारी अधिकारी, वित्तीय सेवा प्राधिकरण, ब्रिटेन

हमने अपने आप से और दूसरों से कहा है कि जो लोकप्रिय या लोकनुभावन है उसे न चुने लेकिन दूसरे शब्दों में जो स्थिति की मॉग है - नेतृत्व को चुने।

श्री जिम फ्लाहरटी
वित्त मंत्री, कनाडा सरकार

"

सीमित बीमा ऐजेन्ट उपभोक्ता अधिकांश के लिए अवसर

संजीव कुमार जैन कहते हैं कि, भारत में जनसंख्या तथा सीमित ऐजेन्ट हमारी सबसे बडी शक्ति है।

भारत का बीमा आपूर्ती परिवेश अवसरों तथा चुनौतियों से फैला हुआ है। बिल्कुल, यदि बीमा कंपनिया अवसरों का लाभ उठाना चाहती है तो उन्हें चुनौतियों से बाहर निकलना होगा। आय अवसरों की तरफ एक नजर डाले बीमा उद्योग को खोले जाने के बाद नये वितरण चैनल सामने आये है अभी भी सीमित बीमा ऐजेन्ट बीमा कंपनियों का अधिकांश बीमा लेखित करते हैं लेकिन बैंक, ब्रोकर, एम.एल.एफ जैसे संस्थागत संस्थाओं से लोगों ने बडे पैमाने पर बीमा खरीदना प्रारम्भ किया है। एक प्रकार से बीमा कंपनियों केलिए यह अच्छी खबर है। सीमित ऐजेन्ट बल को प्रबन्धित करना एक खर्चिला व्यवसाय है। बीमा कंपनिया प्रशिक्षण पर बडी राशि खर्च करती है। यह निवेश अधिकांशतः आपेक्षित परिणाम नहीं देता है क्योंकि ऐजेन्ट के संघर्षण है, प्रशिक्षण लागत के अतिरिक्त बहुत बडे प्रचालन खर्च इस सीमिति ऐजेन्ट बल को संभालने में खर्च होता है। संस्थागत चैनल इस आपूर्ति नेटवर्क में अधिक निपूर्णता ला सकता है। उदाहरणतः बैंको का बडा नेटवर्क पहले से ही विद्यमान है साथ ही ग्राहक से जनसंपर्क तथा ब्रांड साम्पत्ता उपलब्ध है। यदि बीमा कंपनिया अपने आपको इस चैनलों के साथ साझेदार के रूप में स्थापित कर सके वह बाजार में अपनी भागीदारी को तेजी से बढा सकती है तथा दूसरी तरफ व्यवसायिक खर्च को कम कर सकती है।

> अब बीमा उत्पाद मात्र आयकर बचाने अथवा जीवन के जोखिम पर सुरक्षा लेने के लिए नहीं है। यूलिप के विस्फोट के बाद बीमा शहरी क्षेत्रों में एक संपत्ति प्रबन्धन उत्पाद बन गया है।

जिस प्रकार उपभोक्ता आज बीमा उत्पाद को देखते है वह उससे बिल्कुल अलग है जैसा वह कुछ वर्ष पहले सोचते थे। अब बीमा उत्पाद मात्र आयकर बचाने अथवा जीवन के जोखिम पर सुरक्षा लेने के लिए नहीं है। यूलिप के विस्फोट के बाद बीमा शहरी क्षेत्रों में एक संपत्ति प्रबन्धन उत्पाद बन गया है। व्यक्ति की औसत आयू बढ़ रही है साथ ही जीवन स्तर में सुधार आ रहा है। यह ऐसे उत्पादों की मांग को जन्म दे रहा है जो न केवल सुरक्षा उपलब्ध करवाये वरन् निवेश को भी दुगना कर दें। बीमा कंपनियों के पास एक अवसर है की वह नवीन उत्पाद अपने पोर्टफोलियो में शामिल को जिससे इस अवसर का लाभ उठाया जा सके। फिर भी बीमा कंपनियों को ग्राहकों के नज्दीक जाना चाहिये जो अपने नेटवर्क को बढ़ाने से संभव है। नये आपूर्ति चैनलों को शामिल करने की आवश्यकता भी है। अधिकांश बजारों में एशिया को छोड कर बीमाकर्ता अपना 80 प्रतिशत व्यवसाय वैकल्पिक आपूर्ति चैनल जैसे बैंक इंशोरेस ब्रोकर, डीलर, वायर हाऊस इत्यादि से करते हैं। भारत में इस परिपाटी पर अंश होकर चलने की अपेक्षा हमे अपनी शाकियों पर निर्माण करना होगा। विनियामक के लिए सबसे बडी चुनौती पालसीधारक के हितों की रक्षा करता है।

भारत में जनसंख्या तथा सीमित ऐजेन्ट हमारी सबसे बडी शक्ति है। बीमा के कमीशन को अच्छी पर विनियमित कर बीमा व्यवसाय के परिपेक्ष को प्रभावशाली ढ़ग से बदला जा सकता है। एक ऐसे बाजार में जहां उत्पाद निरंतर बढ़ गए है। विनियामक जो बडा परिवर्तन कर सकता है बह है सीमित ऐजेन्ट को बीमाकर्ता विशिष्ट से बदल कर उत्पाद विशिष्ट बनाना यह न केवल उस दृष्टि को बदल देगा जिससे हम बीमा कंपनियों के आपूर्ति नेटवर्क, तकनिकी चुनौतिया तथा अपसरों का लाभ उठाने की सामर्थ के लिए देखते हैं लेकिन साथ ही यह आई.आर.डी.ए की उपभोक्ता के प्रति बाध्यता को भी उपभोक्ता को चुनने के अधिक अवसर प्रदान करते हुए सार्थक करेगा।

लेखक उपनिदेशक, आई आर डी ए

वित्तीय जोखिमांकन

मनी लॉंड्रिंग एक प्रक्रिया है जिसके द्वारा अपराधी अपने काले धन को सफेद धन में परिवर्तित करता है।

आय की तुलना में बड़ी धनराशि का बीमा प्रस्ताव नैतिक जोखिम का निर्देश माना जाता है।

एक व्यक्ति का स्वयं के जीवन पर असीमित बीमाहित निहित होता है। समय के साथ आय बढ़ेगी। प्रीमियम नियमित भी रहे। इसीलिए बीमाधन का चयन वर्तमान परिस्थिति के अनुपात में किया जाता है।

यदि प्रीमियम का भुगतान वर्तमान आय से किया जा रहा है, तो आय के सोत की जाँच करना अनिवार्य होता है। किन्तु यदि अन्य कोई प्रीमियम का भुगतान कर रहा है तो बीमाहित और सट्टेबाजी की संभावना हो सकती है।

बीमा की आवश्यकता को वर्तमान स्थितियों और आय से संबंधित होना चाहिए। बीमा लेखक को इन मुद्दों पर संतुष्ट होना आवश्यक है। इन मौद्रिक पहलुओं पर निर्णय देना ही वित्तीय बीमांकन कहलाता है।

अनुभव सिद्ध नियम इस प्रकार है कि ''बीमा 10 वर्ष की आय से अधिक का नहीं होना चाहिए'' यह एक दिशानिर्देश है किन्तु यह सभी मामलों में न्यायोचित नहीं होता।

मनी लॉंड्रिंग क्या है?

मनी लॉंड्रिंग एक प्रक्रिया है जिसके द्वारा अपराधी अपने काले धन को सफेद धन में परिवर्तित करता है या आपराधिक गतिविधियों से प्राप्त लाभ को वैध बनाने का प्रयास करता है।

मनी लॉंड्रिंग एक कानूनी ढांचा

यदि कोई व्यक्ति प्रत्यक्ष या अप्रत्यक्ष रूप से, जानबूझकर या वास्तविक रूप से आपराधिक कार्यों से प्राप्त धन को कानूनी रूप में लाने की प्रक्रिया या क्रियाकलाप में शामिल होता है तो वह धारा-३ के अंतर्गत मनी लॉंड्रिंग का दोषी माना जाएगा।

मनी लॉंड्रिंग मार्गदर्शिका

- अपने ग्राहक को जाने (KYC) ए.एम.एल के लिए एक कार्यालयीन मार्गदर्शिका है जो कि बीमाकर्ता तथा अभिकर्ता दोनों पर लागू होती है इस मार्गदर्शिका का उद्देश्य है मनी लॉंड्रिंग को नियंत्रित करना है यह निम्न बिंदुओं को दर्शाती है।
- कानूनी दृष्टि से ग्राहक की पहचान स्थापित करना।
- बीमाहित तथा नैतिक जोखिम की दृष्टि से पॉलिसी पर देय प्रीमियम के भुगतान स्रोत स्थापित करना।
- प्रीमियम 1 लाख और उसके अधिक होने पर बीमाकर्ता को अतिरिक्त सावधानी बरतनी चाहिए।

मनी लॉंड्रिंग मार्गदर्शिका

- क्रिमिनल रिकॉर्ड वाले व्यक्ति
- दावा भुगतान के समय भी बीमाकर्ता को सावधानी बरतनी चाहिए।
- वैध प्रतिफल के अलावा किए जाने वाले समनुदेशन को भी सावधानीपूर्वक ध्यान में रखना चाहिए।
- मेडिकल बीमा पॉलिसी पर यह विनियम लागू नहीं होते हैं।

बीमाकर्ता के लिए मार्गदर्शिका

- बिना उचित प्रतिफल वाले समनुदेशन पर सावधानी बरतना।
- ऐसे स्थान वाले प्रस्ताव पर सावधानी बरतना जहाॅ प्रस्तावक निवास नहीं करता।
- 50,000 से अधिक की प्रीमियम होने पर चेक/डिमांड ड्राफ्ट आदि के द्वारा ही ली जानी चाहिए।

अभिकर्ता की भूमिका

अभिकर्ता को मार्गदर्शिका का अनुसरण विश्वासपूर्वक करना चाहिए। यदि अभिकर्ता इस मार्गदर्शिका को भंग करता है तो उसकी सेवाएं समाप्त की जा सकती है और उसकी रिपोर्ट आई.आर.डी.ए को भेजी जा सकती है।

साभार - इंश्योरेंस आपके लिए भोपाल

ग्रामीण बीमा वितरण प्रणाली में नवप्रवर्तन

प्रमोद कुमार वर्मा और डा. एस.एन. झा कहते हैं कि, ग्रामीणों तक पहुंचने के लिए भारतीय बीमादाताओं ने अपने पारम्परिक वितरण प्रणाली के बजाय नवप्रवर्तित वितरण प्रणाली का प्रयोग कर रहे हैं।

भारत के ग्रामीण क्षेत्रों में बीमा वितरण की समस्या का सामना बीमा कम्पनियों द्वारा शुरू से किया जा रहा है। शहरों में मजबूत आधारभूत संरचना के कारण बीमापत्र का वितरण आरम्भ से ही कुशल रहा किन्तु जब भी ग्रामीण परिक्षेत्र के विषय में बात आती है तो इसकी शुरू से उपेक्षा की गयी। आर्थिक जगत के विद्वानों ने हमेशा कहा है कि, ''ग्रामीण क्षेत्रों पर विशेण ध्यान देने की आवश्यकता है किन्तु अभी तक दूसरे देशों की तुलना में हमारा गाँव पीछे रहा है।'' भारत जहाँ पाँच हजार से अधिक शहर तथा छ लाख से भी अधिक गाँव हैं।[1] इस गाँवों में ही परिवहन, बिजली, संचार, बैक डाकघर, चिकित्सा, सुविधा, पेयजल उपलब्ध है किन्तु वे गाँव जो शहरों से दूर हैं उन तक पहुँचने के लिए पर्याप्त आधारभूत संरचना भी नहीं है। संक्षेप में कहा जाए तो ग्रामीण क्षेत्रों में आधारभूत संरचना की कमी के कारण बीमा कम्पनियाँ बीमापत्र सम्बन्धी सेवाओं को सभी गाँवों तक नहीं पहुँच पा रही है।[2] बीमा विनियामक एवं विकास प्राधिकरण की स्थापना के बाद बीमा क्षेत्र में क्रान्तिकारी परिवर्तन देखने को मिला। अब बीमा कम्पनियाँ भी समक्षने लगी है कि गाँवों के बाजार तक पहुँचे बिना वे शहरी बीमा बाजार पर कब तक आश्रित रह सकते हैं। बीमादाताओं द्वारा गाँवों में वितरण के लिए नवप्रवर्तित माध्यमों को अपनाया जा रहा है।

प्रस्तुत अध्ययन को पाँच खण्डों में विभाजित किया गया है जो क्रमशः *पहला* – नवप्रवर्तित वितरण प्रणाली हेतु वितणकर्ताओं को मत तथा अर्थ, *दूसरा* – परम्परागत वितरण प्रणाली का नवप्रवर्तित वितरण में भूमिका, *तीसरा* – नवप्रवर्तित वितरण प्रणाली के कार्य, *चौथा* – ग्रामीण वितरण प्रणाली का प्रवाह तथा *पाँचवा* – ग्रामीण क्षेत्र में नवप्रवर्तित वितरण प्रणाली की सम्भावना।

नवप्रवर्तित वितरण प्रणाली हेतु विपणनकर्ताओं के मत तथा अर्थ

ग्रामीणों तक पहुंचने के लिए भारतीय बीमादाताओं ने अपने पारम्परिक वितरण प्रणाली के बजाय नवप्रवर्तित वितरण प्रणाली का प्रयोग कर रहे हैं। पारम्परिक वितरण प्रणाली अभिकर्ता केन्द्रित था जबकि नवप्रवर्तित वितरण प्रणाली में बीमादाता अनेक प्रकार के प्रत्यक्ष एवं अप्रत्यक्ष वितरण प्रणाली का प्रयोग कर रहे हैं। मैक्स न्यूयार्क लाइफ इंश्योरेंस के मार्केटिंग प्रमुख अनीषा मोटवानी का कहना है कि निजी कम्पनियों के साथ विश्वास का मुद्दा है। इसलिए यह जरूरी हो जाता है कि वे स्थानीय स्तर पर सामुदायिक कार्यक्रम के साथ जुड़े। मैक्स न्यूयार्क इसके साथ ही कुछ स्कूलों के साथ बेहतरीन छात्र के लिए ट्राफी प्रयोजित करने के लिए बातचीत भी कर रही है।[3] आई.सी.आई.सी.आई. प्रूडेंशियल लाइफ इंश्योरेंस उपभोक्ताओं को शिक्षित करने के लिए नुक्कड़ नाटकों की मदद ले रही है इसके साथ-साथ कम्पनी राज्य ई –प्रशासन परियोजनाओं जैसे-एपी-आनलाईन डाटकाम (आन्ध्र प्रदेश) और ई –मित्र डाटकाम (राजस्थान) के साथ साझेदारी कर ग्रहकों को उनके बूथ में ही नीतियों का पुर्नीकरण करने की सुविधा दे रही है। इसके साथ कम्पनी सुविधा इन्फोसर्व के साथ मिलकर पॉलिसीधारकों को सुमिधा के 3500 स्टोरों पर अपने प्रीमियम का भुगतान करने की सुविधा दी है।[4] ये सभी उदाहरण बीमा क्षेत्र में नवप्रवर्तित वितरण प्रणालियों के हैं जिसके माध्यम से बीमादाता ग्रामीणों एवं शहरी, दोनों, उपभोक्ताओं तक पहुँचने का प्रयास कर रहे है। नवप्रवर्तित वितरण प्रणाली का समपन्ध बीमापत्र को नये रास्तों द्वारा सम्भावित बीमा धारकों तक पहुँचना। नव प्रवर्तित वितरण प्रणाली का समपन्ध बीमापत्र को नये रास्तों, माध्यमों, बाहिकाओं से है।[5] विपणन विद्वार प्रो. मैकार्थी ने वितरण को तीस वर्ष पूर्व इस प्रकार स्पष्ट किया, उत्पादन से उपभोक्ता तक उन संस्थाओं

1. Census of India, 2001
2. Verma, Pramod Kumar, IRDA-Journal, Hyderabad, April-2008, p.42-46
3. Business Standard, Lucknow edition, date 14 August 2009, p.12
4. Ibid
5. www.wikipedia.org/wiki/Innovation

का कोई भी क्रम जिससे मध्यस्थ या तो बिल्कुल नहीं हो अथवा वितनी बी संख्या में हो सकते है।[6] यह कथन आज भारतीय बीमा परिवेश के लिए नवप्रवर्तित वितरण प्रणाली हेतु बिल्कुल सही बैठता है। इस कथन को वस्तुओं एवं सेवाओं दोनों के लिए लागू किया जा सकता है। आगे इस अध्ययन के क्रम में परम्परागत वितरण प्रणाली को नवप्रवर्तन वितरण प्रणाली में भूमिका को उल्लिखित किया गया है।

परम्परागत वितरण प्रणाली का नवप्रवर्तन वितरण प्रणाली में भूमिका

वितरण रणनीतिक 'जान ओ शैगनैशी' ने वितरण वाहिकाओं की भूमिका को मुख्य चार बिन्दुओं द्वारा प्रकट किया है, संवर्धनात्मक भूमिका, सेवा में भूमिका, क्रय अवसर की रचना तथा समाज में भूमिका जिसको चित्र संख्या-1 द्वारा प्रकट किया गया है।[7]

नवप्रवर्तित वितरण वाहिकाओं में इनको सम्मिलित करे बीमा कम्पनियाँ अपने वितरण बाहिकाओं के माध्यम से उपभोक्ता को सुरक्षा, आवश्यकता एवं मूल्यों की पूर्ति कर सकती है। प्रो. फिलिप कोटलर ने वितरण प्रणाली के विकास द्वारा इसकी भूमिका को प्रकट किया। इनका कहना है कि एक (बीमा) कम्पनी के व्यवसाय आरम्भ करते समय अधिक विनियोग की आवश्यकता होती है तथा आसम्भ में इसके आय भी कम होते हैं। इस अन्तर को कम करने के लिए (बीमा) कम्पनी उपलब्ध वितरण मध्यस्थ जो (गाँवों में उपलब्ध है, उसके साथ गठबंधन करके उस (ग्रामीण) बाजार में प्रवेश करना आसान हो जाता है इस अवस्था में सबसे अच्छी वाहिका का चुनाव करना समस्या नहीं है, बल्कि समस्या यह है कि वह उत्पाद (बीमापत्रों) को सुविधा जनक ढंग से (ग्रामीणों) उपभोक्ताओं तक उपलब्ध हो रहा है या नहीं।[8] कुछ लोग वितरण वाहिका को नेटवर्क (संजाल) मानते है। वेटवर्क के मूल्य (Value) को इस प्रकार समझा जा सकता है। बीमा कम्पनियों को सबसे पहले लक्ष्य बाजार के बारे में सोचना चाहिए, इसके बाद उस बाजार तक पहुँचने हेतु आपूर्ति श्रृंखला योजना कहा जाता है। ''डान साल्टन'' ने कहा है कि माँग श्रृंखला प्रबन्ध दृष्टिकोण वस्तुओं (बीमापत्रों) को प्रणाली द्वारा नहीं ढकेलती बल्कि इस बात पर जोर देती है कि ग्राहक किस प्रकार समस्या का समाधान चाहता है न कि मध्यस्थ कौन सा (बीमापत्र) वस्तु ग्राहक को बेचते है। साल्टन ने परम्परागत चार पी (उत्पाद, मूल्य, स्थान तथा संवर्धन) के बजाय नेटवर्क (संजाल) के निर्माण हेतु समाधान (Solution) सूचना (Information), मूल्य (Value) तथा पहुँच (Access) का सुझाव दिया है।[9] एक कम्पनी मुख्य रूप से मूल्य नेटवर्क को एक साझेदारी एवं सहयोग प्रणाली के रूप में, कम्पनी में साधन वृद्दि तथा प्रस्ताव की सुपुर्दगी की रचना करती है, आगे नवप्रवर्तन वितरण प्रणाली के कार्यों को ग्रामीण बीमा पत्र वितरण के सम्बन्ध में ध्यान में रखकर प्रस्तुत किया गया है।

चित्र संख्या-1

नवप्रवर्तन वितरण प्रणाली का ग्रामीण बीमापत्र हेतु कार्य

जिस प्रकार पारम्परिक वितरण प्रणाली की भूमिका को नवप्रवर्तन में शामिल किया जाता है। यदि किसी भी वितरण प्रणाली या वाहिकाओं में इसकी भूमिका को अनदेखा किया गया, तो वह वितरण प्रणाली अपने मूल्यों को अधिक समय तक जिन्दा नहीं रख सकती। नवप्रवर्तित वितरण प्रणाली की भूमिका के कारण ही इसके कार्यों का महत्व विशेष रूप से ग्रामीणों एवं शहरी उपभोक्ताओं के लिए बढ़ जाता है जो इस प्रकार है - **सूचना** - सम्भावित ग्राहकों के बारे में विपणन शोधद्वारा आवश्यक सूचनाएं एकत्र करना तथा उन सूचनाओं के आधार पर उसकी आवश्यकता की पूर्ति करना। **जोखिम लेना** - मध्यस्थ का कार्य ग्रामीणों की विशेष रूप से आवश्यक बीमापत्र उपलब्ध कराकर उनकी सहन करने योग्य जोखिम को सामूहों में बंटवारा करना। **वित्त** - ग्राहकों (बीमाधारकों) से

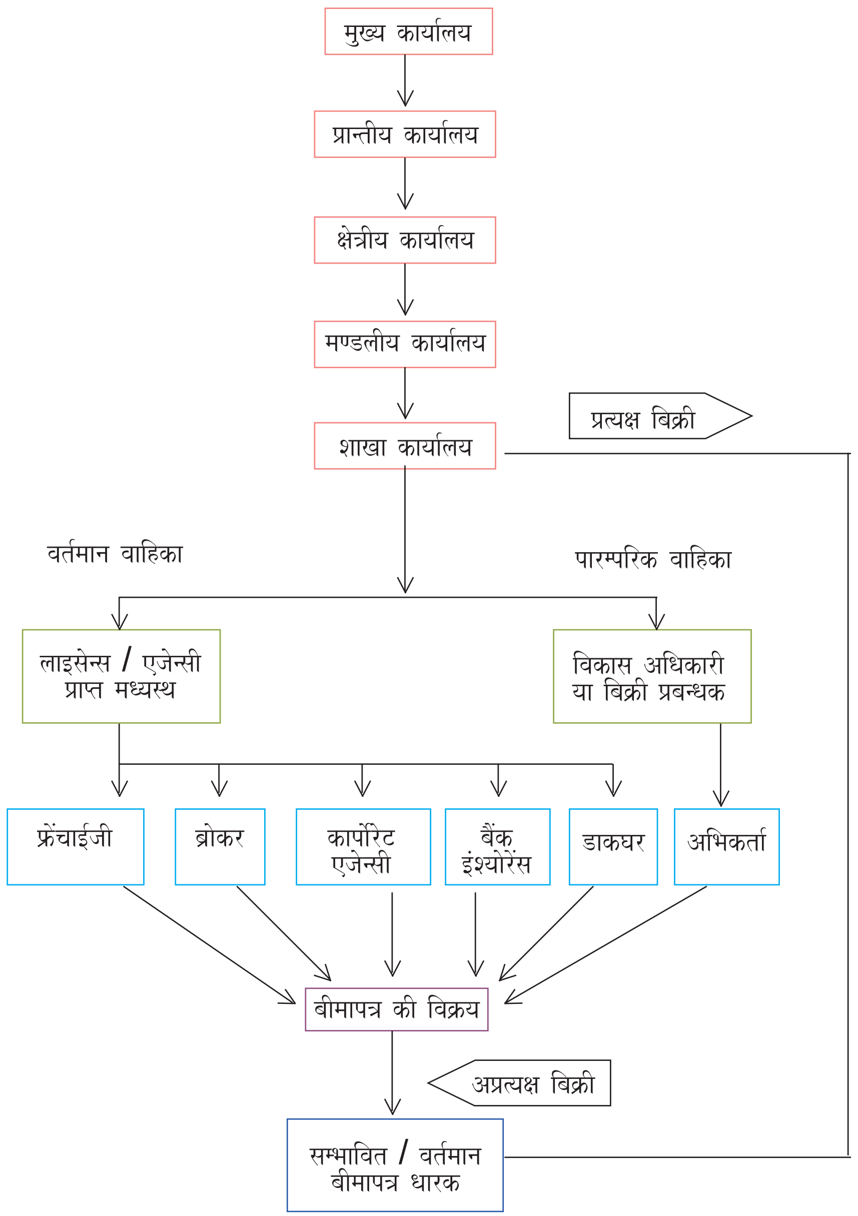
6. McCarthya E. J "Essential of Marketing. Richard D Irwin. Inc. Homewood, illions 60430, Vol 5 Year 1979, p.217
7. Shaughnessy, John'o "Competitive Marketing A Strategic Approach (3rd edition) Routledge publication, London and New York, Year - 1995 p.639
8. Kotler, Philip and Keller, Kevin, Lane, "Marketing Management" (12th edition), Person, Prentic Hall, New Jersey 07458 USA Year - 2006 p.469.
9. Ibid

प्राप्त प्रीमियम पर आवश्यक प्रत्यय वापस करने एवं क्षतिपूर्ति हेतु उनके धन को सही जगह विनियोजित करना। **सम्पर्क** - सम्भावित ग्राहकों से बीमापत्रों का क्रय-विक्रय हेतु सम्पर्क करना। **संवर्धन** - मध्यस्थों का सबसे महत्वपूर्ण कार्य बीमापत्रों का संवर्धन करना क्योकि संवर्धनात्मक क्रियाओं द्वारा ग्रामीण बीमा पत्र के लिए जागरूक करना। **वितरण बनाये रखना** - वितरण प्रणाली से सम्बन्धित सदस्यों एवं मध्यस्थों का मुख्य कार्य बीमाधारकों का विश्वास बीमादाता पर बनाये रखना इसके लिए बीमादाताओं को बीमा की सभी रेखाओं की पूर्ति ग्राहकों तक पहुँचना चाहिए।[10] नवप्रवर्तित वितरण प्रणाली के कार्यों के बाद आगे ग्रामीण बीमा प्रणाली के प्रवाह को उल्लिखित किया गया है।

ग्रामीण बीमा वितरण प्रणाली का प्रवाह

ग्रामीण बीमा वितरण प्रणाली के प्रवाह के माध्यम से ही बीमादाता बीमापत्रों को उपभोक्ताओं तक पहुँचने में सफल रहते हैं इसे नवप्रवर्तित वितरण प्रणाली के प्रवाह के रूप में समझा जाना आवश्यक है। वितरण प्रणाली द्वारा बीमापत्र का प्रवाह किस प्रकार से बीमा कम्पनी के मुख्य कार्यालय से अन्तिम उपभोक्ता तक पहुँचना है, के सम्बन्ध में वर्णन किया गया है वितरण वाहिका में शामिल सदस्य या मद्यस्थ कई प्रकार के कार्यों का विष्पादन करते हैं। कुछ वितरण वाहिका के कार्यों का प्रवाह अग्रगामी - जो बीमा कम्पनी से अन्तिम ग्राहक तक होता है तथा कुछ दूसरे क्रियाओं का प्रवाह पश्चगामी - ग्राहकों से बीमा कम्पनी की ओर होता है।[11] सूचना, वित, जोखिम एवं सेवा का प्रवाह दोनों ओर से होता है। बीमा क्षेत्र में संवर्धनात्मक क्रियाएं बीमा कम्पनी से अन्तिम ग्राहक की ओर होता है।[12] ग्रामीण एवं शहरी बीमा बाजार में वितरण हेतु मुख्य रणनीति बीमादाता के मुख्य कार्यालय से ही बनायी जाती है। बीमा पत्रों के लिए वितरण-वाहिका में मुख्य कार्यालय, प्रान्तीय कार्यालय, क्षेत्रीय कार्यालय, मण्डलीय कार्यालय तथा शाखा कार्यालय विशेष रूप से मिलकर वाहिका प्रवाहिका प्रवाह का निर्माण करते हैं। शाखा कार्यालय स्तर पर ही बीमाकर्ता मध्यस्थों को जो

चित्र संख्या-2

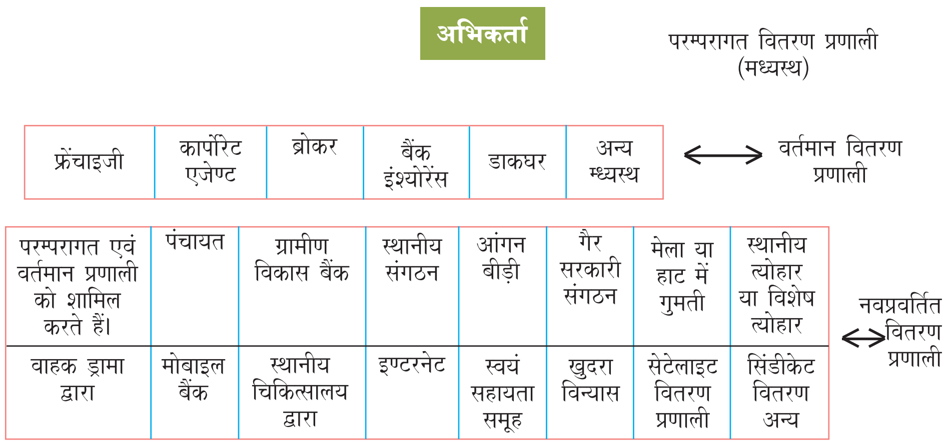


Source: Compiled from different sources

10. Kotler, Philip and Armstrong, Gray, "Principle of Management" (11th edition), Prentice Hall of India, New Delhi - Year 2006. p.364
11. Donnelly, James H. Jr. "Marketing Intermediaries in Channels of Distribution for Services," the Journal of Marketing, vol 40, No1 (Jan-1976), American Marketing Association Year-1976, p.55-57.
12. Stern, Lawis, W.El-ansary, Add, and Caughlan, Anne, T. "Marketing Channels" (5th edition) Prentice Hall of India, New Delhi, Year 2001 p.10

बीमा विनियामक एवं विकास प्राधिकरण द्वारा लाइसेंस प्राप्त होते हैं, नियुक्त करता है - इन मध्यस्थों में कार्पोरेट एजेण्ट, ब्रोकर, फ्रेंचाईजी, बैंक, डाकघर या कोई अन्य सदस्य हो रकते हैं इनको बीमाकर्ता द्वारा नियुक्त किये जाते हैं। शाखा कार्यालय में बीमाकर्ता के स्वयं नियुक्त किये विकास अधिकारी या बिक्री प्रबन्धक होते हैं जिसके अन्तर्गत अभिकर्ता बीमापत्र की सम्फावित या वर्तमान बीमाधारक को बीमपत्रों की बिक्री की जाती है उसे प्रत्यक्ष बिक्री कहते हैं।[13] बीमा वितरण वाहिक को अधिक स्पष्ट ढंग से चित्र संख्या-2 द्वारा प्रकट किया गया है। इस अध्ययन के अन्तिम पड़ाव में ग्रामीण क्षेत्रों में नवप्रवर्तित वितरण प्रणाली की सम्भावना को प्रदर्शित किया गया है।

चित्र संख्या-3



ग्रामीण क्षेत्रों में नवप्रवर्तित वितरण प्रणाली की सम्भावना

यदि बीमा वितरण वाहिकाओं या मध्यस्थों को भारतीय परिदृश्य में देखे तो इसको तीन प्रमुख चरणों में बाँटा जा सकता है। प्रथम - परम्परागत वितरण प्रणाली। द्वितीय - वर्तमान वितरण प्रणाली तथा तृतीय - भविष्य में अपनाये जाने वाली नवप्रवर्तित वितरण प्रणाली जिसको चित्र संख्या-3 द्वारा चित्रांकित किया गया है। जिसे ग्रामीण बीमापत्रों के वितरण हेतु अपनाया जा सकता है।

ग्रामीण बाजार में वितरण वाहिकाओं के माध्यम से पहुँचने हेतु बीमादाताओं को परम्परागत एवं वर्तमान वितरण प्रणाली को अपनाने के साथ-साथ ग्रामीण परिवेश की आवश्यकतानुसार उपलब्ध कई वितरण वाहिकाओं में से उपयुक्त का चुनाव या गठबंधन बीमा कम्पनियों को अपने साधनों एवं क्षमताओं को ध्यान में रखकर इसको अपना सकती है। नव प्रवर्तित वितरण प्रणाली ग्रामीण क्षेत्रों में बीमापत्रों के वितरण में महत्वपूर्ण भूमिका अदा करती आयी है, क्योंकि इसके पीछे मुख्य कारण है, ग्रामीण क्षेत्रों में उपलब्ध व्यक्तियों और संस्थाओं में से ही किसी को वितरण मध्यस्थ बनाने से क्योंकि ग्रामीण उपभोक्ता इस पर आसानी से विश्वास करते हैं। चित्र संख्या-3 में दिये नवप्रवर्तित वितरण प्रणाली के उपलब्ध वितरण मध्यस्थों या वाहिकाओं को अपनाकर, बीमा कम्पनियाँ अपने ग्रामीण बाजार के विस्तार के लक्ष्य की पूर्ति कर सकते हैं। नवप्रवर्तित वितरण प्रणाली में इन सभी को बीमादाता, भौतिक वितरण प्रणाली के साथ ग्रामीण उपभोक्ताओं तक बीमा पत्र को पहुँचा सकते हैं। डाबर के मुख्य कार्यधिकारी 'सनील दुग्गल' का कहना है कि जहाँ भारत रहता है वहाँ उपभोक्ता सम्पर्क बढ़ाने के लिए सीधे लोगों से जुड़ना ही एकमात्र रास्ता है। उनका कहना है "हमें अहसास हुआ है कि हमें पारम्परिक वितरण से आगे बढ़ने की जरूरत है"।[14] आई.टी.सी. के कृषि कारोबार विभाग के मुख्य कार्याधिकारी एस शिवकुमार मानते हैं "ग्रामीण भारत में मार्केटिंग छोटी-छोटी गतिविधियों के जरिये होनी चाहिए, बेहतर सम्पर्क और कम लागत के चलते स्थानीय वितरकों के साथ मिलकर इन्हें किया जा सकता है, क्योंकि गाँव एक ही तरह का विभक्त नहीं है। इस सभी कार्याधिकारियों का कहने का अर्थ ही नवप्रवर्तित वितरण प्रणाली को अपनाना है इन नवप्रवर्तित वतरण प्रणाली को अपनाकर ही बीमा कम्पनियां ग्रामीण बाजार का विस्तार कर सकती है।

वैश्विक प्रतिस्पर्धा युग में आज भारत के पास ग्रामीणों के सभी प्रकार के जोखिमों से सुरक्षा प्रदान करने के लिए बीमा पत्र उपलब्ध है किन्तु वितरण की उपयुक्त प्रणाली के चुनाव के अभाव के कारण सही बीमापत्र सही व्यक्तियों तक नहीं पहुँच पा रहा है इन सभी के लिए नवप्रवर्तित वितरण प्रणाली एक प्रकाश स्तम्भ के रूप में कार्य कर सकती है।

प्रमोद कुमार वर्मा - शोध छात्र, वाणिज्य संकाय, काशी हिन्दू विश्वविद्यालय, वाराणसी, उ.प्र
डा. एस.एन. झा - रीडर, वाणिज्य संकाय, काशी हिन्दू विश्वविद्यालय, वाराणसी, उ.प्र

13. Cravens David W, Hills, G.E. and Woodruff Robert B, "Marketing Management" Richard D Irwin, Inc Homewood, Year-1987.
14. Opcit (Business Standard Lucknow edition)

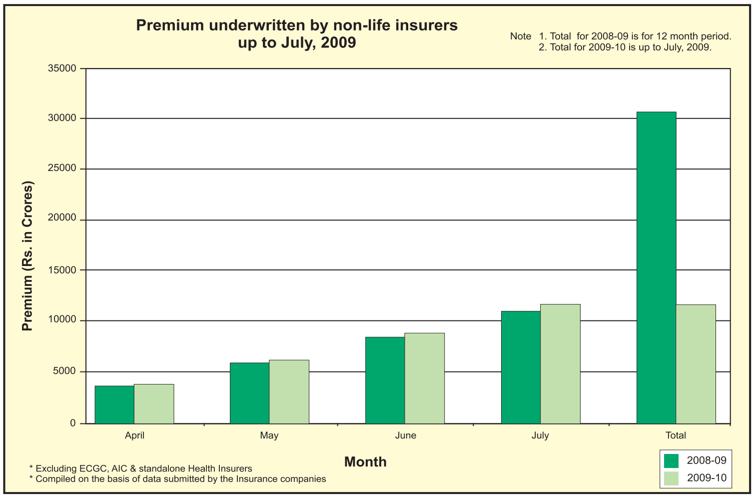
Report Card: General

GROSS PREMIUM UNDERWRITTEN FOR AND UP TO THE MONTH OF JULY, 2009

(Rs.in Crores)

INSURER	JULY		APRIL - JULY		GROWTH OVER THE CORRESPONDING PERIOD OF PREVIOUS YEAR
	2009-10	2008-09*	2009-10	2008-09	
Royal Sundaram	76.85	67.36	285.94	257.87	10.89
Tata-AIG	78.04	79.78	339.75	368.46	-7.79
Reliance General	170.48	143.54	727.96	699.98	4.00
IFFCO-Tokio	127.06	114.03	553.00	528.22	4.69
ICICI-lombard	260.02	284.32	1112.27	1361.44	-18.30
Bajaj Allianz	215.01	238.76	849.69	972.29	-12.61
HDFC ERGO General	109.87	30.13	291.24	82.38	253.53
Cholamandalam	63.32	55.24	296.09	255.59	15.84
Future Generali	27.56	15.45	119.10	43.26	175.32
Universal Sompo	9.74	0.10	44.77	1.01	4338.44
Shriram General @	17.55	0.26	80.03	0.26	30469.48
Bharti AXA General @	20.48	0.00	62.05	0.00	
Raheja QBE $	0.05	0.00	0.08	0.00	
New India	509.02	442.18	2158.13	1978.56	9.08
National	362.78	342.73	1514.82	1516.86	-0.13
United India	384.13	324.48	1650.56	1435.64	14.97
Oriental	424.47	370.55	1597.13	1436.64	11.17
PRIVATE TOTAL	**1176.02**	**1028.98**	**4761.97**	**4570.76**	4.18
PUBLIC TOTAL	**1680.40**	**1479.94**	**6920.64**	**6367.70**	8.68
GRAND TOTAL	**2856.42**	**2508.92**	**11682.61**	**10938.46**	6.80
SPECIALISED INSTITUTIONS					
1.Credit Insurance					
ECGC	259.49	59.54	449.20	224.24	100.32
2.Health Insurance					
Star Health & Allied Insurance	178.00	99.85	404.29	224.60	80.01
Apollo DKV	7.43	1.41	26.88	8.36	221.47
Health Total	**185.43**	**101.26**	**431.17**	**232.96**	85.08
3.Agriculture Insurance					
AIC	100.98	60.61	232.68	114.16	103.82

Note: Compiled on the basis of data submitted by the Insurance companies
$ Commenced operations in April, 2009. * *Figures revised by insurance companies*



" క్లెయిము చేస్తూ అన్ని డాక్యుమెంట్లు నేను పంపి మూడు వారాలయింది... వాళ్ళు తొందరలోనే డబ్బు పంపిస్తారని నేను ఆశిస్తున్నాను."

" అవును. వాళ్ళు పంపిస్తారు. అన్ని కాగితాలు సరిగా ఉన్నట్లయితే, వాళ్ళు 30 రోజుల లోపల పరిష్కరించవలసి ఉంటుంది. అది రూలు!"

భారత్‌లోని ఇన్సూరెన్స్ కంపెనీల పర్యవేక్షణ సంస్థ అయిన ది ఇన్సూరెన్స్ రెగ్యులేటర్ అండ్ డెవలప్‌మెంట్ అథారిటీ (ఐఆర్‌డిఏ), పాలసీదారుల ప్రయోజనాలను సంరక్షిస్తుంది. ఐఆర్‌డిఏ విధించిన కొన్ని నియమాలు కొన్ని ఇక్కడ పొందుపరచబడ్డాయి:

- సంబంధిత డాక్యుమెంటులన్నీ అందుకున్న 30 రోజుల లోపల భీమా కంపెనీ ద్వారా ఒక క్లెయిము చెల్లించబడాలి లేదా అవసరమయిన కారణాలను చూపుతూ వివాదాన్ని తెలియజేయాలి.
- ఒక ప్రతిపాదన అందుకున్న 30 రోజుల లోపల భీమా కంపెని భావి పాలసీదారునికి వివరణిక, ప్రతిపాదన పత్రం ఒక కాపీ, ఛార్జీ ఏమి లేకుండా ఉచితంగా ఇవ్వవలసి ఉంటుంది.
- భీమా కంపెని ప్రతిపాదనలు ముట్టిన 15 రోజుల లోపల ప్రక్రియాత్మకం చేయాలి మరియు వర్తమానం పంపవలసి ఉంటుంది.
- అవసరమయిన డాక్యుమెంట్లన్నీ సమర్పించిన తరువాత క్లెయిము పరిష్కారంలో ఒకవేళ జాప్యం జరిగినట్లయితే, నిర్ణయించబడిన మొత్తంలో వడ్డీని చెల్లించవలసిన బాధ్యత భీమా కంపెనీకి ఉంటుంది.
- ఒక జీవిత భీమా పాలసీదారుడు పాలసీని రద్దు చేసుకోవడానికి 15 రోజుల "ఫ్రీ లుక్ పిరియడ్" (పాలసీ ముట్టిన తేదీనుండి) పొందడానికి హక్కు ఉన్నది.
- పాలసీదారుల నుండి ఎలాంటి సమాచారం అందినా అందిన 10 రోజుల లోపల భీమా కంపెనీ ప్రతి సమాధానం ఇవ్వవలసి ఉంటుంది.

ప్రజా హితార్థం జారీచేసిన వారు
बीमा विनियामक और विकास प्राधिकरण
ఇన్సూరెన్స్ రెగ్యులేటరీ అండ్ డెవలప్‌మెంట్ అథారిటీ
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21 Sep - 23 Sep 2009
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view point

As public officials, it is the responsibility of the National Association of Insurance Commissioners (NAIC) and state regulators to correct any misinformation that is being circulated. Consumer protection is our first and foremost concern.

Ms. Therese M. (Terri) Vaughan
NAIC Chief Executive Officer

The trend (of product-mix) which we observe in India is not different from what is prevalent in many other countries. Further, so far as demand for insurance products is concerned, we must give top priority to customers' choice.

Mr. J. Hari Narayan
Chairman, Insurance Regulatory & Development Authority, India

Risk management should be the responsibility of everyone, not just risk managers. The tone from the top is very important in what risk culture permeates an organisation.

Mr. Chua Kim Leng
Executive Director, Monetary Authority of Singapore

Australia's prudential regulation framework has stood us in good stead during the global financial crisis. Nonetheless, there is always room for improvements and the lessons to learn from the crisis continue to unfold.

Mr. John F. Laker
Chairman, Australian Prudential Regulation Authority

The core underpinning of a successful regulator is its culture and its people. Our culture has to be one that attracts and retains quality individuals who deliver decisive yet considered judgements.

Mr. Hector Sants
Chief Executive, Financial Services Aurhority, UK

We've asked ourselves and others not to opt for what might be popular or populist, but what the situation demands — leadership, in other words.

Mr. Jim Flaherty
Minister of Finance, Government of Canada