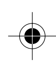
Volume VII, No. 10

# Journal

October 2009

## Best Practices -
For a Sparkling Performance

बीमा विनियामक और विकास प्राधिकरण



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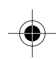

# From the Publisher

For an insurance contract to be truly successful, the role that the distributor plays is very crucial. Being the first-line underwriter, he is given to know the nuances of the risk at the disposal as also the product that can fulfill the needs of the prospect. Being the intermediary, he is best equipped to identify the need; and suggest a need-based solution. Identifying the importance of the intermediary's role, regulations have been put in place to ensure that the agent is a sufficiently trained one and also that he is well qualified to fulfill the role of the financial intermediary; and thereby sowing the first seeds of best practices.

The distributor in general and the agent in particular have been described as the face of the insurer and as such is most instrumental in making the deal a successful one – for all the parties involved. In order to ensure that the agent really acts as a true representative of the insurance company, due care has to be exercised at the time of recruiting the agent; training him/her properly and comprehensively; monitor the performance on a regular basis to ensure that all the requirements associated with a successful completion of a sale and the post-sale service are fulfilled in their true spirit. If a company can claim to have adopted 'best practices' during the course of their business, there cannot be a better beginning.

Close on the heels of a well-trained, educated distributor; the players should ensure that the rank and file of their human resources is adept at role fulfillment and obviating the need for any adverse comments. Keeping a band of dedicated and efficient workforce should be at the top of the agenda for insurance companies. In a domain where the supply of professionally trained personnel is limited, organizations may have to look at the need for generating their own comprehensive modules and ensure that the associated values percolate to the lowermost cadres. It needs no emphasis that for achieving the implementation of best practices, an organization needs to have a complete set of efficient and motivated workforce.

'Best Practices in Insurance' is once again the focus of this issue of the **Journal**. For an insurance contract to be successful in its truest sense, the information that flows either way must be of the highest order in reliability. However, to what extent it really happens is the million dollar question! 'Asymmetry of Information' will be the focus of the next issue of the **Journal**.

J. Hari Narayan

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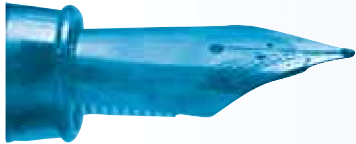

# Best Practices
## - In Letter and Spirit

Insurance business in India has been growing in its stature – both quantitatively as well as qualitatively. Although insurance itself made a late entry into the country, we are presently at a stage from where we can hopefully look forward to achieving global standards in the not-too-distant future. Especially in the life insurance domain, looking at the fact that we have made a transition from what used to be a protective shield from the comfort of a joint family system to the intricacies of complex transactions of today's business; it has to be appreciated that the growth needs to be supported by practices of the best order. In the non-life domain, there is need for identifying areas where we are lagging behind and emulate some of the practices being followed in the global markets. Being an emerging market, to set benchmarks in various fields may be a tough ask; looking at some of the well-developed global markets and adapting their practices to suit our own industry may not be a bad idea at all.

One area that needs to be focused in particular is the number of decisions being challenged – both by the courts as also several other alternate dispute resolution mechanisms. While it is a foregone conclusion that there is an element of subjectivity associated with some of the judgments, the fact that some of the insurers have been dragged into long-drawn legal battles calls for a close introspection. It should be appreciated that the general awareness levels and the resultant proneness to a more litigious society have been on the rise, and thankfully so. Hence the emphasis on the need for the highest order in professionalism. The literature that the insurers use for promoting a product or to disseminate corporate information can set the trend of best practices by being very transparent and without any hidden agenda.

Insurers should settle for nothing short of the best practices in generating a fully professional field force – strongly supported by the mechanism of a genuine fulfillment of training requirements followed by qualifying examinations. This is an area that needs the best attention of the managements if the controversies associated with the domain are to be minimized. Similarly, the need for orientation/reorientation programmes for all the elements of the human resources has to be reviewed from time to time, in order that the staff are equipped with the best inputs at all times. In short, adoption of best practices has to be a complete exercise – in spirit; and not limited to a mere display.

The focus of this issue of the **Journal** is on 'Best Practices in Insurance'. As mentioned elsewhere, there may be need for looking at some of the practices in vogue in more developed markets. And who could throw better light on this than Mr. Rajagopalan Krishnamurthy and Mr. Stephen Cotham who have the first word on this debate? Much has been mentioned about the day-to-day practices of life insurers despite their achieving several milestones. Dr. G. Gopalakrishna takes a deep look into some of the areas that need to be specially focused. Mr. Rajesh Khandelwala mentions that it is not merely the top-line growth or even the profitability that need to be looked at but also the socially responsible investments, while assessing the quality and performance of an insurer. In the last article on issue focus, we have an article by Dr. George Thomas that looks at the incidence of subsidization being inherent in insurance, to some extent, and how best to live with that.

Sometime ago, we focused on 'Risk Management for Insurers' and no other time could have been more appropriate than the present one for dealing with it. In the 'follow through' section, Dr. Annett Rittershaus emphasizes on the importance of a proper risk management strategy being in place for insurers. The second part of the paper on 'Warehouse Management' by Mr. Avinash Singaraju completes the coverage.

The success of the entire mechanism of insurance is dependent on the quality of information that is provided. In India, as in several other emerging domains, the quality of information is however not of the highest quality. 'Asymmetry of Information' will be the focus of the next issue of the **Journal.**

**U. Jawaharlal**

# Report Card:LIFE

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

| Sl No. | Insurer | Premium u/w (Rs. in Crores) | | | No. of Policies / Schemes | | | No. of lives covered under Group Schemes | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | August, 09 | Up to August, 09 | Up to August, 08 | August, 09 | Up to August, 09 | Up to August, 08 | August, 09 | Up to August, 09 | Up to August, 08 |
| 1 | Bajaj Allianz | | | | | | | | | |
| | Individual Single Premium | 25.52 | 103.94 | 139.89 | 5386 | 25982 | 32677 | | | |
| | Individual Non-Single Premium | 228.31 | 871.86 | 1404.56 | 158594 | 664582 | 926797 | | | |
| | Group Single Premium | 5.74 | 19.48 | 0.96 | 0 | 6 | 0 | 5586 | 22474 | 1073 |
| | Group Non-Single Premium | 30.00 | 135.22 | 42.28 | 38 | 298 | 220 | 1631745 | 5865459 | 1858419 |
| 2 | ING Vysya | | | | | | | | | |
| | Individual Single Premium | 0.61 | 3.38 | 14.41 | 86 | 468 | 1741 | | | |
| | Individual Non-Single Premium | 54.39 | 226.59 | 250.05 | 23121 | 113287 | 136481 | | | |
| | Group Single Premium | 0.77 | 3.70 | 6.75 | 0 | 0 | 1 | 175 | 1067 | 1545 |
| | Group Non-Single Premium | 0.02 | 0.15 | 1.43 | 0 | 0 | 50 | 228 | 2490 | 26135 |
| 3 | Reliance Life | | | | | | | | | |
| | Individual Single Premium | 10.58 | 44.80 | 189.79 | 1712 | 9444 | 47097 | | | |
| | Individual Non-Single Premium | 189.41 | 824.02 | 863.26 | 139809 | 739342 | 525490 | | | |
| | Group Single Premium | 1.34 | 49.63 | 43.92 | 0 | 2 | 5 | -31 | 376 | 14576 |
| | Group Non-Single Premium | 10.86 | 28.96 | 15.64 | 28 | 201 | 129 | 158205 | 483315 | 282965 |
| 4 | SBI Life | | | | | | | | | |
| | Individual Single Premium | 35.17 | 128.50 | 244.99 | 6151 | 23182 | 37749 | | | |
| | Individual Non-Single Premium | 231.51 | 967.83 | 866.22 | 114365 | 402141 | 246790 | | | |
| | Group Single Premium | 4.11 | 58.29 | 90.87 | 1 | 1 | 1 | 1029 | 33015 | 45310 |
| | Group Non-Single Premium | 35.69 | 550.10 | 561.96 | 11 | 48 | 36 | 138270 | 411987 | 1457620 |
| 5 | Tata AIG | | | | | | | | | |
| | Individual Single Premium | 1.16 | 6.73 | 21.58 | 227 | 1626 | 4455 | | | |
| | Individual Non-Single Premium | 84.48 | 338.60 | 347.76 | 62088 | 274728 | 257495 | | | |
| | Group Single Premium | 2.49 | 10.17 | 17.49 | 0 | 1 | 7 | 3563 | 14845 | 57862 |
| | Group Non-Single Premium | 5.98 | 34.79 | 28.09 | 8 | 33 | 38 | 12073 | 73693 | 76080 |
| 6 | HDFC Standard | | | | | | | | | |
| | Individual Single Premium | 13.08 | 49.00 | 55.73 | 77265 | 119054 | 23561 | | | |
| | Individual Non-Single Premium | 223.14 | 771.70 | 824.55 | 57294 | 241579 | 289906 | | | |
| | Group Single Premium | 19.94 | 53.53 | 39.97 | 23 | 97 | 55 | 28991 | 129057 | 100257 |
| | Group Non-Single Premium | 15.21 | 18.29 | 10.48 | 3 | 3 | 4 | 4475 | 4800 | 13175 |
| 7 | ICICI Prudential | | | | | | | | | |
| | Individual Single Premium | 7.52 | 51.15 | 112.17 | 876 | 5711 | 20088 | | | |
| | Individual Non-Single Premium | 461.08 | 1347.38 | 2143.59 | 140418 | 650816 | 1033741 | | | |
| | Group Single Premium | 7.50 | 66.31 | 114.71 | 14 | 163 | 133 | 91371 | 399263 | 304056 |
| | Group Non-Single Premium | 48.87 | 260.69 | 449.79 | 9 | 246 | 279 | 62366 | 323640 | 437810 |
| 8 | Birla Sunlife | | | | | | | | | |
| | Individual Single Premium | 2.99 | 18.17 | 17.22 | 6674 | 44179 | 55498 | | | |
| | Individual Non-Single Premium | 217.75 | 763.78 | 834.76 | 136936 | 564909 | 291609 | | | |
| | Group Single Premium | 0.00 | 0.24 | 5.83 | 0 | 0 | 2 | 46 | 584 | 14116 |
| | Group Non-Single Premium | 11.59 | 76.71 | 44.64 | 11 | 88 | 69 | 16061 | 136579 | 89003 |
| 9 | Aviva | | | | | | | | | |
| | Individual Single Premium | 1.84 | 32.53 | 6.90 | 327 | 4307 | 1025 | | | |
| | Individual Non-Single Premium | 46.49 | 198.55 | 266.05 | 21374 | 80411 | 138688 | | | |
| | Group Single Premium | 0.00 | 0.00 | 0.05 | 0 | 0 | 0 | 0 | 0 | 63 |
| | Group Non-Single Premium | 4.02 | 13.49 | 8.91 | 5 | 35 | 29 | 190328 | 759864 | 401194 |
| 10 | Kotak Mahindra Old Mutual | | | | | | | | | |
| | Individual Single Premium | 1.18 | 4.77 | 10.82 | 155 | 679 | 1224 | | | |
| | Individual Non-Single Premium | 57.38 | 235.80 | 425.86 | 22352 | 99581 | 227652 | | | |
| | Group Single Premium | 3.53 | 14.41 | 14.59 | 0 | 4 | 4 | 14316 | 44807 | 60847 |
| | Group Non-Single Premium | 7.28 | 30.25 | 16.43 | 49 | 214 | 148 | 43463 | 229871 | 234347 |
| 11 | Max New York | | | | | | | | | |
| | Individual Single Premium | 13.46 | 79.78 | 104.10 | 4389 | 12663 | 7682 | | | |
| | Individual Non-Single Premium | 100.22 | 590.88 | 652.89 | 17548 | 384564 | 464715 | | | |
| | Group Single Premium | 0.22 | 0.87 | 6.47 | 0 | 9 | 10 | 278 | 273021 | 187394 |
| | Group Non-Single Premium | 6.37 | 24.76 | 12.30 | 46 | 327 | 246 | 855586 | 2403274 | 245678 |
| 12 | Met Life | | | | | | | | | |
| | Individual Single Premium | 0.70 | 2.80 | 2.60 | [illegible] | 417 | 780 | | | |
| | Individual Non-Single Premium | 64.13 | 265.09 | 323.74 | 21846 | 93763 | 87046 | | | |

| Sl. | Particulars | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Individual Non-Single Premium | 100.22 | 590.88 | 652.89 | 17548 | 384564 | 464715 | | | |
| | Group Single Premium | 0.22 | 0.87 | 6.47 | 0 | 9 | 10 | 278 | 273021 | 187394 |
| | Group Non-Single Premium | 6.37 | 24.76 | 12.30 | 46 | 327 | 246 | 855586 | 2403274 | 245678 |
| 12 | Met Life | | | | | | | | | |
| | Individual Single Premium | 0.70 | 2.80 | 2.60 | 114 | 417 | 780 | | | |
| | Individual Non-Single Premium | 64.13 | 265.09 | 323.74 | 21846 | 93763 | 87046 | | | |
| | Group Single Premium | 3.24 | 12.28 | 9.13 | 0 | 0 | 52 | 2666 | 6185 | 114158 |
| | Group Non-Single Premium | 0.40 | 12.99 | 0.00 | 11 | 79 | 0 | 14029 | 130679 | 0 |
| 13 | Sahara Life | | | | | | | | | |
| | Individual Single Premium | 2.80 | 11.19 | 18.50 | 761 | 3291 | 4761 | | | |
| | Individual Non-Single Premium | 5.23 | 22.25 | 26.97 | 6135 | 25167 | 31050 | | | |
| | Group Single Premium | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Group Non-Single Premium | 2.89 | 13.36 | 0.00 | 0 | 1 | 2 | 314339 | 1561353 | 78 |
| 14 | Shriram Life | | | | | | | | | |
| | Individual Single Premium | 7.26 | 29.51 | 84.15 | 1016 | 4507 | 14105 | | | |
| | Individual Non-Single Premium | 25.90 | 86.39 | 58.20 | 12028 | 50373 | 29812 | | | |
| | Group Single Premium | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Group Non-Single Premium | 0.06 | 0.20 | 0.00 | 1 | 5 | 0 | 4545 | 16529 | 0 |
| 15 | Bharti Axa Life | | | | | | | | | |
| | Individual Single Premium | 0.86 | 1.98 | 2.78 | 1913 | 2462 | 651 | | | |
| | Individual Non-Single Premium | 25.73 | 118.00 | 85.95 | 12225 | 55575 | 59607 | | | |
| | Group Single Premium | 2.05 | 8.61 | 3.40 | 0 | 2 | 1 | 1072 | 5786 | 15741 |
| | Group Non-Single Premium | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | Future Generali Life | | | | | | | | | |
| | Individual Single Premium | 0.54 | 2.93 | 0.43 | 102 | 493 | 91 | | | |
| | Individual Non-Single Premium | 25.56 | 99.13 | 5.62 | 20727 | 84787 | 8752 | | | |
| | Group Single Premium | 0.00 | 0.02 | 0.00 | 0 | 0 | 0 | 7 | 111 | 0 |
| | Group Non-Single Premium | 0.39 | 7.93 | 6.64 | 7 | 44 | 29 | 8684 | 112820 | 201481 |
| 17 | IDBI Fortis Life | | | | | | | | | |
| | Individual Single Premium | 6.04 | 36.08 | 40.48 | 1093 | 5665 | 5583 | | | |
| | Individual Non-Single Premium | 16.79 | 74.30 | 53.45 | 5292 | 22713 | 16499 | | | |
| | Group Single Premium | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Group Non-Single Premium | 0.01 | 0.02 | 0.00 | 0 | 2 | 0 | 3100 | 13131 | 0 |
| 18 | Canara HSBC OBC Life | | | | | | | | | |
| | Individual Single Premium | 0.72 | 3.91 | 0.00 | 38 | 181 | 1 | | | |
| | Individual Non-Single Premium | 49.09 | 211.04 | 37.40 | 7291 | 31319 | 3365 | | | |
| | Group Single Premium | 0.20 | 0.48 | 0.00 | 0 | 2 | 0 | 125 | 305 | 0 |
| | Group Non-Single Premium | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | Aegon Religare | | | | | | | | | |
| | Individual Single Premium | 0.13 | 0.48 | 0.04 | 16 | 50 | 5 | | | |
| | Individual Non-Single Premium | 5.96 | 23.06 | 0.95 | 2088 | 10078 | 1320 | | | |
| | 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 | 2 | 2 | 0 | -2745 | -2745 | 0 |
| 20 | DLF Pramerica | | | | | | | | | |
| | Individual Single Premium | 0.00 | 0.03 | | 0 | 0 | | | | |
| | Individual Non-Single Premium | 1.13 | 7.60 | | 796 | 5085 | | | | |
| | 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 | 8.07 | 21.27 | | 1070 | 2782 | | | | |
| | Individual Non-Single Premium | 13.76 | 42.95 | | 5729 | 16473 | | | | |
| | Group Single Premium | 0.63 | 3.48 | | 4 | 4 | | 524 | 3529 | |
| | Group Non-Single Premium | 0.13 | 0.64 | | 0 | 2 | | 583 | 4970 | |
| | **Private Total** | | | | | | | | | |
| | **Individual Single Premium** | **140.24** | **632.90** | **1066.59** | **109371** | **267143** | **258774** | | | |
| | **Individual Non-Single Premium** | **2127.42** | **8086.79** | **9471.83** | **988056** | **4611273** | **4776815** | | | |
| | **Group Single Premium** | **51.76** | **301.51** | **354.13** | **42** | **291** | **271** | **149718** | **934425** | **916998** |
| | **Group Non-Single Premium** | **179.78** | **1208.56** | **1198.59** | **229** | **1628** | **1279** | **3455335** | **12531709** | **5323985** |
| 22 | LIC | | | | | | | | | |
| | Individual Single Premium | 1756.13 | 5839.99 | 4732.93 | 410388 | 1474673 | 1322369 | | | |
| | Individual Non-Single Premium | 1487.50 | 6583.18 | 5725.27 | 2330651 | 9995194 | 8711984 | | | |
| | Group Single Premium | 3301.36 | 8387.82 | 3901.82 | 2104 | 8315 | 6498 | 2802223 | 7752715 | 7197084 |
| | Group Non-Single Premium | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Grand Total** | | | | | | | | | |
| | **Individual Single Premium** | **1896.37** | **6472.89** | **5799.52** | **519759** | **1741816** | **1581143** | | | |
| | **Individual Non-Single Premium** | **3614.92** | **14669.97** | **15197.10** | **3318707** | **14606467** | **13488799** | | | |
| | **Group Single Premium** | **3353.11** | **8689.32** | **4255.95** | **2146** | **8606** | **6769** | **2951941** | **8687140** | **8114082** |
| | **Group Non-Single Premium** | **179.78** | **1208.56** | **1198.59** | **229** | **1628** | **1279** | **3455335** | **12531709** | **5323985** |

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.

## FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED JUNE, 2009

### INDIVIDUAL SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

| Sl No | PARTICULARS | PREMIUM | | POLICIES | | SUM ASSURED | |
|---|---|---|---|---|---|---|---|
| | | June 2008 | June 2009 | June 2008 | June 2009 | June 2008 | June 2009 |
| | *Non linked** | | | | | | |
| 1 | Life | | | | | | |
| | with profit | 52.35 | 268.08 | 2171 | 21154 | 84.95 | 562.65 |
| | without profit | 38.65 | 11.52 | 52850 | 53298 | 771.31 | 517.12 |
| 2 | General Annuity | | | | | | |
| | with profit | 0.00 | 0.48 | 0 | 29 | 0.00 | 0.00 |
| | without profit | 3.38 | 83.00 | 261 | 2807 | 0.35 | 0.17 |
| 3 | Pension | | | | | | |
| | with profit | 9.98 | 7.28 | 894 | 1029 | 0.77 | 2.54 |
| | without profit | 21.54 | 0.00 | 822 | 0 | 0.00 | 0.00 |
| 4 | Health | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| A | **Sub total** | **125.91** | **370.35** | **56998** | **78317** | **857.38** | **1082.49** |
| | *Linked** | | | | | | |
| 1 | Life | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 1816.05 | 353.14 | 405204 | 76823 | 2976.34 | 1063.49 |
| 2 | General Annuity | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 49 | 0 | 0.46 | 0.00 |
| 3 | Pension | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 829.40 | 2105.39 | 210342 | 618084 | 34.72 | 3.05 |
| 4 | Health | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| B | **Sub total** | **2645.44** | **2458.53** | **615595** | **694907** | **3011.51** | **1066.54** |
| C | **Total (A+B)** | **2771.35** | **2828.88** | **672593** | **773224** | **3868.89** | **2149.03** |
| | *Riders* | | | | | | |
| | *Non linked* | | | | | | |
| 1 | Health# | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| 2 | Accident## | 0.00 | 0.01 | 0 | 0 | 0.03 | 0.34 |
| 3 | Term | 0.00 | 0.00 | 0 | 0 | 0.07 | 0.00 |
| 4 | Others | 1.69 | 1.29 | 0 | 0 | 0.00 | 3.58 |
| D | **Sub total** | **1.70** | **1.30** | **0** | **0** | **0.09** | **3.92** |
| | *Linked* | | | | | | |
| 1 | Health# | 0.01 | 0.00 | 0 | 0 | 0.27 | 0.23 |
| 2 | Accident## | 0.15 | 0.05 | 60 | 23 | 115.15 | 42.00 |
| 3 | Term | 0.00 | 0.00 | 0 | 0 | 0.02 | 0.00 |
| 4 | Others | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.03 |
| E | **Sub total** | **0.16** | **0.05** | **60** | **24** | **115.44** | **42.26** |
| F | **Total (D+E)** | **1.86** | **1.35** | **60** | **24** | **115.53** | **46.18** |
| G | ****Grand Total (C+F)** | **2773.21** | **2830.23** | **672593** | **773224** | **3984.42** | **2195.21** |

* Excluding rider figures.
** for policies Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
## Disability related riders.
The premium is actual amount received and not annualised premium.

## FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED JUNE, 2009

### INDIVIDUAL NON - SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

| Sl No | PARTICULARS | PREMIUM | | POLICIES | | SUM ASSURED | |
|---|---|---|---|---|---|---|---|
| | | June 2008 | June 2009 | June 2008 | June 2009 | June 2008 | June 2009 |
| | *Non linked** | | | | | | |
| 1 | Life | | | | | | |
| | with profit | 2006.85 | 3287.24 | 3559180 | 5176357 | 34714.23 | 58964.16 |
| | without profit | 38.14 | 65.71 | 340535 | 351261 | 5649.64 | 7764.33 |
| 2 | General Annuity | | | | | | |
| | with profit | 0.00 | 0.18 | 0 | 35 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| 3 | Pension | | | | | | |
| | with profit | 9.06 | 19.27 | 10980 | 12035 | 130.10 | 238.14 |
| | without profit | 3.63 | 28.16 | 2400 | 9185 | 0.33 | 1.21 |
| 4 | Health | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 29.60 | 21.70 | 114917 | 68029 | 8784.02 | 3364.38 |
| A. | Sub total | **2087.28** | **3422.26** | **4028012** | **5616902** | **49278.32** | **70332.22** |
| | Linked* | | | | | | |
| 1 | Life | | | | | | |
| | with profit | 0.01 | -0.06 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 4783.32 | 3159.45 | 2440729 | 1731689 | 44546.18 | 31160.80 |
| 2 | General Annuity | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| 3 | Pension | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 1312.74 | 847.82 | 371912 | 298900 | 1283.64 | 434.64 |
| 4 | Health | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 27.64 | 39.69 | 27977 | 29226 | 0.00 | 780.55 |
| B. | Sub total | 6123.72 | 4046.90 | 2840618 | 2059815 | 45829.82 | 32375.98 |
| C. | Total (A+B) | **8211.00** | **7469.17** | **6868630** | **7676717** | **95108.13** | **102708.20** |
| | *Riders* | | | | | | |
| | Non linked | | | | | | |
| 1 | Health# | 0.47 | 0.73 | 28 | 39 | 323.26 | 243.24 |
| 2 | Accident## | 1.22 | 1.51 | 344 | 635 | 1144.24 | 1336.47 |
| 3 | Term | 0.26 | 0.32 | 10 | 13 | 64.79 | 65.46 |
| 4 | Others | 0.31 | 0.66 | 1 | 6 | 6.77 | 9.02 |
| | D Sub total | **2.27** | **3.22** | **384** | **693** | **1539.05** | **1654.19** |
| | *Linked* | | | | | | |
| 1 | Health# | 1.26 | 1.01 | 86 | 106 | 332.88 | 410.19 |
| 2 | Accident## | 7.29 | 4.19 | 453 | 582 | 2255.68 | 2031.35 |
| 3 | Term | 0.05 | 0.20 | 13 | 29 | 18.05 | 56.43 |
| 4 | Others | 0.83 | 0.38 | 3 | 6 | 127.05 | 113.48 |
| E | Sub total | **9.43** | **5.78** | **555** | **723** | **2733.66** | **2611.45** |
| F | Total (D+E) | **11.70** | **9.01** | **939** | **1416** | **4272.71** | **4265.64** |
| G | **Grand Total (C+F) | **8222.70** | **7478.17** | **6868630** | **7676717** | **99380.85** | **106973.84** |

* Excluding rider figures.
** for policies Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
## Disability related riders.
The premium is actual amount received and not annualised premium.

## FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED JUNE, 2009

### GROUP SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

| Sl No | PARTICULARS | PREMIUM | | NO.OF SCHEMES | | LIVES COVERED | | SUM ASSURED | |
|---|---|---|---|---|---|---|---|---|---|
| | | June 2008 | June 2009 | June 2008 | June 2009 | June 2008 | June 2009 | June 2008 | June 2009 |
| | *Non linked** | | | | | | | | |
| 1 | Life | | | | | | | | |
| | a) *Group Gratuity Schemes* | | | | | | | | |
| | with profit | 0.00 | 2.00 | 0 | 1 | 0 | 199 | 0.00 | 0.02 |
| | without profit | 502.28 | 1768.53 | 320 | 560 | 178840 | 206949 | 773.68 | 947.80 |
| | b) *Group Savings Linked Schemes* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 1.31 | 3.04 | 114 | 114 | 23465 | 84056 | 150.69 | 469.90 |
| | c) *EDLI* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 1.20 | 3.13 | 139 | 124 | 182514 | 183179 | 510.38 | 1385.40 |
| | d) *Others* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 576.03 | 211.00 | 2216 | 2787 | 2794940 | 3310547 | 17720.10 | 15921.42 |
| 2 | General Annuity | | | | | | | | |
| | with profit | 72.02 | 0.00 | 1 | 0 | 130 | 0 | 0.00 | 0.00 |
| | without profit | 622.87 | 509.12 | 42 | 45 | 1250 | 1530 | 0.00 | 0.00 |
| 3 | Pension | | | | | | | | |
| | with profit | 0.00 | 5.00 | 0 | 1 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 617.88 | 673.96 | 62 | 38 | 28298 | 103900 | 0.00 | 0.00 |
| 4 | Health | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | A. Sub total | **2393.58** | **3175.78** | **2894** | **3670** | **3209437** | **3890360** | **19154.86** | **18724.55** |
| | *Linked** | | | | | | | | |
| 1 | Life | | | | | | | | |
| | a) *Group Gratuity Schemes* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 54.90 | 73.33 | 19 | 1 | 43676 | 2673 | 55.71 | 0.27 |
| | b) *Group Savings Linked Schemes* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | c) *EDLI* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | d) *Others* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.25 | 0 | 1 | 0 | 477 | 0.00 | 0.05 |
| 2 | General Annuity | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| 3 | Pension | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 10.22 | 7.90 | 3 | 1 | 217 | 81 | 0.00 | 0.00 |
| 4 | Health | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| B. | Sub total 65.12 | **81.49** | **22** | **3** | **43893** | **3231** | **55.71** | **0.31** | |
| C. | Total (A+B) | **2458.70** | **3257.27** | **2916** | **3673** | **3253330** | **3893591** | **19210.57** | **18724.86** |
| | *Riders* | | | | | | | | |
| | *Non linked* | | | | | | | | |
| 1 | Health# | -0.04 | 0.06 | 5 | 4 | 1947 | 1186 | 51.77 | 66.43 |
| 2 | Accident## | 0.15 | 0.09 | 8 | 15 | 2021 | 1013 | 327.57 | 129.32 |
| 3 | Term | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| 4 | Others | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| D. | Sub total | **0.12** | **0.14** | **13** | **19** | **3968** | **2199** | **379.34** | **195.75** |
| | Linked | | | | | | | | |
| 1 | Health# | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| 2 | Accident## | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| 3 | Term | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| 4 | Others | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| E | Sub total | **0.00** | **0.00** | **0** | **0** | **0** | **0** | **0.00** | **0.00** |
| F | Total (D+E) | 0.12 | 0.14 | 13 | 19 | 3968 | 2199 | 379.34 | 195.75 |
| G | **Grand Total (C+F) | 2458.82 | 3257.42 | 2916 | 3673 | 3253330 | 3893591 | 19589.91 | 18920.61 |

* Excluding rider figures.
** for no.of schemes & lives covered Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
## Disability related riders.
The premium is actual amount received and not annualised premium.

## FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED JUNE, 2009

### GROUP NEW BUSINESS – NON-SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

| Sl No | PARTICULARS | PREMIUM | | NO.OF SCHEMES | | LIVES COVERED | | SUM ASSURED | |
|---|---|---|---|---|---|---|---|---|---|
| | | June 2008 | June 2009 | June 2008 | June 2009 | June 2008 | June 2009 | June 2008 | June 2009 |
| | *Non linked** | | | | | | | | |
| 1 | Life | | | | | | | | |
| | a) *Group Gratuity Schemes* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 130.63 | 73.53 | 26 | 50 | 208064 | 75545 | 185.93 | 159.30 |
| | b) *Group Savings Linked Schemes* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 6.58 | 26.13 | 0 | 0 | 45575 | 107449 | 358.14 | 597.94 |
| | c) *EDLI* | | | | | | | | |
| | with profit | 0.08 | 0.11 | 63 | 59 | 52765 | 47324 | 610.75 | 617.73 |
| | without profit | 1.14 | 2.62 | 60 | 121 | 129672 | 211822 | 985.09 | 2353.04 |
| | d) *Others* | | | | | | | | |
| | with profit | 1.28 | 0.00 | 95 | 0 | 125777 | 0 | 3761.19 | 0.00 |
| | without profit | 391.06 | 440.45 | 310 | 556 | 1360155 | 4299482 | 14073.56 | 34280.87 |
| 2 | General Annuity | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| 3 | Pension | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.65 | 0.69 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| 4 | Health | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.12 | 0 | 0 | 0 | 7055 | 0.00 | 0.00 |
| A. | Sub total 531.41 | 543.65 | 554 | 786 | 1922008 | 4748677 | 19974.66 | 38008.89 | |
| | *Linked** | | | | | | | | |
| 1 | Life | | | | | | | | |
| | a) *Group Gratuity Schemes* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 87.47 | 148.70 | 194 | 208 | *391625* | *320271* | *2501.96* | *2136.72* |
| | b) *Group Savings Linked Schemes* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 9.48 | 8.11 | 23 | 71 | 10447 | 20777 | 152.51 | 275.54 |
| | c) *EDLI* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | d) *Others* | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 13.88 | 41.66 | 7 | 4 | 578 | 567 | -0.33 | 3.70 |
| 2 | General Annuity | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.73 | 0.46 | 0 | 1 | 15 | 2 | 0.73 | 0.46 |
| 3 | Pension | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 221.57 | 147.07 | 97 | 67 | 34952 | 5907 | 0.00 | 0.00 |
| 4 | Health | | | | | | | | |
| | with profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | without profit | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| B | Sub total 333.13 | 345.99 | 321 | 351 | 437617 | 347524 | 2654.88 | 2416.41 | |
| C | Total (A+B) | 864.54 | 889.64 | 875 | 1137 | 2359625 | 5096201 | 22629.54 | 40425.30 |
| | *Riders:* | | | | | | | | |
| | Non linked | | | | | | | | |
| 1 | Health# | 0.66 | 0.63 | 8 | 12 | 8248 | 8473 | 518.59 | 760.89 |
| 2 | Accident## | 0.27 | 0.24 | 18 | 16 | 12859 | -4150 | 452.14 | 236.04 |
| 3 | Term | 0.00 | 0.00 | 0 | 0 | 8 | 67 | 0.04 | 0.81 |
| 4 | Others | 0.01 | 0.00 | 3 | 1 | 1114 | 200 | 367.15 | 59.48 |
| D | Sub total | 0.94 | 0.87 | 29 | 29 | 22229 | 4590 | 1337.92 | 1057.22 |
| | Linked | | | | | | | | |
| 1 | Health# | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| 2 | Accident## | 0.00 | 0.00 | 0 | 12 | 0 | 24 | 0.00 | 0.59 |
| 3 | Term | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| 4 | Others | 0.00 | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| E | Sub total | 0.00 | 0.00 | 0 | 12 | 0 | 24 | 0.00 | 0.59 |
| F | Total (D+E) | 0.94 | 0.87 | 29 | 41 | 22229 | 4614 | 1337.92 | 1057.80 |
| G | **Grand Total (C+F) | 865.48 | 890.52 | 875 | 1137 | 2359625 | 5096201 | 23967.46 | 41483.10 |

* Excluding rider figures.
** for no.of schemes & lives covered Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
## Disability related riders.
The premium is actual amount received and not annualised premium.
$ Reflects revised data submitted by ICICI Prudential Life Insurance Company Ltd.

## CIRCULAR

September 2, 2009

CIR/41/IRDA/Health/SN/09-10/32

To
CEOs of all General Insurance companies

**Sub: Free Look Period in Health Insurance Policies issued by General Insurance Companies**

Under the provisions of Section 14 (1) and Section 14 (2) (b) of the IRDA Act, 1999, the Authority issues the following instructions on the subject of free look period for health insurance policies issued by general insurance companies:

1. All health insurance policies which have a duration of three years or more, will include a provision within the meaning of section 7 (m) of IRDA (Protection of Policyholders' Interests) Regulations, 2002, that on the first inception of the policy, the insured has a period of 15 days from the date of receipt of the documents to review the terms and conditions of the policy. Where the policyholder disagrees to any of those terms or conditions, he has the option to return the policy stating the reasons for his objection, when he shall be entitled to a refund of the premium paid, subject only to a deduction of the expenses incurred by the insurer on medical examination of the insured persons and the stamp duty charges. In cases where the risk has already commenced when the option of returning the policy is exercised by the policyholder, the refund of the premium paid will also be subject to a deduction for proportionate risk premium for the period on cover. Where only part of the risk (e.g. only accidental hospitalization risk) has commenced, such proportionate risk premium shall be calculated as commensurate with the risk covered during such period.
2. Insurers can also voluntarily opt to provide such a free look period even in health insurance policies of duration less than three years. However, the terms and deductions admissible will continue to be as provided for in the paragraph 1 above.

This circular shall take effect for all policies issued or renewed on or after 1st of October, 2009. All general insurance companies are advised to ensure due compliance with the provisions contained in the circular as any failure to do so would render them liable to appropriate action under the provisions of IRDA Act, 1999, the Insurance Act, 1938 and the regulations framed thereunder.

Sd/-
**(J. Hari Narayan)**
Chairman

## CIRCULAR

Date: 09/09/2009

Ref: IRDA/F&I/CIR/AML/33/09/2009

To
The CEOs of All Insurance Companies

**Sub: The Prevention of Money Laundering (Amendment) Act, 2009**

1. The Prevention of Money Laundering Act, 2002 (the Act) has been amended vide the Prevention of Money Laundering (Amendment) Act, 2009 (No. 21 of 2009) which has come into force on 1st June, 2009 vide Gazette Notification No. S.O. 1338(E).
2. The amendments to the Act have been made with a view to strengthen the legal framework for Anti-Money Laundering and Combating the Financing of Terror (AML/CFT). List of offences in Part A (offences without threshold value) of the Schedule to the Act and Part B (offences with threshold value) have been significantly expanded. The amendments, inter alia, specify the time frame for retention of various records viz., CTRs / STRs and client identity records.
3. While there is no need for any consequent change in the stipulations of IRDA on Record Keeping by insurance companies, it is clarified that records pertaining to CTRs / STRs as defined in clause 3.1.6 to 3.1.8 of the Master Circular Ref: 022/IRDA/MasterAML/Nov-08 dated 24th November 2008 on AML guidelines shall be maintained for a period of ten years from the date of transaction between the client and the insurance company
4. Insurance Companies are advised to ensure compliance and effect changes to their AML policy at the earliest.

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

# CIRCULAR

September 2, 2009

Ref:31/IRDA/CA/CIR/SEP-09

**Re: Transfer of Agency / Corporate Agency Agreement from one Insurer to another**

There have been instances where agents / corporate agents are opting for transfer of agency / corporate agency agreement from one insurer to another. In all such cases the policy holders are experiencing difficulties with regard to service aspects of their policies. Most often the policyholders are left to fend for themselves or forced to switch the insurer, thereby losing the benefits of the existing policy. The IRDA has examined various aspects of policyholder protection policy arising in this context and decided to issue the following instructions under Section 14(1) of the IRDA Act. 1999.

All the insurers and their agents / corporate agents shall take the following steps to ensure the policy holders' interests are protected before issuing 'No Objection Certificate' to the agent / corporate agent who is leaving their organisation:

1. Every Insurer shall enter into the agreement with their agent(s)/ corporate agent(s) for a term not less than three years. (The insurer may terminate the agreement in case of non performance of agency or fraud by the agent / corporate agent.)
2. Every Insurer shall make adequate arrangements for servicing of the policies earlier serviced / being serviced by the agent / corporate agent(s) who wishes to leave the insurer, which shall include:
   a) Ensuring that the list of all the serviced policy holders along with the policy details, contact details and other details available with the agent are verified by the insurer and confirmed in writing by the outgoing agent / corporate agent and the changes, if any, recorded with the insurer.
   b) Identifying the officials for future servicing of the 'polices of such policy holders' which were earlier serviced by the outgoing agent / corporate agent.
3. It is essential that all such policies are serviced by insurer as per the service levels prescribed for agent / corporate agent. Mere provisions of call centre facilities will not be sufficient for fulfilling services at levels prescribed by IRDA.
4. Insurers and their agent(s) / corporate agent(s) shall inform in writing, all such policy holders about the arrangements made to service their policies which shall include contact details of the officials of the insurance company who would be providing the services in all such matters pursuant to such a transfer / change of agency.
5. No insurer shall issue NOC to their agent(s) / corporate agent(s) leaving their organization to tie up with another insurer unless the policyholders have been informed in writing about the change as specified at instruction no. 4.
6. The communication to policyholders by the insurer as described under instruction no.4 shall inform that the policyholder is entitled to continue with his policy irrespective of the change of agents / corporate agents and service levels will be maintained as agreed originally.
7. The insurer shall maintain a distinct cell / helpline to provide services to the policy holders of the agents / corporate agents leaving the insurer for a period of 6 months from the date of granting NOC.

   This is in addition to entrusting servicing of all such policies to an official of the insurer.
8. Insurers shall submit to the authority a list of all such agents / corporate agents for whom such arrangements have been made every quarter.
9. The insurer shall not release renewal commission of agents who have left them before completing 5 years of service.

Sd/-
**(J. Hari Narayan)**
Chairman

# Asymmetry of Information

## Primary Hurdle to Successful Insurance

'FLOW OF TOTAL AND CORRECT INFORMATION THAT LEADS TO THE OBJECTIVE ASSESSMENT OF A RISK IS VERY DIFFICULT TO BE ACHIEVED IN A DOMAIN THAT IS STILL EMERGING' WRITES U. JAWAHARLAL.

Insurance operates on the premise of uncertainty. For an insurer to accept the risk, it must be so placed that while the happening of the event is certainly a possibility, it is essential that its occurrence is uncertain. In life insurance where a certain event viz. death is covered, the uncertainty pertains to the timing of death. In order that the insurer is enabled to take a decision with regard to the coverage of the risk, and the terms and conditions at which it is to be accepted; it is very essential that the information provided to the insurer is factual and not tainted with the desire to make a gain out of the event. The success of the entire process of insurance thrives on the veracity of the information provided.

One of the projected ills of the Indian insurance industry is that the information provided by the applicant at the time of seeking insurance is either not complete or pre-meditated or both. While an objective and wholesome designing of the proposal form can overcome this limitation to a great extent, there is no substitute for the applicant being open and sincere in his approach in answering the queries. Another very pertinent point to make here is that the proponent is on most occasions not given to know the details called for. The agent is believed to have filled in the proposal form entirely, except for a few seemingly innocuous personal details. This leads to a situation where the policyholder pleads that the details given were not known to him or her.

Considering the fact that the success of the insurance contract rests heavily on the information provided, the insurer obtains a declaration at the end of the proposal form wherein the proposer gives an assurance that all the information provided is absolutely true; and further states that should anything be proved to be otherwise, all the rights in the policy are foregone. While signing such an important declaration, it should arouse the curiosity of the proponent to venture into the details of the proposal form and not blindly sign the declaration. The argument that the agent who represents the insurer filled in the proposal may not hold much water as the responsibility of filling in the proposal was consciously delegated to the agent by the proponent. These problems are however inherent in a nascent market; and the role of the distributor assumes a huge importance to ensure that the queries are well understood and then answered by the proposer.

On the other hand, insurers have to be very transparent in revealing the information pertaining to their enterprise, the product and its features; and all other aspects pertaining to the contract in order that the applicant takes a conscious decision. While the earlier problem of the applicant not giving sufficient and factual information leads to an adverse or anti selection against the insurer, the latter which leads to a situation called 'lemons problem' is even more detrimental to the industry. To avoid such a scenario, insurers have to be transparent and wholesome in disclosing information. In an emerging market, the need for openness is even more intense.

'Asymmetry of Information in Insurance' will be the focus of the next issue of the **Journal.**

**Trust -**
**A Two-Way Process**

*in the next issue...*

# Learning from Developing Practices

## Insurance Distribution in Other Markets

RAJAGOPALAN KRISHNAMURTHY AND STEPHEN COTHAM DISCUSS FROM GLOBAL EXPERIENCE SOME KEY DIRECTIONS IN THE CONTROL OF INSURANCE DISTRIBUTION THAT WILL HELP TO ENSURE CUSTOMER PROTECTION AND INCREASE CONSUMER SATISFACTION.

Especially bright since the onset of the financial crisis, there is a spotlight globally on the way retail financial companies treat consumers, and how they deliver appropriate and value-for-money products. Both in developed economies as well as emerging markets, regulators are re-assessing how the market structures and incentives are designed to deliver good value to consumers at every stage.

There have been concerns for many years in developed markets that there is something about the structure of the market for saving and investment-related insurance products, which produces neither good value to consumers nor sustainable economics for firms – with accompanying poor persistency and high costs across the system. Even before the current financial crisis unfolded, there was focused discussion on market conduct. In the UK, when launching its Retail Distribution Review ('RDR') in June 2006, the Financial Services Authority (FSA) recognised the need "to address the many persistent problems we had observed in what is now over 21 years of regulation of the retail investment market. Insufficient consumer trust and confidence in the products and services supplied by the market lie at the root of what we are seeking to address." There have been similar discussions and initiatives in other markets.

**Even before the current financial crisis unfolded, there was focused discussion on market conduct.**

The financial crisis has brought many of these issues to the fore, impacting consumers in the West and in Asia. For example, the sale of structured financial products (whether as structured notes, deposits or structured insurance products) connected to Lehman Brothers caused a substantial public outcry in both Hong Kong and Singapore.

This article examines a few key aspects concerning the distribution of saving and investment-related insurance products in the light of these issues, and what lessons India can learn as it continues the massive task of spreading insurance penetration and financial inclusion.

### Key areas

Earlier this year, the Monetary Authority of Singapore ('MAS') conducted a review of the sales and marketing aspects following the outbreak of the financial crisis and, as one outcome, identified a number of key areas that needed treatment.

**Product design and suitability:** The review by MAS had identified that processes for product approval in many insurance companies contained a number of deficiencies.

In our experience, product approval, whether from a manufacturer's or distributor's perspective; often focuses on the high-level characteristics of the product without examining the range of potential outcomes (for example, by stochastic modelling), nor contextualizing the characteristics and outcomes for different customers to whom the product may be marketed.

There are many dimensions to investment product risk (eg market risk, manager risk,

duration risk, concentration risk, gap risk and so on) and a proper review should take account of all relevant factors. But even more important are the potential customers – the same product will have different risk characteristics for different customers, particularly when their existing portfolio is taken into account. Therefore, an effective product approval process (which would include selecting the customer groups for whom the product is suitable and those for whom it is not) must include a comprehensive analysis of both customer and investment factors.

**Sales force competency:** Insurance companies must have clear processes to review and assess the competency of sales staff and sales managers.

We see that better companies have tools for carrying out a structured analysis of staff competencies; and identifying and actioning their ongoing development needs. Ideally, these tools would be included in a pro forma "Assessment Centre" – a concept which has already been proven in Asia. Such tools are particularly important to ensure consistent standards of application over time and over wide-spread geographies.

**Sales process**: Sales people and managers must have full understanding of the needs analysis process, and ensure that the customer ends up with a product wholly appropriate to their specific circumstances.

As a part of the best practices philosophy, we would expect quality companies to continuously evaluate seller behaviour and the reasons for seller non-compliance, and develop internal and external monitoring processes that ensure that seller behaviour is consistently focused on a needs-based approach. They would also have the appropriate management controls to ensure there are sufficient checks in place to ensure ongoing compliance.

**Better companies deploy experienced marketers who make sure that the messages given to customers provide the necessary information to make a fully informed choice, and materials are regularly audited to ensure that they comply fully.**

**Sales training and tracking**: There is a need for more effective training in products and processes; for tighter approval processes for training materials; and for systems to track the level of absorption of the participants in training events.

In our view, the training programmes of the best companies are regularly audited to ensure that they meet world class sales and sales management standards. This also holds good for tracking and testing tools to monitor progress. These tools save time and enable companies to comply to new requirements much more quickly.

**Marketing messages:** There is a general failure to clearly identify the risks involved in purchasing investment products in most jurisdictions.

Communicating product features and technical information is a fundamental element of the insurance business. Better companies deploy experienced marketers who make sure that the messages given to customers provide the necessary information to make a fully informed choice, and materials are regularly audited to ensure that they comply fully.

**Post sale customer care:** There is a requirement to validate the reasons for sales and customers' understanding of the products, plus a need to systemize the follow-through with customers to reduce post-sale dissonance and to keep them informed of product performance. We have come across some good quality bank distributors who send a 'welcome message' to customers who have bought long term investment products underscoring the features of the product bought in brief, and the risks and responsibilities that the customer has undertaken by subscribing to the product – a sort of post-sale warning! This strengthens the underlying spirit of the free look period given to the customer as part of the buying process.

We believe that companies should develop a post sale "Customer Pathway" that provides proof of compliance, whilst also ensuring sales made are cemented and customer satisfaction improved.

## Perspectives from India

The areas identified by the MAS as needing treatment in Singapore, are similar to issues that would be identified in most other territories, including India. There is a tremendous opportunity for newly globalising markets such as India to leapfrog in these respects and create benchmarks in distribution practices.

### A few other key aspects in this regard are:

- *Recruitment and selection of sales people*

Getting the right type of agents in the first place is clearly fundamental to delivering a quality result in the longer term. More focus needs to be given to exactly the type of people that are needed: whether primarily 'hunters' or those with more 'farming' instincts; their values, background and so on. And the requirements of the role in terms of competencies and activities need more rigorous analysis.

Interviews are still the most common form of selection process but, as years of experience have shown, interviews in isolation are a relatively poor tool. Personality profiles have also shown mixed results and, in our view, the best results come (along with careful analysis of the type of individual needed as above) by interviews combined with behavioural assessment and competency testing.

- *Sales management*
  Too often in our experience, sales managers are a combination of a still active seller and a recruiter. In the best companies, neither of these roles should be a significant part of a sales manager's role. There should be dedicated recruitment resource with only limited involvement from the sales managers, and the sales managers should be focused on coaching and developing their sales team.
- *Compensation & Rewards*
  Compensation and rewards is becoming an area of focus for the insurance and financial services industry around the world. Considerable attention globally has been paid to eliminating sales incentives that may result in product bias, but there is increasing recognition that any form of product sales related compensation can result in an unacceptable 'product push' culture. Rewarding appropriate behaviours in providing financial advice and products, whilst at the same time motivating sales people to deliver results is a critical challenge, and is often seen as contradictory. However, leading edge companies are already implementing more subtle and sophisticated sales compensation schemes to deliver these two goals in an effective manner.

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## Gatekeeping the quality of advice

The underlying concern of regulators worldwide in regard to insurance distribution is the quality and genuineness of advice at the points of sale. In regard to the quality of sales advice, three practical steps used by reputed players are:

- Making a distinction between vanilla insurance products and complex investment products, and assigning different sets of sales personnel with varying competency levels to handle sales of the latter, with different documentation requirements to fulfil.
- Reviewing sales advice and recommendations provided by agents and front end sales people by more competent and experienced supervisors.
- Before introducing new products, following a simple set of due diligence steps to ensure that the distribution of the product will meet certain criteria, such as who are the target buyers of the product and target distribution channels, what is the remuneration for the product and checking that the remuneration structure will not lead to product sales to unsuitable customers.

An extremely useful tool to ensure the quality of sales process is to conduct mystery shopping from time to time. Mystery shopping is an effective and popular approach to analyse customer service qualities in retail operations, especially through alternate platforms such as bancassurance. The purpose is to assess independently the quality of advice at the point of sales under several parameters, and to explore the level of customer satisfaction. Regulators are also beginning to appreciate the value of mystery shopping with, for example, the Hong Kong Monetary Authority now mandating the use of mystery shopping as well as carrying out its own mystery shopping programmes.

And the cost of not getting it right is heavy. In Singapore, those firms found to have been mis-selling structured products have been banned from selling such products for up to a year. In the UK, individual fines for mis-selling of pensions and mortgage related products have run into millions of pounds, with the total cost to the industry in the billions.

> Better companies seek to create a transparent mechanism to receive, record and respond to customer complaints.

## Best practices in bancassurance

There are two features that stand out towards adopting best practices in bancassurance.

- Firstly, best practices in bancassurance distribution develop where the relationship between the bank and the insurer is of a long term nature, and not based on a year-on-year renewal plan. There is a substantial mutual engagement of both parties in long term partnerships to extend best practices to cover products and processes.
- Secondly, we see the best practices evolving where the distributor bank concerned develops a joint 'bancassurance vision' and assumes ownership of the sales process. The quality of attention paid by the bank management to the comprehensiveness of distribution, their intimate understanding of the profit drivers of the business and the customer satisfaction levels are key to developing the best practices in bank distribution.

A key approach is to develop dedicated teams of sales advisors who are highly trained in both sales and after-sales service, including considerable training inputs on behavioural aspects of customers. We see that such a well trained insurance sales team culture sits well with bank staff and tends to positively impact the general customer servicing experiences in the banking business as well.

In the Indian context, special attention is also required to be paid to sales of saving and investment products to customers who do not understand English. It is important to ensure that the communication needs of such clients are met, that the sales documentation is made available in understandable language, and that the closure is done by a sales person who speaks the local language and works in compliance of the procedures laid down.

## Maintaining transparency

IRDA has made recent moves to bring about transparency in the charging structure of investment products by requiring companies to list the fees and charges under a set of common parameters.

Better companies seek to create a transparent mechanism to receive, record and respond to customer complaints. One suggestion to encourage this is to introduce a requirement for companies to publish their own customer complaint figures along with the data necessary to put their complaint numbers into context.

In the context of India, where the regulator has recently stated that about a third of the total customer complaints received relate to mis-selling of policies, the above discipline would sound timely and relevant.

Much consumer protection work around the world has been based on the presumption that markets will work for consumers if they are empowered with information. But in practice that is not always the case. What is clear is that consumer protection, financial capability and market intervention to protect consumers' needs, are all to be seen as part of a holistic approach; and they need to be grounded in an understanding of what role each element plays in empowering consumers and building their confidence.

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# Healthy Expansion of Insurance

## Adopting Best Methods and Practices

DR. G. GOPALAKRISHNA ASSERTS THAT PROVIDING EFFICIENT SERVICES THROUGHOUT THE CONTRACT PERIOD GOES A LONG WAY IN ENHANCING THE REPUTATION OF THE LIFE INSURER.

### Introduction

Insurance is highly specialized or technical; and a highly regulated business. The regulations ensure that the company has a high degree of financial stability and permanence. The philosophy, culture, aims and goals of the company are articulated in the form of mission statement. Generally the companies issue a statement of objectives or a statement of beliefs, which contain, in very brief terms how the company proposes to serve the society and how it will look after its employees and their welfare. Thus a company will aver that it will:

- become an advocate for customers;
- endeavour to reach all insurable persons;
- act as trustees of the insured public;
- drive profitable growth;
- meet the various needs of the society at large;
- maximize returns to the policyholders.

### Strengths of the Company

The strength of the company is reflected in one or more of the following elements:

- geographic locations, size and spread;
- financial – equity base, working capital, borrowings, debt equity ratio, margins, assets, reserves and surplus, etc.;
- product and technology – need-based product, product specifically developed for a target market, their Unique Selling Proposition (USP), the technology used etc.;
- marketing strengths – will include the structure of the marketing organization, its levels, its ability to satisfy customers, how responsive, effective and efficient is the servicing wing, the recruitment and training standards and compensation pattern for the field force.

### Marketing Concept in Insurance – Unique Features

The importance of marketing in the present-day context in any field is not merely a function. It is the whole business. Under the modern concept of marketing, the business process starts with marketing research and sales forecasting to provide a sound, factual customer oriented basis for planning all business operations; and the business function which has sales responsibility now participates in all the stages of the business planning process.

> The sacrifice of the customer (premium) is real and immediate whereas the benefit is distant and contingent.

In the insurance industry the importance of marketing becomes even more pronounced due to the following unique features of the business. It is often said that insurance is almost always sold, hardly ever bought. This is due to the fact that the sacrifice of the customer (premium) is real and immediate whereas the benefit is distant and contingent.

It must be borne in mind that consumers don't buy products, they buy solutions to their problems. In insurance, the prospective customer may not be able to immediately and clearly perceive his problem (prospective hazards) and hence may be reluctant to purchase the solutions (insurance covers). Hence it may be said that the marketing of insurance involves the creation of demand.

Concentration of the population in rural areas and their cultural tradition of fatalism have led to a tendency for self-insurance. This has added to the woes of the insurance industry.

> There came about tremendous changes in the industry in terms of variety of products, competitive pricing, unique servicing quality and organizational upsurge.

Two centuries ago, Adam Smith, the father of economic theory said that, consumption is the sole end and purpose of all production. The same sentiments are echoed by modern management guru, Peter Drucker, when he states that the purpose of business is to create a customer. The customer thus reigns supreme in any business and insurance is no exception.

### Indian Context

In the wake of the liberalization and the globalization of the Indian Economy the financial services has come to assume significant importance; and life insurance, being an essential constituent of the financial services sector, will assume special prominence. All financial businesses deal with management of risk but life insurance companies with their special job of basic risk management, their assets size and relative stability of cash flow are likely to play a key role in the future development of the financial services industry.

Life insurance is usually a long term contract and the term of the policy ranges from 15 to 25 years. As such, large volume of data and diverse operations on a dynamic scale are the main characteristics of life insurance. In India the insurance industry had been under a nationalized set up with a monopoly of selling and servicing of insurance. With the opening up of the industry, many new life insurance companies came up competing with one another. In view of these developments, there came about tremendous changes in the industry in terms of variety of products, competitive pricing, unique servicing quality and organizational upsurge.

An insurance executive will have to, besides knowing the nuances of life insurance, be aware of the legal aspects of insurance, impact of technology on the industry, corporate governance of private insurance organizations, compliance with regulatory requirements, investment management and other related fields. During the course of their business, insurance companies will have to deal with several stakeholders. It has also to reckon with the Government regulatory body and other organizations – like companies in which the insurers would be investing and so on.

### Some New Developments in the Organization

The traditional concepts of organization have undergone several changes. A great deal of flattening has taken place, as they tend to shift the focus of decision making closer to the customer. It resulted in fewer layers of management, often accompanied by an inverted pyramid philosophy. It placed the customer at the top of the organization with senior management at the bottom. Customer – Employee – Management – Top Management is the inverted pyramid philosophy.

### Source of Satisfactioins to the Customer

Regardless of what the product is, customers feel happy when they experience: recognition, courtesy, responsiveness, sensitivity, competence, reliability or credibility and ease of access. Recognition is one factor more vital than any other. If this is provided, then several other deficiencies in service will remain unnoticed. Recognition is explicit when the other person shows courtesy. When a complaint is taken seriously, there is recognition. Recognition is strong when there is willingness to help (responsiveness) and sensibility (understanding) to the requirements of the customer. The competence of the person at the contact point has to be satisfying. When the person answers the query, the customer must perceive it as accurate and reliable, not as an off the cuff remark without knowledge.

Reliability and credibility are the same as trustworthiness. The person in contact must reinforce the trust that the service being bought will indeed be available, as promised, after purchase. The insurance agent who is available at the time of claim is adding to the reliability. Candour is the best way of attaining credibility.

Ease of access is another important factor. Locations, telephone connections, hours of operation, etc. make for ease of access. If the services are made available where the customer is, either through persons calling on him or through the internet; access becomes easier.

### The Nature of the Problem

The buyer of any product is entitled to reasonable service to ensure that he can enjoy the product he has purchased and

that he gets value for the money expended. In many instances products such as automobiles and electrical appliances are sold with specific warranties, the terms of which are precise and clearly described at the time of purchase. When it comes to life insurance, service is emphasized as extremely important; but the precise nature of service, who provides it, and how it is paid for, are matters that are not always clear. For several reasons, the concept of service to life insurance policy owners is complex and the performance of such service presents a number of challenges.

### Changing Circumstances

The changing personal and financial circumstances of policy owners result in the need to review life insurance programmes regularly and to make changes or adjustments in specific policies. External events such as new tax laws and other changes in legislation also affect existing policies and may make certain alterations desirable. While it is essential to react to these changing circumstances it is even more desirable to anticipate changes and make adjustments before rather than after the fact. All these considerations add to the complexity of the service aspect.

Improvements in the nature and quality of service to policy owners should follow when the industry has a clearer understanding of what services policy owners require and how they are best rendered and paid for.

### Service Costs Money

Any process which requires the use of time, knowledge, and administrative facilities obviously costs money. The answers to questions like how much, who pays for it, when it is paid for, are fairly clear cut in the case for service items such as TV sets, furniture etc. The answers are less obvious in the case of life insurance. If there are weaknesses in the extent or quality of service being rendered to policy owners by agents, part of the explanation may lie in the clarity as to nature of the service itself.

### Several Parties involved

Throughout the duration of a life insurance policy several parties are likely to be involved. The insurer, the insured, the beneficiary, and the agent represent at least four different parties. Furthermore, the agent may retire, or leave the business; the insured may move to another part of the country or even another country; the beneficiary may be changed; and the insured may wish to involve other professional advisors in his financial affairs. These facts tend to complicate the service process. Predominantly transient type of agency system in our country compounds the situation leaving many as orphan policy owners.

### Product and Service Combined

Because life insurance should only be purchased to fill a policy owner's financial needs, it is essential to look beyond the policy as product and to consider the policy owner's personal situation. Service includes selling the right policy to fill the policy owner's need, making sure the policy owner understands the transaction fully, arranging ownership and beneficiary designation to best advantage, keeping the premium within the buyer's means and making future changes as required. Thus the product and the service are very much interwoven. In the light of all these factors, it is understandable that a number of life insurance organizations abroad, especially in USA and Canada are continuously engaged in special research projects with a view to understanding better the service function. Improvements in the nature and quality of service to policy owners should follow when the industry has a clearer understanding of what services policy owners require and how they are best rendered and paid for.

### Nature of Service and its Delivery

The Service should be classified into two categories: (1) Policy owner services and (2) Service to Clients.

**Policy owner services**: It is the basic responsibility of the life insurer to ensure that the policy owner services inherent in a life insurance policy are, in fact, rendered. The responsibility flows logically from the fact that such services are essential to the carrying out of the contractual provisions which the insurer undertakes as a party to the contract.

While the insurer is ultimately responsible for policy owner services, for all practical purposes, most of these services can best be delivered by a life insurance agent. In order to do this job effectively it is necessary however for the agent to receive the cooperation of the branch office of the

insurer. The agent must also have adequate secretarial services and office facilities as a base for his sales and service functions.

**Service to Clients:** Under this category, the focus is on the policy owner as a client to be given service, not on individual policies per se. It is not sufficient to sell life insurance in a vacuum unrelated to specific needs and objectives. There is the additional dimension of the agent performing a professional service. The purchaser must be viewed not only as a purchaser or policy owner but as a client who expects and is entitled to receive competent advice and reliable information on which he can base his decision to buy. Furthermore, he is entitled to expect that his policies will be serviced in such a manner as to ensure they will continue to meet his needs throughout the lifetime of the contracts.

In its total concept, therefore, service includes a sales function as well as the administrative procedures affecting policies. Probably the most important service that can be rendered to any policy owner over the years is to sell him the right kind of life insurance for his particular needs, in appropriate amounts arranged to maximum advantage, and increased, decreased or rearranged as necessary to adapt the programme to changing conditions.

> As the agent becomes more established in the business, the service function should merit increasing attention.

**Joint Responsibility of Insurer and Agent:** The rendering of service to clients is, therefore, the joint responsibility of the life insurance companies and their agents. A life insurance policy is a long term contract between the insurer and the insured, the future well being of the insured and his beneficiaries may be affected in ways which are far more likely to be within the knowledge of the insurer than the insured. Likewise, the agent has a responsibility to give sound advice both during the sale and afterward. The insured puts his trust on the agent to give proper advice and to keep the insured informed of any matters which may affect his life insurance programme.

If an agent and his insurer purport to provide a policy owner with a reasonably adequate life insurance programme, the policyholder is for all intents and purposes taken out of the market for more life insurance at least for some period of time. This result should be viewed both by the insurer and the agent as imposing a special responsibility to keep in touch with that insured and render the best possible service. The best solution to providing service is to make the agent responsible for the service function and to ensure that he is adequately compensated for that work.

**Training:** Service is an essential function. To the extent agents are to render service they should be trained to do so. It is understandable that sales training is given prime emphasis during the initial period after the new agent is first licensed. The service aspect should however also be given specific attention as early as possible to establish proper understanding and the right attitude toward service. As the agent becomes more established in the business, the service function should merit increasing attention. Having this responsibility in mind, the emphasis should be on the total needs concept as the basis for developing life insurance programmes for individuals.

## Relationship of Service to Policy Lapses

There is a good deal of concern both inside and outside the life insurance business regarding what has been described as a high rate of lapses of life insurance policies. There is, however, very little data available about lapses other than their rate of occurrence. A major study is necessary in order to analyze both the reasons for lapses and its consequences.

It is difficult, therefore, to evaluate the lapse picture until more is known about lapse data broken down by types of policies, duration of policies, circumstances of the policy owners, and reasons for the lapses. The fact that the lapse rate appears to be significantly higher during the first two years after policy issue certainly raises a suspicion that poor advice at the time of sale may be a factor.

The National Quality Award (NQA) sponsored by both insurer and agent organizations throughout the USA and Canada is designed to recognize those agents who render quality service as determined by a high standard of persistency. Quality business has been described by the sponsors of NQA as "The right policy for a specific need, purchased within the buyer's means, which is adequately understood by the purchaser and which continues to serve his best interest when regularly reviewed with him

by his agent." The NQA is awarded to agents whose persistency of business written is 90% or better based on policies written in a particular year remaining in force for thirteen months or longer.

## Persistency Rater

LIMRA (International) has developed what is known as the Persistency Rater. This is a tool for measuring the likelihood of a new life insurance policy remaining in force. Some life insurance companies use the Persistency Rater or a modification of it as one procedure in screening new applications for insurance particularly those written by newer agents. Where this procedure is used it helps reduce the rate of early lapses. Life insurance sales practices should include the requirement that all individual applications for life insurance must meet the acceptable standards established by the Persistency Rater (LIMRA) or its equivalent except for those applications submitted by agents who currently qualify for National Quality Award.

The services to be rendered by a life insurance agent should be specifically stated in his contract or contracts with the insurer

## Payment for Services rendered

It was noted earlier that service costs money and the weaknesses in the extent or quality of service may in some cases be traced to lack of clarity as to what services the agent is expected to provide and how the agent is to be paid for those services. Some insurers have recently recognized these problems and have entered into specific service contracts with their agents in addition to basic contract which spells out how the agent is compensated for sales. The services to be rendered by a life insurance agent should be specifically stated in his contract or contracts with the insurer and the basis of compensation for such services should be reasonable and clearly stated.

## Conclusion

If all the varied aspects are taken care of in letter and spirit by the different players in the insurance industry including the state undertakings, there is every likelihood of creating a sound reputation for the institution and healthy expansion of life insurance business more widely than ever before.

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# Best Practices in SRI

## Venturing Beyond the Bottom Line

RAJESH KHANDELWALA opines that it has becoming increasingly important for the insurance industry to adopt best practices in SRI so that the world becomes a better place to live in.

The Socially Responsible Investment (SRI) trend is furthered by two important initiatives harbored by United Nations: the Global Compact launched by former UN Secretary-General Kofi Annan at the turn of at the millennium; and the United Nations Environment Program. The "Who Cares Wins" initiative, developed by the UN Global Compact in partnership with twenty of the world's largest investment companies representing six trillion dollars in assets worldwide – including major banking institutions such as Credit Suisse Group, Goldman Sachs, HSBC, Morgan Stanley, and major insurers such as AXA Group, seeks to make the consideration of social, environmental and governance issues, part of mainstream investment analysis and decision-making.

**What is at stake here is the inventions of new methods and practices that will eventually bring about a sea change in the financial industry as a whole.**

The institutions involved also agree on the importance of bringing other actors in the financial world to join the program, including stock exchanges and pension funds, to reflect on how these dimensions could become standard components in the analysis of corporate performance (Global Compact, 2004).

The "Who Cares Wins" Report, which states the signatories' willingness to better integrate extra-financial considerations in the practice of value analysis, asset management and securities brokerage, is endorsed by the following institutions: ABN Amro, AXAS Group, Aviva, Banco do Brasil, Bank Sarasin, BNP Paribas, Calvert Group, CNP Assurances, Credit Suisse Group, Deutche Bank, Goldman Sachs, Henderson Global Investor, Innovest, ISIS Asset Management, KLP Insurance, Morgan Stanley, RCM, UBS and Westpac. A handful of insurance companies appear in that list: other must join shortly, not only for the sake of being in the list, but also and primarily to take part in the challenge of changing the rules on the financial marketplace. What is at stake here is the inventions of new methods and practices that will eventually bring about a sea change in the financial industry as a whole. In short, it is the achievement of a methodological breakthrough. The industry is expecting that breakthrough, and the leading financial institutions worldwide are now ready to unite their efforts to realize it. Those companies that have joined the group at the beginning to initiate and develop its reflections will later appear as pioneers.

Another international initiative that strives to fuel socially responsible investment worldwide takes place within United Nations Environment Program (UNEP). Since early 1990's, the UNEP, established in the aftermath of the United Nations Conference on the Human Environment held at Stockholm in 1972, has launched joint initiatives with a number of industry sectors, in order to develop environmentally sound practices in accordance with the principles adopted at Rio de Janeiro Earth Summit.

At the same time, it has undertaken to work with forward-looking organizations in the financial services sector, based on the conviction that this sector had a valuable contribution to make in protecting the natural environment. These efforts have resulted in elaboration of the "UNEP Statement by Banks on the Environment and Sustainable Development "in 1992, and in the simultaneous creation of Banking Initiative, renamed the Financial Institutions Initiative (FII) in 1997 to broaden its scope. As regards the insurance sector, the "UNEP Statement of Environmental Commitment by the Insurance Industry" was launched in 1995, followed by the establishment of the Insurance Industry Initiative (III) in 1997. The signatories of the latter statement, a group of leading insurance and reinsurance companies as well as pension funds,

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pledged themselves to achieve a balance between economic development, social welfare and a healthy environment; they declared their willingness to progressively integrate the environmental dimension into internal and external business activities.

From 1999, both initiatives started to collaborate on issues of mutual interest and to form working groups on climate change, asset management, and environmental management and reporting. Eventually in 2003 the Financial Institutions Initiative and the Insurance Industry Initiative decided to merge into one single entity, labeled the UNEP Finance Initiative (UNEP FI). To date, more than 200 financial institutions from over 45 countries have signed the statements, among which are some 80 insurance companies from more than 20 countries (UNEP Finance Initiative, 2004/1). The purpose of the UNEP FI is to create a forum where insurance, as well as interested banks and asset management companies, can exchange experiences, stimulate each other in pursuing sustainable development, in applying the precautionary principle, and in striving to identify and assess environmental risks.

Working groups have been set up to discuss and produce reports on a variety of subjects, including the impact of climate change, the implication of international environmental agreements, the development of renewable energy (UNEP Finance Initiative, 2002), the challenges associated with water scarcity (UNEP Finance Initiative, 2004/3), the materiality of social, environmental and corporate governance issues to equity pricing (UNEP Finance Initiative, 2004/2), and the definition of best practices. Leading companies can thus blaze the trial for less advanced companies, which will learn more quickly how to deal with sustainability-related issues.

Besides, the UNEP FI plays an important role by fostering international dialogue on the regulation of global risk and environmental issues between the insurance industry, governmental bodies and financial regulators. Essential topics such as the effects of global warming, the risk associated with the transport of hazardous goods, or environmental reporting methods for the insurance industry, are debated through the interface of the Finance Initiative. Another positive contribution of the network consists in the knowledge transfer from industrialized countries to emerging markets. In sum, the combination of creativity, the sense of environmental stewardship, cannot but lead to the elaboration of pioneering solutions which will eventually be adopted by the whole industry, and help reverse the trend of nature's devastation.

Eventually, the UNEP Finance Initiative and the Global Compact have decided to work together in order to develop a set of "Principles for Responsible Investment", with the participation of the world's largest pension funds. This collaborative project also aims to elaborate tools and strategies for the implementation of the principles, and to provide policymakers with suggestions to align investment regulatory frameworks with these principles.

It is thus coherent for Indian insurance industry to get involved in both networks simultaneously; the insurance companies should definitely take a proactive stance in each of them, if they want to reinforce the position as pioneer and keep pace with most advanced competitors.

It is important for insurance companies to communicate more specifically on their SRI policy and practice, since there is a growing expectation of various stakeholders on this issue. A number of investors, both individual and institutional – albeit not the majority, but a significant minority – are now increasingly looking for SRI-focused investment products. Insurance companies must provide them with a brochure clarifying its offer in this field. In particular, the efforts to integrate the social, environmental and ethical dimensions into its investments process, including governance and human rights, and its voting policy regarding companies in which it owns shares could perhaps be summarized in a leaflet and distributed to those customers who find an interest in it. Besides, financial analysts and extra-financial rating agencies are also interested in such documents, as the integration of SRI by financial institutions is becoming a matter of concern for these publics.

The insurance industry's choice to participate in the "Who Cares Wins" initiative, in addition to Global Compact and to its involvement in the Globally Responsible Leadership Initiative, is a very important step and will be instrumental in providing a positive direction for the industry. Insurance companies must take proactive stance in the UN Global Compact's "Who Cares Wins" initiative and in the UNEP Finance Initiative's working group because a better consideration of environmental, social and governance factors will ultimately contribute to stronger and more resilient investment markets, as well as contribute to the sustainable development of the societies.

*The author is an industry expert and market analyst; and is based at Hyderabad.*

# Managing the Inevitable

## Best Practices in Subsidization

DR. GEORGE E THOMAS OBSERVES THAT A CERTAIN ELEMENT OF CROSS-SUBSIDIZATION IS INHERENT IN INSURANCE BUSINESS; AND AS SUCH INSURERS SHOULD LOOK AT PRACTICES THAT WOULD WORK TOWARDS BENEFITING LARGER NUMBERS.

Ethics has taught us that it is not fair or equitable if one is put to loss for the benefit of another. The entire gamut of the insurance system, however, works on the premise of the loss of a few being borne by many others. The logic of this apparent inequity of the insurance system is best understood by identifying the 'others' who have to bear the losses of someone else. Fairness and equity in insurance are based on identifying groups comprising members who are similarly placed with respect to an insured event. In other words, from an ethical point of view, insurance can be fair and equitable only if all the members of the group are equally exposed to the same perils and it is only a matter of chance that someone is affected by an event and the others are not.

The concept, thus put, appears simple. But one can argue that any insurable risk is one of its kind. However, for the insurance system to work, grouping is required and insurers have to design groups having rational levels of homogeneity. Any grouping of risks is thus a compromise decision that knowingly ignores certain individual features of each risk. How much of similarity is shared and how much of differences are ignored contributes to the fairness and equity of the particular insurance product. The best fit in this matter is a challenge to anyone who designs an insurance product. A highly selective system of grouping could make the group smaller, more vulnerable to risk and necessitate higher levels of premium. A lenient grouping could cause a system of totally disparate and non-comparable risks getting pooled and the good risks cross-subsidising a subset of bad ones. Both the situations are of grave concern to the regulator who wants insurers to remain healthy and to ensure that policy-holders are protected from the negative impacts of unfair groupings. In an ideal situation, a regulator would like insurers to have separate baskets to keep their fresh apples, and the apples that come out from the deep freezer. The regulator would be concerned if someone carries freshly picked apples in a basket containing rotten mangoes and expects both the fruits to share the same fate!! The regulator has to ensure that best practices are followed by the insurers in designing their groups and putting in place rational systems of subsidisation. But then, best practices are never the easiest!!

**The regulator has to ensure that best practices are followed by the insurers in designing their groups and putting in place rational systems of subsidisation.**

Apparently, when insurance legislations were drafted, Governments were seized of the arduous task of the regulator in causing best practices in the market and had empowered regulators with ample powers to gather information of every possible nature from the industry. The Indian insurance regulatory system speaks about the regulator's requirement of information in unambiguous terms under various sections of the relevant Acts.

Section 33 (8) of the Insurance Act 1938, provides that the "Authority may prescribe the minimum information to be maintained by insurers in their books, the manner in which such information should be

**The checks have to be performed routinely and regularly when the entity is healthy and fit, to look for early warning symptoms and prevent a health condition from occurring or getting aggravated.**

maintained, the checks and other verifications to be adopted by insurer ..." Section 44A empowers the Authority to require from an insurer, principal agent, chief agent, or special agent such information ... as he may consider necessary. Information would include any book of account, register, document or statement that may be specified. Section 64 UE provides that the Tariff Advisory Committee may "require, by notice in writing, any insurer to supply to it such information or statements, periodical or ad hoc, as it may consider necessary to enable it to discharge its functions . . . and every insurer shall comply with such requirements within such period as may be specified by the Advisory Committee in this behalf, failing which the insurer shall be deemed to have contravened the provisions of this Act."

Section 14 (2)(h) of the IRDA Act 1999 gives the Authority powers like "calling for information from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organizations connected with the insurance business".

While at the higher levels of management of insurance companies, there could be no quarrel on the regulator's need for information; submission of data is still perceived by many in the industry as a necessary evil forced by the regulator on the market. The regulator's role in stabilising and developing the market and the necessity of the regulator to feel the pulse of the market is yet to be appreciated. It is the job of the regulator to act like the personal physician of a VIP and check the health of the entity entrusted to him and ensure that all the vital systems are working in the desired manner. The checks have to be performed routinely and regularly when the entity is healthy and fit, to look for early warning symptoms and prevent a health condition from occurring or getting aggravated. When an entity is sick and the physician is administering doses for its recovery, carefully monitoring and evaluating the body condition is of course another matter.

This article would like to emphasise that better information leads to the inculcation of best practices in the insurance industry and that in turn, best practices cause better systems of subsidization. Replacing 'cross subsidisation' with 'right subsidisation' is, no doubt, one of the prime concerns of a regulator who wants the industry to follow best practices.

## How Subsidization Happens

Cross-subsidy is generally considered as a bad word in matters dealing with economics and finance. However, cross-subsidies are integral to the business of insurance. Joseph M. Heyman, MD, of the American Medical Association (AMA), in one of his studies on individually owned health insurance, distinguishes 'pure insurance' and 'insurance with cross-subsidisation' in a most simple manner. He takes the example of a homogenous group of insured of which each individual insured faces a 20% chance of experiencing an illness requiring $1,000 during the year. As each insured would expect an average cost of $200 at the beginning of the year, they would prefer the certainty of paying $200 towards insurance premium to the uncertainty of having to pay $1,000 towards medical expenses. As 80% of the insured would be 'lucky' not to be incurring any medical expense, the premium revenues of both the lucky and unlucky insured are used to defray the costs incurred by the unlucky 20%. In other words, 80% similarly placed insured of the homogenous group subsidise the medical expenses of the 20%. Heyman contrasts this form of 'pure insurance' with 'insurance with cross-subsidy'. An example for the latter form would be a group covering two types of people in equal proportions; low-risk types who face a 20% chance of incurring a medical expense of $500 (Type 'A'), and high-risk types who face a 20% chance of experiencing illness requiring $1,500 of medical treatment (Type 'B'). The Type 'B' group is high risk because they face a 60% chance of having costs of $500. In this case, Type 'A' would be willing to pay a certain cost of $100 only as against an uncertain cost of $500, and Type 'B' would be willing to pay an average cost of $300 towards insurance premium (a certainty) rather than incurring an uncertain cost of $1,500 towards a possible claim. Now 80% of the low-risk Type 'A's would be subsidizing the expenses

**Lack of homogeneity regarding the predictability of frequency and severity leads to insurance with cross-subsidy.**

of the 20% type 'A's and 80% of the high-risk Type 'B's are subsidizing the costs of the 20% Type 'B's. Over and above this subsidy, which is applicable in 'pure insurance' as well, all the Type 'A's end up cross-subsidizing all the Type 'B's by $100, the difference between the combined average of $200 and the group's own average of $100.

## The Quest for Homogeneity

In essence, when the expectation of an insured event occurring differs among different segments of a group, or when the financial impact of the event varies among such segments, cross-subsidization happens. In other words, 'pure insurance' would be possible only when the expectations of frequency and severity of losses do not vary within a group. Thus, lack of homogeneity regarding the predictability of frequency and severity leads to insurance with cross-subsidy. Issues like insurer's costs and the risk averse insured's willingness to pay a premium over the predictable averages are kept out of the example to preserve the simplicity of the concept.

However, the fact remains that the kind of homogeneity is hard to find in practical insurance situations. A simple shipment of 1000 identical tennis balls packed in a corrugated carton can realistically be taken as a homogenous group if one overlooks the chances of rain water damage to the top-most level of tennis balls and the possibility of the balls at the lowest level getting wet by surface dampness or getting crushed by the weight of the other balls.

When one deals with an apparently 'homogenous' group of small cars of the 800cc category, could it be assumed that all the cars share the same predictability levels in terms of frequency and severity of accident exposure? Would the predictabilities vary based on the other physical features of the car like the position of the engine, weight and center of gravity level, crashworthiness, safety features, provisions of air bags and seat belts, reinforcements of the doors and panels etc.? Would the predictabilities vary depending on the management of the car, the user's driving skills, age, gender, experience, maintenance of the vehicle etc.? Again, would the exposure of the vehicle in terms of the geographical terrain (coastal / hilly / urban) where it is used, the road and traffic conditions, distance and time it is in use, the purpose for which it is used etc. made a difference to the accident proneness of the vehicle? Conclusive replies as to whether and to what extent these factors practically affect the predictabilities can be found only when information relating to all these aspects are collected at granular levels and analyzed to locate factors that distort the homogeneity of the group of 80cc vehicles.

Coming to health insurance, where the divine hand has fashioned every individual insured differently; where society, traditions, economic conditions and occupation have given people different risk exposures, and to top it all with each person managing his life style as per his own liking; finding realistic patterns of homogeneity in the predictability levels of frequency and severity of medical expenditure has been recognized as a challenge.

## Impact of Social and Public Policy

Compounding all these, there are the social and public policy angles. Many governments and economic schools deem increased cross-subsidization across risk groups as socially desirable and across the world, there are a number of public policies that promote cross-subsidization from low-risk to high-risk individuals. In a debate on John Goodman's views on the future of healthcare, on the Town Hall blog, Gestell was very forthright when he pointed out, *"Remember, the core principle of insurance is cross-subsidization, or the 'socializing' of risks."* Mehr, Gustavson and Harrington argue that since the law mandates a uniform percentage discount on the PIP (Personal Injury Protection) premium, a cross-subsidy from those with comprehensive first party coverage to those with shallower coverage is implied. They point out that *"such a cross-subsidy may be inevitable, since even if the law did not mandate a uniform percentage discount, it may be infeasible for auto insurers to verify differences in health coverage and estimate actuarially fair discounts off PIP premiums."* Horwitz, in 'The Irony of Regulatory Reform' was milder when he stated that the *"quids pro quo of economic stabilisation were the equity based obligation to serve; and*

*complex cross-subsidy arrangements"* which he felt were absolutely essential in the establishment of universal service.

In the American context, debates have been held on the so-called 'Republican push on hyper-individualism' where the individual would subsidize only himself, paying during his healthy years for his periods of sickness. Critics pronounced this move *"would undermine the concept of social insurance, in which there is cross-subsidization from the healthy to the sick."* Cross-subsidization (by younger and healthier colleagues) was cited as one of the reasons due to which large group health insurances were working relatively well, and understood by many as an integral, or even a defining, element of insurance. Hennessey explains the situation, that if a policy equalizes premiums between the usually healthy and the predictably sick, health insurance will become somewhat more expensive for most (usually healthy) people, and much less expensive for the minority who are predictably high cost. He explains that in *"some cases, a market without distortion won't even sell insurance to someone who is predictably sick . . . Assuming we want to help the person with cancer, if we do so by requiring companies to sell him insurance and to charge him the same premium as a healthy person, then the cancer victim can buy affordable insurance, cross-subsidized by a large number of relatively healthy people who will pay higher premiums."* Dr. Heyman of AMA points out that to the extent that increased cross-subsidization across risk groups is deemed socially desirable; there are a number of public policies to promote cross-subsidization from low-risk to high-risk individuals. *"Public policies can promote cross-subsidization by manipulating insurance markets, for example by acting on premiums, terms of issue or benefits."* Other examples of cross-subsidization cited by Dr. Heyman include promotion of mixed-risk risk pools, limiting individual ability to switch plans and less-distortionary policies like creating new opportunities for group purchasing and providing direct subsidies to high-risk individuals.

**For the regulator to enforce right-subsidization in the industry, a lot of transaction level information and detailed analysis would be needed.**

## A Different Case of Subsidy

After the devastating bush fires in Australia's Victoria area last year, the issue of funding the fire services is being debated upon. Presently, a fire services levy on insurance premium funds provides about three-quarters of the annual budget for Victoria's metropolitan and country fire brigades. The fire services levy is to be raised this year from 20% to 21% for metropolitan homes and from 24% to 26% for rural dwellings. Insurers have taken the stand that instead of insured people having to fund the Fire Service which is a 'public good' or public service, all property owners rather than those with insurance should be funding it. The Victorian Government and the insurance regulator would have to take an appropriate view on funding the costs and the level up to which subsidizing is needed.

## The Regulator's need for information to enforce best practices

The current Indian scenario is encapsulated in Jain's report in 'Mint' as follows, *"Since 2007, when premiums ceased being set by the Tariff Advisory Committee, premium rates have gone up substantially for group policies. Earlier, before the removal of tariffs, loss-making segments such as group health insurance were cross-subsidized by profit-making segments of fire and engineering insurance."* One needs to realize that the tariff system could not create the best practices relating to subsidization in the industry. But then, today, in a tariff free regime, the insurance industry needs to ponder whether it should evolve such best practices voluntarily or wait till best practices are forced on them through consumer activism. For the regulator to enforce right-subsidization in the industry, a lot of transaction level information and detailed analysis would be needed. The research, efforts and thinking required for this kind of an analysis would be monumental and necessitating inputs from various fields of expertise – underwriting, claims, actuarial, information technology, reinsurers, legal practitioners – who are conventional enough to preserve their books of knowledge and their traditional wisdom while being radical enough to burn the books themselves if they are not found relevant for the years to come. This exercise can be possible only if all insurers appreciate the idea and back up their appreciation with unstinted co-operation;

**This market already involves a good deal of subsidization and the country's public policy emphasizes on the role of the insurers in supporting the economically and socially marginalized classes.**

and it would be *Utopian* to hope that it would happen in one go.

The regulator can only initiate a tiny spark, a thought process that will be blown up into a blaze when the time is ripe for the same. Presently, one would feel that the Indian regulator's need for granular information would perhaps be most pronounced in the case of the health insurance market which touches most of the citizens directly. This market already involves a good deal of subsidization and the country's public policy emphasizes on the role of the insurers in supporting the economically and socially marginalized classes. The regulator would like to keep a constant watch on the boundary lines between 'pure insurance' or acceptable levels of cross-subsidization (or 'right-subsidization') on one scenario; and the extreme scenario of 'insurance with cross-subsidy' which had existed under the tariff regime. The regulator needs to be armed with relevant, timely and credible information to ensure that insurers follow the best practices in deciding the risk segments and right-pricing each segment so that cross-subsidization happens only within acceptable levels of tolerance and does not lead the market to a situation of robbing Peter to pay Paul.

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# Integrated Risk Management

## Safety Back in Fashion

DR. ANNETT RITTERSHAUS ARGUES THAT AS A PART OF THE PREPARATION FOR THE ROADMAP FOR THE FUTURE, INSURERS HAVE TO CONSTANTLY IMPROVE THEIR RISK MANAGEMENT; WITH CONSISTENT IMPLEMENTATION OF ASSET-LIABILITY MANAGEMENT.

To fully implement Integrated Risk Management takes time, knowledge and resources. The methods and systems needed to steer an insurance company effectively have to involve more than a good understanding of technical results. Corporate and risk management at insurance companies is becoming increasingly sophisticated. To optimise a business and achieve the best possible profitability, an integrated system incorporating strategic planning, value-based management and risk management is necessary. The system should be linked to pricing, to allow proper management of risk and to cover the risk-capital costs of an insurer.

To optimise a business and achieve the best possible profitability, an integrated system incorporating strategic planning, value-based management and risk management is necessary.

### Impact of the financial crisis

The financial crisis has demonstrated how important it is for an insurance company to have a tried and tested risk management system. Increasing solvency requirements may also accelerate a trend that has been developing for some time and that is becoming even more important in the light of the financial crisis: if companies want to actively manage their risks, the traditional accounting-based approach needs to be replaced by an integrated risk management approach. This will enable insurance companies to assess the extent of risk and measure the related costs. It will allow them to manage their business much more precisely. They will gain insight into the economic value contribution of their activities and improve the quality of risk evaluation and management.

The whole industry must face the fact that returns of 20 percent or above are no longer sustainable in competitive markets. Only such realism will restore the urgently needed sense of proportion which has been partially lost. Ultimately, it is all about entrepreneurship: take risks, but only those you understand. And safety is valued more than ever. What was considered boring a short time ago is suddenly in demand.

To prepare for the future, insurers have to constantly improve their risk management, with consistent implementation of asset-liability management – that means matching investments with the structure of their liabilities.

### Solvency regulations in Asia

In Asia, especially in the rapidly developing economies, there is some room for improvement in risk assessment and management at many insurers. They need to manage risks more actively, for example by making more use of risk transfer, in order to comply with solvency regulations.

Many primary insurers in Asia have relied heavily on investment income generated through rising equity markets. This alternative source of earnings is no longer available. Declining equity markets lead to a loss of capital by insurance companies. A lower capitalization forces an economically responsible insurer to reduce its capacity. This can be done via lower exposure, but would mean writing less business. Other options are buying more reinsurance/retrocession or issuing insurance-linked securities (ILS). Therefore

> **Solvency II, the regulatory environment currently being introduced in Europe, is still a distant goal for many Asian countries. The financial crisis has highlighted the need for sound risk and capital management.**

reinsurance is now one of the few remaining possibilities for primary insurers to swiftly obtain the capital they need. It will consequently increase in significance, and so will the importance of the security and stability a reinsurer can offer. Reinsurance could, for instance, grow in importance for "niche" operators if concentration risks become more transparent but also for other companies when a loss of capital leads to lower capacity.

New regulations stipulating higher capital requirements or other regulatory changes in individual countries can contribute to profitable growth. A main driver of capital requirements is in many cases the insurance business itself, which means that many companies cannot grow when capital requirements are increasing. Reinsurance allows these companies to transfer part of their risks to the reinsurer, thus improving their capital ratios.

## How to start

A major hurdle for many insurers is finding the right approach. It is vital to ensure that the risk-capital costs for each business segment are earned. Deciding what tools are really needed, how they can be applied to the company's own portfolio and how quick wins can be achieved relatively early on in the process are some of the key issues. Many companies in the region lack the necessary experience and expertise.

It is important to adress a number of financial issues such as performance measurement, risk management including risk modeling, asset-liability management and accounting issues. This includes not only methodology but also system requirements and processes. In addition, each insurer has to look at new regulations and changes in solvency requirements.

## Solvency regulations offer new business opportunities

Solvency II, the regulatory environment currently being introduced in Europe, is still a distant goal for many Asian countries. The financial crisis has highlighted the need for sound risk and capital management. It reinforces the case for Solvency II in Europe, with its principle-based, economic and risk-sensitive approach. Implementation there will encourage more Asian countries to look at similar supervision approaches and lead to changes in the industry. We already see increasing signs that the discussion on the right amount of solvency capital is gaining momentum in Asia, for example stricter regulations in Malaysia. Objections tend to disappear once insurers recognise that it is not just a question of meeting supervisory obligations, as changes in regulatory regimes also bring additional business opportunities.

## PillarOne project (www.pillarone.org)

In Europe, several organizations support the PillarOne project. PillarOne focuses on risk management: contracts, portfolios and organisations. Driven by the new requirements of Solvency II, PillarOne addresses all facets of risks. It provides a sound foundation in enterprise risk management. The PillarOne community discusses, compares and benchmarks risk management methods, and together develops new and improved approaches. All results are freely available – including the state-of-the-art software implementation, jointly led by industry specialists and professional enterprise application developers. This solution could be transferred to Asia.

## CFO network

Changing regulations, strong growth and rising consolidation prompted a few companies to set up a CFO network in Asia. Their aim is to offer the customers expert assistance and tailor-made solutions to ensure that they are able to satisfy their needs in an ever more complex world.

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*The author is Munich Re's CFO for Greater China and Southeast Asia.*

# Warehouse Risk

## Handle with Care

AVINASH SINGARAJU SAYS THAT WHILE IT IS NOT THE ENTIRE WAREHOUSE THAT IS A DANGEROUS PLACE, IT DOES CONTAIN POTENTIAL HAZARDS THAT HAVE TO BE MANAGED EFFICIENTLY AND EFFECTIVELY.

*(Continued from previous issue)*

### Nature of Stocks – The focal point

When deciding on what fire protection is appropriate for any given situation, it is important to assess the types of fire hazard that may be faced. The characteristics of stocks that are stored in the warehouse facility have to be clearly analyzed to ascertain the hazard involved.

The properties that are of prime importance to assess the risk can be listed as follows:

> The characteristics of stocks that are stored in the warehouse facility have to be clearly analyzed to ascertain the hazard involved.

**Commodity**

- Both product and packaging

**Combustibility**

- Any material that burns, such as wood, paper, plastics, and flammable liquids

**Physical properties of the substance**

- Heat release rate: Expressed as British Thermal Units per minute (Btu/min) or kilowatts (kW).
- Heat of combustion (Btu/lb or kJ/kg) x burning rate (lb/min or kg/s)
- Exposed surfaces for burning
- How commodity reacts to application of water

The materials are categorized into various categories depending upon their combustibility. To cater to the insurance requirements in India, the Tariff Advisory Committee has categorized the goods based on the following parameters:

**Non-Hazardous Goods**

Goods of this category are basically non combustible in nature (Typical examples would be metals, metallic products, glass products and other non combustible products packed in fire resistant corrugated cartons).

**Category I Hazardous Goods**

- Solids which are moderately or slightly combustible
- Flammable liquids having flash point above 65° C
- Inert or non combustible gases
- Highly toxic materials
- Wastes of Non hazardous materials
- These include non hazardous category goods packed in slatted wooden crates, wooden boxes, multiple thickness paper board cartons or equivalent packaging

**Category II Hazardous Goods**

- Pyrotechnic materials
- Flammable liquids having flash point between 32° C and 65° C
- Moderate oxidizing agents and Oxygen
- Materials which evolve combustible gases in contact with water
- Wastes of Category I materials
- Includes wood, paper, natural fiber cloth or Group C plastics, limited amount of A or B plastics

**Category III Hazardous Goods**

- Explosives
- Materials which are self ignitable
- Flammable liquids having flash point up to 32° C

**Plastic content is the single storage characteristic most likely to contribute to a high-hazard commodity classification.**

- Strong oxidizing agents
- Combustible gases
- Wastes of Category II & III materials
- Materials containing an appreciable amount of Group A plastics in ordinary corrugated cartons. Category I, II, and III products in corrugated cartons with Group A plastic packing, with or without pallets.

In addition to the above mentioned categories of goods, special attention needs to be provided for certain specific types of goods which have higher potential to cause fire mishaps in warehouse occupancies. These goods can be broadly named as Special Hazards as they need special precautions to be taken while in storage. The most commonly available types of goods that can be categorized as "Special Hazards" can be enlisted as follows:

## Idle Pallets

Pallets are also one of the necessary evils in warehousing industry that cannot be done away with. They help in reducing the risk exposure when used properly but their storage in idle condition makes them more risky than the stored stock itself. Pallets are generally classified into two groups as:

**Group I:** All wood and other cellulosic material pallets

**Group II:** All plastic pallets

Certain plastic pallets are so manufactured to possess fire protection requirements. They are approved by specialist agencies like FMRC.

## Plastic

Plastic content is the single storage characteristic most likely to contribute to a high-hazard commodity classification. The classification is based upon the type of plastic and the overall content, measured by percent by weight for unexpanded plastics and percent by volume and weight for expanded plastics. This is where operational changes such as changing packaging materials from paper based to polystyrene or changing from wooden to plastic pallets can have a substantial impact.

## Aerosols

Technically, an **aerosol** is a suspension of fine solid particles or liquid droplets in a gas. The typical characteristics of Aerosols that need attention when stored in warehouses are as follows:

- Aerosol cans rupturing and rocketing due to exposure to intense heat.
- Rocketing cans trailing burning flammable liquids spread fire to adjacent areas.
- Ordinary sprinkler protection becomes inadequate due to rocketing conditions.

**Typical examples of Aerosols as per their hazardous nature are**

*Least Hazardous* – Shaving Cream, Oven Cleaners and Rug Shampoos.

*More Hazardous* – Deodorants, hair sprays and antiseptics.

*Most Hazardous* – Furniture polishes, paints, lubricants and insecticides

## Fire prevention / protection methodology

Fire protection in broad terms involves the study of the behavior, compartmentalization, suppression and investigation of fire and its related emergencies, as well as the research and development, production, testing and application of mitigating systems.

Structural fire protection is typically achieved via three means:

- Passive fire protection (use of integral, fire-resistance rated wall and floor assemblies that are used to form fire compartments intended to limit the spread of fire, or occupancy separations, or firewalls, to keep fires, high temperatures and flue gases within the fire compartment of origin, thus enabling firefighting and evacuation)
- Active fire protection (manual and automatic detection and suppression of fires, as in using and installing a Fire Sprinkler system or finding the fire (Fire alarm) and / or extinguishing it)
- Education (ensuring that building owners and operators have copies and a working understanding of the applicable building and fire codes, having a purpose-designed fire safety plan and ensuring that building occupants, operators and emergency personnel know the building, its means of a passive fire protection, its weak spots and strengths to ensure the highest possible level of safety).

Passive fire protection includes assessing the number of fire divisions and proper smoke and heat venting. These features play an important role in containing and limiting the spread of fire.

Active fire protection systems that are commonly associated with the warehouses are:

- Sprinkler systems
- Adequate and dedicated fire water supply
- Automatic fire alarms
- Proper supply of portable fire extinguishers
- Proximity of fire brigade

While the other forms of fire protection measures have been in vogue for a long time, sprinkler technologies are now considered to provide cost effective prevention and early suppression of fire. A quick glance at the benefits and applications of sprinkler systems to various warehouse occupancies would be helpful to understand the importance of having a sprinkler system set up in any warehouse from the fire safety point of view.

The sprinkler system needs to be set up for each of the warehouse occupancies considering certain criteria such as level of protection required, flexibility in the choice of storage arrangements and methods, ease of retrofit etc always keeping in mind the cost component involved.

**A few facts related to sprinkler system installations are:**

- Sprinklers detect, warn of and extinguish fires
- Fires in sprinkled buildings tend to cost 80% less than equivalent fires in non sprinkled buildings
- Less water / fire damage implies swift return to business as usual
- Not all sprinkler systems in warehouses need tanks and pumps if mains pressure and flow are adequate
- Sprinklers discharge up to 15 times less water than fire hoses.

The sprinkler system water flow rates in general for each type of commodity are as follows (based on 165 degree wet sprinkler, 20 feet maximum storage height):

**Non hazardous Commodity** – Water flow rate - 1500 gal. per minute/3500 sq. ft. Duration - 1½ to 2 hours.

**Category I Hazardous Commodity** – Water flow rate - 1700 gal. per minute/3500 sq. ft. Duration - 1½ to 2 hours.

**Category II Hazardous Commodity** – Water flow rate – 2100 gal. per minute/3500 sq. ft. Duration – 1½ to 2 hours.

**Category III Hazardous Commodity** – Water flow rate – 2900 gal. per minute/ 3500 sq. ft. Duration – 2 to 2½ hours.

**Clearance from the top of the storage to the sprinklers affects:**

- The quantity of sprinkler water reaching the top of the burning array without being blown away or vaporized by the fire plume
- The size of the fire at the time sprinklers first operate

**The key to successful writing of this class of business revolves around the underwriting criteria, risk selection, and understanding of the public warehouse industry.**

Clearance of 3-5 ft (0.9-1.5 m) between ceiling sprinklers and the top of storage is favorable for most effective performance. A minimum clearance of 3 ft (0.9 m) is needed for proper distribution.

It is a common misconception that sprinkler systems are designed to extinguish fires. Although they can be designed to extinguish fires, systems designed to meet the minimum requirements are only expected to help control the spread of the fire until the fire department arrives to extinguish it. The fact is, every year, buildings with inadequate sprinkler systems burn to the ground.

## Underwriter's view point

The key to successful writing of this class of business revolves around the underwriting criteria, risk selection, and understanding of the public warehouse industry. Due to the immense divergence of operations, each risk must stand on its own merits.

The following are some of the prominent risk factors specifically associated with the warehouse occupancies.

- Warehouse fire losses are of low frequency but high severity.
- Individual risks may accumulate to multi-million rupees exposures in warehouses.
- The insured's low hazard stock may be stored alongside high hazard goods.
- If stock is in one fire area, the full value is at risk.

It needs to be understood that LOW HAZARD goods become MEDIUM HAZARD goods if packaged in cartons and HIGH HAZARD if encased in polystyrene.

Underwriting warehouses during the recent times has become a risky proposition considering the high monetary values involved. With a variety of factors other than the subject matter itself viz., moral hazard, neighboring occupancies, prevailing local conditions (e.g. arson, crime), additional hazards (e.g. crate making), across firebreaks (e.g. fire doors left open), natural perils and multiple tenure occupancies which cannot be envisioned to the fullest accuracy, the underwriting task has evolved to be more sophisticated relying mostly on physical inspection of the facility to understand the risk to the extent possible.

## The need for Risk inspection

Generally, fire inspections are looking for housekeeping-type hazards such as blocked exits, blocked aisles, damaged sprinkler systems, missing or neglected fire extinguishers and exit lights, accumulations of flammable debris, or misuse of electrical equipment such as extension cords. A fire inspector can't possibly inspect and evaluate the hazard classifications of all the products stored and verify the engineering specifications of a sprinkler system on a walk through inspection.

> All premises will be protected by a central station alarm system protecting all openings as well as motion or sound detection equipment.

However, the minimum basic details to be collected during a risk inspection of the facility for underwriting considerations can be enlisted as follows:

- Occupancy
- Building size, number of fire compartments
- Fire certificate information if available
- Sprinklers installed or not
- The construction of the building frame, combustibility of sandwich panel cores
- Potential for rapid spread of fire and flashover
- Potential for collapse of racking, falling stock, weakening of building structure
- Collapse of building structure and fabric of the building
- Nature of the building contents, fire load, hazards
- Properties of stored materials
- High heat output / serious smoke problems from packaging and materials such as polystyrene and polyurethane that may promote flashover
- Difficulty in locating the seat of a fire
- Water supplies and water pressures
- Use and type of smoke ventilation equipment
- The internal / external facilities for firefighting, fire engines and equipment
- Ease of accessibility, travel distances, length of hoses
- Communication systems at the scene particularly in dark smoky conditions
- Spread of fire to ancillary buildings

A prudent underwriter would analyse the factors as mentioned above in the light of internal guidelines governing the company's risk appetite and the risk preference.

Given below are the guidelines which underwriters across the globe follow before they actually write the business

- All warehouse buildings must have a functional age of no less or no more than 10 years.
- Buildings will be of non-combustible construction (Other constructions can be considered depending on commodities, protection, maintenance, and the financial exposure).
- All premises will be protected by a central station alarm system protecting all openings as well as motion or sound detection equipment. This can be modified if the warehouse is 24 hour operation /or has full time guard service.
- Sprinkler systems that are evaluated at no less than 75% of required standards. All sprinkler systems will be on a maintenance contract and have central station or acceptable monitoring systems. Modifications can be allowed for 24-hour operations and / or guard service. Allowances could also be made for non-sprinklered facilities that contain non-combustible products
- Storage and stacking will conform to the statutory norms including aisle widths and ceiling clearances.
- Management will have at least 3 years experience with consistently sound financial status
- Employee training procedures should be in place including forklift operation certification.
- Use of approved Warehouse Receipt or other acceptable product tracking document.

## Beyond Compliance

As previously mentioned, compliance is only intended to provide a certain minimum level of safety. The following initiatives would help in minimizing the loss

It would be more effective to incorporate safety procedures into the specific task procedures and training.

during a untoward contingency both to the life and property as a whole

**Evacuation Plans:** It is extremely important to make it absolutely clear to employees what they are expected to do in the event of a fire or the sounding of the fire alarm. Employees should be informed that whenever they hear the fire alarm they should immediately leave the building unless they have been given previous notification of an alarm test. It should also be made clear that they should leave through the nearest exit. Warehouse workers are usually not stationary and so assigning a specific exit rarely applies. Also, if employees are required to perform certain tasks prior to leaving the building, such as shutting down a piece of equipment, they should be given specific instructions on the task and also under what conditions they should perform the task and under what conditions they should immediately evacuate.

**Fire Extinguisher Training:** Employees should be trained on the use and locations of fire extinguishers. This is especially true of employees working in areas where there are known ignition sources.

**Trash Accumulation:** Large accumulations of trash and debris can be a potential fire hazard as well as a hindrance to evacuation. Adequate containers should be provided and specific duties assigned for removing the trash as containers fill. There should also be designated areas for storage of pallets, crates, etc. It's also a good idea to limit the stack height of loose pallets to six feet

**Designated floor storage and staging areas:** Using tape or paint to designate floor areas approved for storage or staging of materials will make it easier to enforce safety issues related to blocked aisles etc.

**Incorporating safety training into the regular operational procedures and training:** Safety procedures and training are often handled as a separate issue. It would be more effective to incorporate safety procedures into the specific task procedures and training. Issues related to clear flue spaces, sprinkler clearance, aisle clearances, evacuation plans, battery charging and propane cylinder handling should be part of the employee's regular training program

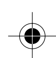
**Maintaining open communication with local fire department:** It is necessary to make sure the fire department is aware of the additions of high hazard materials to the warehouse or changes in storage configurations. If there happens to be a fire, it's extremely important that the fire fighters know what they are walking into. It is to be clearly noted that the main responsibility of fire brigade is LIFE safety.

Making sure that additional precautions are taken during construction and maintenance projects is extremely important. If contractors are working in or around the occupancy, it should be made sure that additional measures such as additional fire extinguishers are used, especially if work is being done on a roof or other area where fire extinguishers are not present. Also special plans should be in place if the sprinkler system is under shut down for any reason. Certain operations may have to be shut down, supplemental fire protection be provided, or 24 hr physical monitoring of the building during this period be arranged in order to deal with any exigency

To wrap up, a warehouse is not a dangerous place, but it does contain many potential hazards.

Fortunately, the safe way to run a warehouse is also the most efficient way. So following safety rules and guidelines isn't just a legal requirement — it's good sense.

*The author is Deputy Manager - Underwriting, Future Generali India Insurance Company Limited.*



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- A life insurance policyholder is entitled to a "Free Look Period" of 15 days (from the date of receipt of policy) to cancel the policy.
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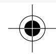


# प्रकाशक का संदेश

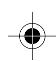
बीमा संविदा को सच्चे अर्थों में सफल बनाने के लिए वितरकों की भूमिका बहुत नाजूक होती है। प्रथम पंक्ति के बीमा लेखनकर्ता होने के कारण उसे हाथ में जोखिम तथा उत्पाद के मध्य बारीक भेद का पता होता है जो भावी की जरूरतों को पूरा कर सके। एक मध्यवर्ति के रूप में वह आवश्यकताओं को जानने के लिए बेहतर ढ़ंग से सुसज्जित होगा तथा आवश्यकता के अनुरूप समाधान प्रस्तुत कर सकेगा। मध्यवर्ति की भूमिका को जानते हुए विनियमनों को बनाया गया है जिससे यह सुनिश्चित किया जा सके की एक एजेंट पर्याप्त रूप से प्रशिक्षित किया गया है तथा साथ ही वह पर्याप्त योग्यता रखता है जिससे वह वित्तीय मध्यवर्ति की भूमिका निभा सके जिससे सर्वश्रेष्ठ परिपाटी का पहला बीज बोया जा सके।

वितरक साधारणतः तथा एजेंट विशेष रूप से बीमाकर्ता का चेहरा कहा जाता है तथा वह सौदे को सफल बनाने में एक औजार का कार्य करता है जिसमें सभी पक्ष शामिल होते हैं। इस बात को सुनिश्चित करने के लिए कि एजेंट बीमा कंपनी के सच्चे प्रतिनिधि के रूप में कार्य करे एजेंटों की भर्ती के समय पूर्ण सतर्कता लेनी चाहिये। उन्हें ठीक प्रकार तथा विस्तृत रूप से प्रशिक्षण देना तथा उनकी कार्य निष्पादन की निगरानी निरंतर करना जिससे यह सुनिश्चित किया जा सके कि सफल विक्रय की सभी आवश्यकताओं का तथा विक्रय के बाद की सेवाओं को सच्चे अर्थों में हासिल किया जा सके। यदि कोई कंपनी यह दावा करती है कि उसने 'सर्वश्रेष्ठ परिपाटियों' को अपने व्यवसाय के समय अपनाया है तो इससे बेहतर कोई शुरुवात नहीं हो सकती।

बेहतर प्रशिक्षित, शिक्षित वितरकों से निकटता के साथ व्यवसायियों को यह सुनिश्चित करना चाहिए कि उनके मानव संसाधन के पद तथा श्रेणी को एक भूमिका निभानी है तथा अनावश्यक रूप से आलोचना से बचना है। एक बडा तथा लगनशील कार्यदल किसी भी बीमा कंपनी की कार्यसूची के ऊपर होना चाहिये। ऐसे डोमेन में जहां व्यवसायिक प्रशिक्षित कार्मिकों की संख्या सीमित है, संस्थाओं के अपने स्वयं के विस्तृत माड्यूल को विकसित करना चाहिये तथा यह सुनिश्चित करना चाहिये कि सम्बन्धित मूल्य निचले स्तर तक पहुंचे। इसमें दबाव देने की जरूरत नहीं कि सर्वश्रेष्ठ परिपाटियों को प्राप्त करने के लिए एक संस्था में सम्पूर्ण रूप से प्रभावशाली तथा अभिप्रेरित कार्मिक होने चाहिये।

बीमा में 'सर्वश्रेष्ठ परिपाटियों' एक बार फिर इस अंक के केन्द्र बिन्दु में है। एक बीमा संविदा जो सफल हो सच्चे अर्थों में, सूचना का प्रवाह आवश्यक रूप से उच्च दर्जे की विश्वसनीयता वाला होना चाहिये। वैसे किस हद तक यह हो सकता है यह हजार टके का प्रश्न है। 'सूचना की असममिति' जर्नल के अगले अंक के केन्द्र बिन्दु में होगा।

**जे. हरि नारायण**
अध्यक्ष



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# दृष्टि कोण

जबकि बीमा और बैंकिंग प्रतिभूतिकरण कुछ महत्वपूर्ण विशेषताओं का आदान-प्रदान करते हैं वहीं विशेष रूप से चालू वित्तीय बाजार की स्थिति के दौरान जगरूकता के प्रति प्रतिनिधियों के लिए दोनों के बीच महत्वपूर्ण अन्तर है।

**श्री जेरेमी कॉक्स**

*आई.ए.एस. पुनर्बीमा पारदर्शता समूह के अध्यक्ष*

प्रायः उपभोक्ता अज्ञानतावश जानता था कि दुर्भाग्यता उनके साथ नहीं होगी, यही विश्वास के साथ बीमा संरक्षण प्राप्त करने की सभी योजनाओं को विफल कर देते हैं। कुछ की तो यह गलत धारण है कि पर्याप्त बीमा सुरक्षा खरीदना महंगा है।

**श्री लो क्रोक मुन**

*कार्यकारी निदेशक (बीमा पर्यवेक्षण) मोद्रिक प्राधिकरण, सिंगापुर*

अन्य देशों में यह अनुभव था कि प्राशुल्कमुक्ति के नतीजतन मूल्य प्रतिस्पर्था से सभी बिक्रीयाँ निर्धारित हो गई और कीमतें निचले स्तर पर संचालित हो गई जो अस्थाई थी। भारत भी इसी अनुभव से गुज़र रहा है।

**श्री जे हरि नारायण**

*अध्यक्ष, बीमा विनियामक और विकास प्राधिकरण, भारत*

आमतौर पर वैश्विक वित्तीय संकट पर पोस्ट मार्टम का कोई भी कारण दिखाई नहीं देता। सिवाय जटिल पारस्परिक सुक्षम आर्थिक और समष्टिगत घटकों के।

**श्री जॉन एफ लैकर**

*अध्यक्ष, ऑस्ट्रेलियन प्रूडेंशियल विनियमन प्राधिकरण*

एक नियामक के नजरिये से, पिछले दो वर्षों के घटनाक्रम से - संग्रहण के लिए और व्यवस्थित रूप से मूल्यांकन करने की अनुमति की महत्वपूर्ण सूचनाओं के आदान-प्रदान करने और जोखिम की गम्भीरता का वित्तीय स्थिरता तक कम करने का, एक सबक मिला है।

**श्री सैली देवार**

*प्रबन्धक निदेशक, थोक व संस्थागत बाजार, एफ.एस.ए. ब्रिटेन*

यह नाजुक है कि विनियामक और विधायक, पहले से ही स्थापित, अत्यधिक सम्भावित राज्य आधारित माध्यमों से, पॉलिसीधारकों के सुरक्षा उपायों को बचाने के लिए मिलकर कार्य करते हैं।

**श्री रोजर सैविनी**

*एन.ए.आई.सी प्रज़ीडेन्ट और नए हैम्पशायर बीमा आयुक्त*

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दिनांकः 20/09/2009

# विषयः बीमा एजेन्ट पूर्व भर्ती परीक्षा

आई.आर.डी.ए के दो उद्देश्य हैं, एक बीमा क्षेत्र का विकास और दूसरा बीमाधारकों के हितों की रक्षा करना। दोनों ही उद्देश्य एक दूसरे से जुड़े हुए हैं और जब तक बीमाधारकों के हितों की रक्षा नहीं की जायेगी, बीमा क्षेत्र का सही विकास नहीं हो सकता है। इसमे बीमाधारकों के हितों को ध्यान में रखना आई.आर.डी.ए के लिए परम आवश्यक है क्योंकि ग्रामीण जनता को पूर्ण शिक्षित किया जाना चाहिए। इसलिए आई.आर.डी.ए योग्य एवं पूर्ण प्रशिक्षित बीमा एजेंटों को ही ग्रामीण क्षेत्र में जाने की सलाह देती है। इस संदर्भ में आई.आर.डी.ए ने भारतीय बीमा संस्थान को ऑफलाईन से ऑनलाईन परीक्षा में परिवर्तन के लिए पूर्ण सहयोग दिया है।

पिछले कुछ समय में आई.आर.डी.ए के पास भारतीय बीमा संस्थान द्वारा आयोजित की जा रही परीक्षाओं के खिलाफ काफी शिकायतें आ रही हैं तथा साथ ही प्रशिक्षण संस्थान एवं परीक्षा केन्द्र के कर्मचारियों के खिलाफ भी शिकायतें आ रही हैं। ये शिकायतें सिर्फ परीक्षा में नकल, परीक्षा की तारीख के पूर्व उत्तर पुस्तिकाओं के वितरण तक ही सीमित नहीं है, बल्कि यह शिकायत भी है कि जब एक उम्मीदवार परीक्षा केन्द्र को पैसे नहीं देते हैं तो उसकी उत्तर पुस्तिका में लिखे गये उत्तरों को परीक्षा केन्द्रों द्वारा परिवर्तित कर दिया जाता है। हालाँकि कई परीक्षा केन्द्रों को इन शिकायतों को देखते हुए बंद कर दिया गया है, परंतु ऑनलाईन परीक्षाओं से होने वाली समस्याएँ अभी भी हमारे सामने हैं। इन परीक्षाओं की शिकायतें विस्फोट स्तर तक बढ़ चुकी हैं और उनकी विश्वसनीयता पर एक प्रश्न चिन्ह लग गया है। यह पूर्व भर्ती परीक्षा आज बीमा क्षेत्र में एक हँसी का विषय बन गया है।

एक बीमाकर्ता तथा आई.आर.डी.ए की साख को इस गलत हरकतों से काफी नुकसान हुआ है। साथ ही आई.आर.डी.ए को यह भी शिकायत मिली है कि ग्रामीण क्षेत्रों में एजेंटों द्वारा बीमा उत्पादों को धोखे से बेचा जा रहा है। इसके लिए शोधकर्ताओं द्वारा जो कारण बताये जा रहे हैं उनमें पूर्ण प्रशिक्षण की कमी तथा बीमा बेचने वाले एजेन्टों के परीक्षण में कमी बताई जा रही है। इन सभी समस्याओं को ध्यान में रखते हुए 17 अगस्त 2007 को भारतीय बीमा संस्थान द्वारा संपूर्ण भारत में ऑनलाईन परीक्षाओं को प्रारंभ करने का फैसला किया गया।

दसवी / बारहवीं पास बीमा एजेंट उम्मीदवार को पूर्ण प्रशिक्षण प्रदान करने के लिए एन.एस.इ.आई.टी द्वारा एक ऑन स्क्रीन प्रश्न पत्र का निर्माण किया गया। एन.एस.इ.आई.टी एक ऐसा संस्थान है जो इन बीमा एजेंटों का परीक्षण करता है। भारत भर में इनके 25 केन्द्र हैं तथा ये दसवीं / बारहवीं पास बीमा एजेंट उम्मीदवार की आवश्यकताओं को ध्यान में रखते हुए उनका परीक्षण कर सकते हैं। ये बीमा एजेंट उम्मीदवार जो दसवीं / बारहवीं पास हैं वो ऑनलाईन परीक्षा के लिए आज की स्थिति को देखते हुए शायद उपयुक्त नहीं है। आई.आर.डी.ए इस बात का पूर्ण ध्यान रखता है कि ग्रामीण क्षेत्र में बीमा एजेंट होने चाहिए तथा बीमा क्षेत्र का विकास तभी संभव हो।

शहरी क्षेत्रों में खोले हुए ऑनलाईन केन्द्र शहरी क्षेत्रों के पास उम्मीदवारों या आस-पास के 50 किमी के क्षेत्र के उम्मीदवारों के काम आ सकते हैं। आज भी लगभग 150 परीक्षा केन्द्र हैं जो ऑफलाईन परीक्षा लेते हैं। धीरे-धीरे इन्हें भी ऑनलाईन परीक्षा केन्द्रों में तब्दील कर दिया जायेगा।

ऑनलाईन परीक्षाओं की क्षेत्रीय आवश्यकताओं को ध्यान में रखते हुए यह भी सुनिश्चित किया गया है कि ये परीक्षायें क्षेत्रीय भाषाओं में भी आयोजित की जा सके। ऑनलाईन पूर्व भर्ती बीमा एजेंट आज हिन्दी, गुजराती, मराठी, कन्नड, तेलुगु, बंगाली, मलयालम तथा तमिल भाषाओं में भी उपलब्ध है।

ऑफलाईन परीक्षाओं के संदर्भ में आ रही शिकायतों को ध्यान में रखते हुए तथा यह सुनिश्चित करने के लिए कि इन परीक्षाओं को विश्वसनीय बनाया जा सके, भारतीय बीमा संस्थान तथा एन.एस.इ.आई.टी द्वारा ऑनलाईन परीक्षा की विधि को अपनाया गया है। इससे बीमाकर्ताओं तथा बीमाधारकों दोनों के हितों की सुरक्षा सुनिश्चित की जा सकेगी।

# कितना जानते हैं बीमाधारी अपने अधिकारों को?

हमारे मित्र विजेन्द्र जी ने मैडिक्लेम पॉलिसी के अन्तर्गत अपनी आँख के आपरेशन से सम्बन्धित दावा किया और बीमा कंपनी ने दो महीनों बाद दावे का निपटना भी कर दिया; परन्तु दावे की राशि में से 865 रू. बिना कोई कारण बताए, काट लिए। विजेन्द्र जी ने कारण जानने के लिए कई पत्र लिखे, फोन किए, तथा एक बार स्वयं भी बीमा कंपनी के सम्बन्धित कार्यालय में गए परन्तु सब व्यर्थ। हमने कहा भी कि विजेन्द्र जी, छोड़िए 38 हजार में से 865/- रू. कट भी गए तो कौन सा पहाड़ टूट पड़ा। विजेन्द्र जी कहने लगे, ''प्रश्न 865/- रू का नहीं है, प्रश्न है मेरे अधिकार का। मुझे पता चलना चाहिए कि दावे का कम भुगतान क्यों किया गया।'' विजेन्द्र जी ने दिल्ली में आसफ अली रोड़ स्थित इन्शुरेंस ओम्बड्स्मेन के कार्यालय में कम्पनी के विरुद्ध शिकायत दर्ज कर दी तथा शिकायत-पत्र की एक प्रति कम्पनी को भी भेज दी। बीस दिनों बाद 865/- रू का चैक विजेन्द्र जी को मिल गया जिसके साथ कोई पत्र संलग्न नहीं था। चैक मिलने के दस दिनों के बाद ओम्बड्स्मेन कार्यालय से पत्र आया कि कम्पनी का कहना है उन्होंने आपको पूरा भुगतान कर दिया है। अतः आप की शिकायत अनावश्यक है।

उपरोक्त प्रकरण में सबसे अधिक महत्वपूर्ण बात है 'अधिकार' की – बीमाधारी के नाते एक 'उपभोक्ता के अधिकार' की। किसी 'अधिकार-हनन' का अहसास तो तभी होगा न, जब अधिकार का ज्ञान होगा। हमारे इस लेख का उद्देश्य भी यह बताना है कि बीमाधारी के नाते आपके क्या अधिकार है। तथा किसी अधिकार-हनन की स्थिति में आपके पास निवारण के लिए क्या विकल्प हैं।

इस सम्बन्ध में आई.आर.डी.ए द्वारा वर्ष 2002 में जारी किए गए बीमाधारियों के अधिकारों की सुरक्षा सम्बन्धी विनियमों का उल्लेख प्रसंगिक होगा। इस विनियमों में किसी पॉलिसी के विवरण-पत्र (प्रासपैक्टस) से लेकर पॉलिसी खरीदने एवं दावा-निपटान तक की सभी बातों को नियम-बद्ध किया गया है ताकि किसी बीमाधारी के अधिकार का हनन न हो सके। बस, आवश्यकता है तो यह कि हमें इस सब की समुचित जानकारी होनी चाहिए।

### बीमा खरीदारी से सम्बन्धित

- बीमा कंपनी द्वारा किसी भी बीमा योजना से सम्बन्धित जारी किए गए विवरण पत्र (प्रास्पेक्टस) में कम-से-कम इन बातों का स्पष्ट उल्लेख आवश्यक है –
  - पॉलिसी लाभों का स्कोप
  - बीमा-आवरण की सीमा एवं शर्तें
  - बीमा-आवरण की वारन्टियों, अपवादों, एवं अपवर्जितों की स्पष्ट व्याख्या
  - जीवन बीमा उत्पाद हो तो उस पर बोनस लागू होगा या नहीं
  - उत्पाद के साथ उपलब्ध राइडरों के बारे में पूर्ण जानकारी।

  नेशनल कन्ज्यूमर डिस्प्यूट रिड्रैसल कमीशन ने अपने एक निर्णय में कहा भी है – 'अज्ञात अपवर्जन अथवा असूचित अपवर्जन खण्ड बीमाधारी पर लागू नहीं है।' (नैशनल इंश्यूरेंस कम्पनी बनाम मन्जीत कुमार – 2007)

- बीमा कम्पनी अथवा इसका एजेंट या अन्य मध्यवर्ति का यह कर्तव्य है कि वह आपको प्रस्तावित बीमा पॉलिसी के बारे में सारी महत्वपूर्ण जानकारी दे ताकि आप अपने लिए सर्वोत्तम एवं अधिकतम् लाभप्रद उत्पाद का चुनाव कर सकें।

- यदि आप बीमा खरीदारी में बीमा कम्पनी अथवा इसके एजेंट की सलाह पर पूरी तरह निर्भर है तो उसका पूर्णरूपेण निष्पक्ष हो कर सलाह देना आवश्यक है।

- यदि किसी कारण बीमा प्रस्ताव-पत्र (प्रोपोज़ल फार्म) या कोई अन्य दस्तावेज़ आप स्वयं नहीं भरते हैं तो प्रस्ताव-पत्र एवं ऐसे दस्तावेजों में निहित सम्पूर्ण प्रश्नों की विस्तृत व्याख्या एवं उनका महत्व आपके समझ रखे जाना आवश्यक है।

- (क) बीमा खरीदने के लिए आपके द्वारा दिये गये प्रस्ताव पत्र पर बीमा कम्पनी को अधिक-से-अधिक 15 दिनों के अन्दर निर्णय लेकर आपको सूचित करना आवश्यक है। (ख) बीमा कम्पनी का यह कर्तव्य है (अर्थात आप का अधिकार है) कि यह बिना कोई फीस लिए प्रस्ताव स्वीकृति के बाद 30 दिन के भीतर प्रस्ताव-पत्र की एक प्रतिलिपि आपको उपलब्ध करे।

- प्रत्येक बीमा कम्पनी के लिए यह आवश्यक है कि वह बीमाधारियों की शिकायतों एवं कष्टों के शीघ्र एवं सन्तोषजनक निराकरण के लिए एक प्रभावी पद्धति स्थापित करे तथा इसके विषय में एवं इन्श्युरेंस ओम्बड्स्मेन के बारे में पूरी जानकारी बीमा पॉलिसी के साथ ही बीमाधारी को भेजे।

- यदि आपने जीवन-बीमा खरीदा है और पॉलिसी बॉण्ड प्राप्त होने पर आप पॉलिसी में निहित किसी शर्त पर असहमत है तो आप 15 दिनों के भीतर अपनी असहमति का कारण बताते हुए पॉलिसी वापस कर सकते हैं। ऐसी अवस्था में बीमा कम्पनी आपके दिए गए प्रीमियम में

से बीते समय का जोखिम प्रीमियम, आपकी डाक्टरी परीक्षा तथा पॉलिसी पर लगी स्टैम्प ड्यूटी पर हुए खर्च काट कर बाकी की राशि लौटा देगी।

### बीमा दावा से सम्बन्धित

बीमा पॉलिसी की उपयोगिता का ध्यान तो दावा स्थिति उत्पन्न होने पर ही होगा। इस सम्बन्ध में आपके अधिकार निम्नलिखित तथ्यों से उजागर होते हैं।

❖ जीवन बीमा पॉलिसी का दावा

- आई.आर.डी.ए के विनियमों के अनुसार बीमा पॉलिसी में यह अवश्य लिखा होना चाहिए कि दावे के समर्थन में साधारणतः कौन-कौन से प्रमुख दस्तावेजों की आवश्यकता होगी।
- दावा सूचना प्राप्त होने पर जीवन बीमा कम्पनी, किसी अतिरिक्त जानकारी अथवा अतिरिक्त दस्तवेजों की मांग 15 दिनों के भीतर ही कर सकती है। और ऐसा वह, जहां तक सम्भव हो, एक ही बार में करेगी न कि टुकड़ों में।
- सारे सम्बन्ध दस्तानेज़ एवं स्पष्टीकरण प्राप्त होने के बाद कंपनी को 30 दिनों के भीतर ही दावे का भुगतान करना होगा अथवा।
- यदि दावे से सम्बन्धित परिस्थितियों के अधीन बीमा कम्पनी को दावे की छान-बीन आवश्यक लगती हो तो दावा दायर होने से छः महीने के भीतर ही ऐसी छान-बीन को पूरा करना होगा।
- यदि बीमा कम्पनी दावा भुगतान में देरी करती है तो उसे दावा राशि पर वित्तीय वर्ष के आरम्भ में लागू बैंक की ब्याज-दर से 2 प्रतिशत अधिक की दर से ब्याज का भुगतान करना होगा। हां, यदि भुगतान में देरी दावा राशि प्राप्त करने के अधिकारी की पहचान करने के कारण हुई हो तो भुगतान राशि पर बैंक में सेविंग खाते पर लागू ब्याज दर के बराबर का ब्याज देना होगा।

❖ जनरल-इंश्यूरेंस पॉलिसी का दावा

- पॉलिसी के अन्तर्गत उत्पन्न होने वाले दावे की सूचना बीमित अथवा दावेदार व्यक्ति द्वारा बीमा कम्पनी को शीघ्रातिशीघ्र अथवा कम्पनी की नियत समय-सीमा के भीतर ही करनी होती है। दावा-सूचना प्राप्ति पर बीमा कम्पनी को तुरन्त दावेदार को उसके द्वारा की जाने वाली कार्यवाही का स्पष्ट ब्यौरा देना होगा। यदि लॉस-सर्वेयर की नियुक्ति होनी आवश्यक है तो यह दावा-सूचना प्राप्त होने के बाद 72 घन्टों के भीतर ही करनी होगी।
- लॉस सर्वेयर की, नियुक्ति होने की तिथि से 30 दिन के भीतर अपनी सिपोर्ट देनी होती है और यदि दावेदार चाहे तो रिपोर्ट की एक प्रति उसे भी देनी होती है। परन्तु मामले की विशेष परिस्थितियों में अथवा अधिक उलझे हुए घटना-क्रम में सर्वेयर इस समय-सीमा में दावेदार को जानकारी देते हुए वृद्धि की मांग कर सकता है। किसी भी हालत में सर्वेयर अपनी रिपोर्ट देने में छः महीने से अधिक नहीं ले सकता।
- बीमा कम्पनी यदि सर्वेयर की रिपोर्ट किसी मामले में 'अधूरी' समझती है तो दावेदार को सूचित करते हुए सर्वेयर को अतिरिक्त रिपोर्ट प्राप्ति के बाद 15 दिनों के भीतर दिया जा सकता है। बीमा कम्पनी ऐसा केवल एक ही बार कर सकती है।

  अतिरिक्त रिपोर्ट के लिए आदेश मिलने पर सर्वेयर को केवल तीन सप्ताह के भीतर ही यह कार्यवाही पूर्ण करनी होगी।
- सर्वेयर रिपोर्ट अथवा सर्वेयर की अतिरिक्त रिपोर्ट – जो भी हो – प्राप्त हो जाने पर बीमा कम्पनी 30 दिन के भीतर दावा राशि की पेशकश करेगी या फिर 30 दिन के भीतर ही कारण बताते हुए दावा-भुगतान से मना कर देगी।
- दावेदार की स्वीकृति मिलने पर दावा-राशि का भुगतान 7 दिन के भीतर करना होता है अन्यथा उसपर बैंक की व्याज दरों के अतिरिक्त 2 प्रतिशत ब्याज देना होता है।

### बीमा-पॉलिसी सेवाओं से सम्बद्ध

आई.आर.डी.ए विनियमों में पॉलिसी सम्बन्धी कुछ सेवाओं का स्पष्ट उल्लेख किया गया है। विनियम 10 के अन्तर्गत यह कहा गया है कि कोई भी बीमा कम्पनी – चाहे वह जीवन बीमा व्यापार करती हो अथवा जनरल बीमा व्यापार – सभी मामलों में पॉलिसीधारक के किसी पत्र का उत्तर उसकी प्राप्ति के 10 दिनों के भीतर ही देगी। इस सम्बन्ध में निम्नलिखित मुद्दों का दिशेष उल्लेख है –

❖ पता परिवर्तन की सूचना
❖ नया नामीनेशन अथवा पूर्व नामीनेशन में परिवर्तन की सूचना
❖ पॉलिसी पर असाइनमैंट का नोटिस
❖ पॉलिसी का वर्तमान स्टेटस
❖ पॉलिसी पर ऋण का भुगतान
❖ डूप्लीकेट पॉलिसी जारी करना
❖ पॉलिसी पर कोई इंडोर्समेंट जारी करना

### क्लेम रिजिस्टर करने एवं उसके भुगतान के सम्बन्ध में जानकारी एवं दिशा निर्देश

आइए, अब ज़रा इंश्योरेंस एक्ट एवं आई.आर.डी.ए की परिधियों से बाहर निकल कर देखें कि एक बीमाधारी के नाते आप के क्या अधिकार हैं। उपभोक्ता सुरक्षा कानून, 1986 के अन्तर्गत बीमा एक सेवा-उत्पाद है और इस उत्पाद के खरीदने

वालों एवं बीमा पॉलिसी में निहित लाभों के दावेदारों को उपभोक्ता की श्रेणी में शामिल किया गया है। इस कानून की धारा 2(जी) के अनुसार किसी सेवा-उत्पाद (प्रस्तुत सन्दर्भ में बीमा पॉलिसी) में 'डैफिशिअंसी' अर्थात त्रुटि का तात्पर्य है उस सेवा की गुणवत्ता में दोष, अपूर्णता रह जाना। इस सब का तात्पर्य यह हुआ कि बीमा पॉलिसी खरीदने पर पॉलिसी से सम्बन्धित आपको ही नहीं बल्कि उस पॉलिसी के अन्तर्गत आपके प्रियजन लाभार्थियों को भी दोषहित, त्रुटिहीन एवं पर्याप्त सेवा मिले। और यदि ऐसे नहीं होता तो यह आपके अधिकार का हनन् है। और उसके विरुद्ध आप समुचित कार्यवाही कर सकते हैं।

तो आइए अब देखते हैं, आपके पास शिकायत-मुक्ति के लिए क्या विकल्प हैं।

- आई.आर.डी.ए द्वारा बीमाधारियों के अधिकारों की सुरक्षार्थ जारी रेगुलेशन्ज-2002 में रेगुलेशन क्रम 5 के अनुसार प्रत्येक बीमा कम्पनी के लिए यह आवश्यक है कि वह अपने कार्यालय में ऐक ऐसा तन्त्र एवं प्रणाली स्थापित करे जिसके द्वारा बीमाधारियों की शिकायतें शीघ्रता एवं कुशलता पूर्वक दूर की जा सकें। और ऐसी प्रणाली के बारे में तथा इंश्यूरेंस ओम्बड्स्मेन के सम्बन्ध में पूरी जानकारी बीमाधारी को सूचित करें। इस विनियम के चलते प्रायः हर एक बीमा कम्पनी के कार्यालयों में एक शिकायत निवारण अधिकारी होता है जिसके पास आप अपनी शिकायत दर्ज कर सकते हैं।

- इंश्यूरेंस ओम्बड्स्मेन

  इंश्यूरेंस ओम्बड्स्मेन की स्थापना भारत सरकार के आदेश के द्वारा 11 नवम्बर 1998 को हुई। इसका उद्देश्य था

  - बीमित ग्राहकों की शिकायतों का शीघ्र निपटारा
  - बीमित ग्राहकों की शिकायतों के निपटारे में आने वाली समस्याओं को कम करना

  देश में कुल 12 ओम्बड्स्मेनों की नियुक्ति की गई है जो भोपाल, भुवनेश्वर, कोची, चन्डीगढ़, गुवाहाटी, नई दिल्ली, चेन्नई, कोलकाता, अहमदाबाद, लखनऊ, मुम्बई एवं हैदराबाद में स्थित हैं। प्रत्येक ओम्बड्स्मेन के लिए एक निश्चित भौगोलिक अधिकार क्षेत्र है। ये अपने मुख्यालय के अतिरिक्त अपने क्षेत्र में विभिन्न स्थानों पर भी शिकायतों की सुनवाई भी करते रहते हैं।

  ओम्बड्स्मेन के पास शिकायत दर्ज कराने के लिए कोई फीस अथवा खर्चा या वकील करने की आवश्यकता नहीं होती। मात्र एक लिखित शिकायत-पत्र तथा तथ्यों की पुष्टि करने वाले दस्तावेज संलग्न करके वहां दाखिल करना होता है। शिकायत दर्ज करने के लिए आवश्यक शर्तें ये हैं –

  - शिकायत का कारण एक वर्ष से अधिक न हो
  - मामला किसी न्यायालय में विचारधीन न हो
  - मामले से जुड़ी धनराशि 20 लाख रूपए से अधिक न हो
  - शिकायत करने से पहले बीमा कम्पनी में स्थापित शिकायत-निवारण प्रणाली का उपयोग कर लिया गया हो।
  - शिकायत-कर्ता 'व्यक्ति' हो सकता है न कि व्यक्ति-समूह! तात्पर्य यह कि ओम्बड्स्मेन के पास व्यक्तिगत रूप में शिकायत की जा सकती है न कि किसी फर्म, कम्पनी, संस्था आदि के रूप में।

  ओम्बड्स्मेन के पास शिकायत इनमें से किसी भी मुद्दे पर की जा सकती है –

  - बीमा कम्पनी ने दावा भुगतान करने से मना कर दिया हो
  - प्रीमियम भुगतान से सम्बन्धित विवाद
  - पॉलिसी की बनावट में शब्दों के चयन पर विवाद
  - दावा भुगतान में देरी
  - बीमा कम्पनी किसी बीमा-दस्तावेज़ को - जैसे कि पॉलिसी बॉण्ड, प्रीमियम की रसीद आदि - जारी न कर रही हो।

- जैसा कि हम पहले कह चुके हैं बीमाधारी एवं बीमा पॉलिसी के अन्तर्गत लाभ-भोगी को उपभोक्ता की श्रेणी में शामिल किया गया है। सो आप भी एक उपभोक्ता के नाते यदि अपने सर्विस-प्रोवाइडर बीमा कम्पनी से त्रस्त है तो अपने अधिकार के लिए 'उपभोक्ता सुरक्षा कानून' द्वारा स्थापित अदालतों के द्वार खटखटा सकते हैं। इन अदालतों में अन्य सिविल अदालतों की तुलना में बहुत ही कम खर्च पर कम समय में तथा बिना किसी लम्बी प्रतीक्षा के कष्ट सहे न्याय मिल जाता है।

  सच तो यह है कि कोई भी बीमा कम्पनी अपने किसी ग्राहक को त्रस्त नहीं करना चाहती है। परन्तु इस सच्चाई से भी मुह नहीं मोड़ा जा सकता कि बीमा कम्पनी अपने 'लाइफ फण्ड' अथवा 'जनरल इंश्युरेंस फण्ड' को एक अमानत के रूप में रखे हुए होती है। अतः इस नाते बीमा कम्पनी का यह उत्तरदायित्व होता है कि उसका लाइफ फण्ड / जनरल इंश्युरेंस फण्ड सुरक्षित रहे जिसके लिए उसे सुनिश्चित करना होता है कि –

  - किसी कृत्रिम दावे का भुगतान न हो किसी अपवर्जित (एक्सक्ल्यूडिड) घटना / कारण जनित दावे का भुगतान न हो
  - पॉलिसी लेते समय अथवा रिवाइवल के समय ग्राहक द्वारा 'सद्भाव सिद्धान्त' (अटमोस्ट गुड फेथ) का उल्लंघन न हुआ हो
  - दावे का भुगतान किसी अवांछनीय अथवा अनधिकृत व्यक्ति को न हो जाए।

उपरोक्त तथा इस प्रकृति की कई अन्य बातों को लेकर बीमा कम्पनी को हर कदम फूँक-फूँक कर रखना होता है। और इस अतिरेक के कारण किसी ग्राहक के साथ अन्याय हो जाने की सम्भावना से इन्कार नहीं किया जा सकता। आवश्यकता है कि ग्राहक स्वयं सावधान रहे और अपने अधिकार का हनन होने पर उपलब्ध विकल्पों का उपयोग करे।

*आर.एन.आई.एस. रिसर्च ब्यूरो के सौजन्य से।*

# सामान्य बीमा: एक परिचय

## बीमा का उद्देश्य

परिसंपत्तियाँ बीमा योग्य होती हैं क्योंकि दुर्घटना के कारण वे नष्ट हो सकती हैं। ऐसी संभावित घटनाओं को हम आपदा कहते हैं। इन आपदाओं से संपत्ति को जो नुकसान हो सकता है उसे जोखिम कहते हैं।

जोखिम का अर्थ हानि या नुकसान की संभावना है यह नुकसान हो भी सकता है और नहीं भी, अर्थात जोखिम घट भी सकता है। जोखिम की अनिश्चिता होनी चाहिए उसी का बीमा किया जाता है।

जन सामान्य के लिए जोखिम एक खतरा है जबकि बीमा के क्षेत्र में जोखिम का अर्थ आपदा या हानि जनित घटनाओं से लिया जाता है।

बीमा की कार्य प्रणाली बहुत सरल है जिन लोगों को समान जोखिमों का सामना करना पड़ता है वे एक साथ मिलकर इस बात से सहमत हो जाते हैं कि यदि किसी एक सदस्य को हानि उठानी पड़े तो अन्य सदस्य मिलकर उस हानि को बाँट लेंगे और जिस व्यक्ति को हानि हुई है उसको अपना-अपना अंश दान देंगे। अलग-अलग प्रकार के जोखिमों की पहचान कर उन्हें अलग-अलग समूहों में रखा जा सकता है। इस प्रकार जोखिम अलग-अलग समूहों में बँट जाता है और उसका प्रभाव कम हो जाता है और किसी एक व्यक्ति पर पूरा प्रभाव नहीं पड़ता।

हानि को शेयर किया जाता है। आनुपातिक आधार पर इसे शेयर किया जा सकता है। बीमा कंपनियाँ शेयर पहले ही लेती हैं और एक निधि का निर्माण करती हैं उसी में से हानियों का भुगतान करती हैं।

बीमा परिसंपत्ति की सुरक्षा नहीं करता, यह आपदाओं के कारण होने वाली क्षति को रोक भी नहीं सकता, आपदा टाली नहीं जा सकती परन्तु आपदा कभी-कभी बेहतर सुरक्षा उपायों और हानि नियंत्रण प्रबंधन से टाली जा सकती है।

## बीमा की कार्यप्रणाली

एक समान जोखिम वाले व्यक्ति मिलकर छोटे-छोटे अंशदान से एक निधि का निर्माण करते हैं। प्रत्येक व्यक्ति द्वारा दिया जाने वाला अंशदान इस अनुमान पर निर्धारित होता है जैसे कि हानि किसी भी व्यक्ति की हो सकती है। पिछले अनुभव के आधार पर और आगे कितने लोगों को नुकसान हो सकता है की संभावना के आधार पर अंशदान निर्धारित होता है।

बीमा कंपनियाँ या बीमाकर्ता बीमा व्यवसाय करते समय समान बीमा हित वाले लोगों को एक साथ लाती हैं। इनसे अंशदान एकत्र करती है तथा जिन्हें हानि होती है उन्हें क्षतिपूर्ति प्रदान करती हैं। इसी के अनुसार अंशदान का निर्धारण होता है तथा साथ ही अंशदान में होने वाले प्रशासनिक खर्चों को भी इसमें जोड़ा जाता है।

## बीमा का उपयोग सामाजिक सुरक्षा में

समाजिक सुरक्षा राज्य सरकार का दायित्व है। इस प्रयोजन के लिए राज्य द्वारा, समय-समय पर विभिन्न कानून पारित किये जाते हैं सामाजिक सुरक्षा के लिए बीमा चाहे वह अनिवार्य हो या वैकल्पिक, को एक उपकरण के रूप में मान्यता हो गयी है जैसे कर्मचारी राज्य बीमा अधिनियम 1948 के अंतर्गत राज्य बीमा निगम औद्योगिक कर्मचारियों और उनके परिवारों जो बीमित होते हैं उसके स्वास्थ्य के प्रति होने वाले खर्चों का वहन करते हैं।

सरकार द्वारा प्रयोजित सामाजिक सुरक्षा योजनाओं में बीमाकर्ता महत्वपूर्ण भूमिका निभाते हैं जैसे - फसल बीमा योजना का समाजिक महत्व है। यह योजना न केवल बीमित समुदाय को ही लाभान्वित करती है।

वाणिज्यिक आधार पर परिचालित सभी ग्रामीण बीमा योजनाएँ ग्रामीण परिवारों को सामाजिक सुरक्षा प्रदान करने के लिए बनाई गयी है।

सरकारी योजनाओं को समर्थन देने के अलावा बीमा उद्योग वाणिज्यिक आधार पर कुछ और बीमा उत्पाद प्रदान करता है जिनका उद्देश्य सामाजिक सुरक्षा है जैसे - जनता व्यक्तिगत दुर्घटना तथा जन आरोग्य योजना आदि।

## आर्थिक विकास में बीमा का योगदान

सभी बीमा कंपनियाँ जोखिम को कवर करती हैं और इसके लिए वह प्रीमियम का संग्रह करती हैं। यह विशाल राशि जोखिम समूह का प्रतिनिधि है और यह पॉलिसीधारकों के लाभ लिए ट्रस्ट में रखी जाती है बीमा कंपनी के प्रबंधक समुदाय के लाभों या हितों का ध्यान रख कर निधि का निवेश करते हैं। इसलिए सफल बीमा कंपनियाँ अपना निवेश काल्पनिक क्षेत्र में नहीं करती, उनका निवेश अंततः समाज को लाभ पहुँचाता है।

बीमा व्यवस्था प्रत्यक्ष या अप्रत्यक्ष रूप से न केवल व्यक्ति विशेष और उसके परिवार को आर्थिक हानि से बचाती है, बल्कि उद्योग और वाणिज्य समुदाय और राष्ट्र को लाभान्वित करती है। व्यक्ति और प्रतिष्ठान दोनों ही बीमा का लाभ लेते हैं क्योंकि दुर्घटना की अप्रत्याशित घटना के घटित होने पर हानि होती है और वे इन हानियों से सुरक्षित हो जाते हैं। इस प्रकार बीमा उद्योगों में लगी हुई पूंजी को सुरक्षा प्रदान करता है तथा उद्योग और व्यवसाय के विकास और विस्तार में पूंजी का निर्गम करता है।

बीमा भविष्य की अनिश्चितताओं से संबंधित भय, चिन्ता और डर को समाप्त करता है। इस प्रकार व्यवसाय उद्यमों में पूंजी के मुक्त निवेश को प्रोत्साहित करता है और विद्यमान संसाधनों के सक्षम उपयोग को भी प्रोत्साहन देता है और अर्थ व्यवस्था को सुदृढ़ करता है तथा राष्ट्र की उत्पादकता बढ़ाने में योगदान देता है।

जोखिम को स्वीकार करने से पूर्व बीमाकर्ता अर्हताप्राप्त अभिकर्ताओं और विशेषज्ञों से बीमा की जाने बाली संपत्ति का सर्वेक्षण और निरीक्षण करवाता है। इन सर्वेक्षणों का उद्देश्य न केवल जोखिम की दर निर्धारण करना है बल्कि कर्मचारी को जोखिम में सुधार के लिए सुझाव और सिफारिश करना भी है ताकि प्रीमियम की दर भी कम लगे।

बीमा व्यवस्था निर्यात व्यापार, शिपिंग और बैंकिंग सेवायें देकर देश के लिए विदेशी मुद्रा अर्जन का काम भी करती है।

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# साधारण बीमा उत्पाद व आवश्यकतायें

साधारण बीमा के अंतर्गत हम दैनिक जीवन में उपयोग आने वाली वस्तुएं, अचानक होने वाली दुर्घटना या अचानक आने वाली प्राकृतिक आपदाओं से होने वाली आर्थिक हानि को कवर किया जाता है।

### अग्नि बीमा

अग्नि बीमा आग और विशिष्ट आपदाओं से संपत्ति को होने वाली हानि या क्षति को वित्तीय सुरक्षा प्रदान करता है। बीमा योग्य संपत्ति के उदाहरण – भवन एवं भवन की विषयवस्तु जैसे मशीनरी, संयंत्र उपकरण और उपस्कर आदि फैक्ट्री, गोदाम में रखा माल, अधिवासों, दुकानों, होटलों आदि में रखी वस्तुएं, फर्निचर, फिटिंग्स, फिक्स्चर आदि।

### मोटर बीमा

बीमा के प्रयोजन हेतु मोटर वाहनों को तीन श्रेणियों में बांटा गया है – 1) निजी वाहन, 2) मोटर साइकिल और स्कूटर, 3) वाणिज्यिक वाहन – (a) माल वाहन, (b) यात्री वाहन (मोटर युक्त रिक्शा, टैक्सी, बस), (c) विविध वाहन – एम्बूलेंस, प्रदर्शनी एवं प्रचार वाहन, मोबाइल डिस्पैंसरीज आदि।

### स्वास्थ्य बीमा

मेडिक्लेम पॉलिसी – इस पॉलिसी में पॉलिसी अवधि के दौरान किसी बीमारी / रोग या दुर्घटनात्मक दावों के उपचार पर अस्पताल में भर्ती होने / घर में अस्पतालीकरण की स्थिति में किये गये व्ययों की प्रतिपूर्ति का प्रावधान है। बीमा अवधि के दौरान प्रस्तुत सभी दावों के संबंध में कंपनी का दायित्व अनुसूची में उल्लिखित व्यक्ति हेतु बीमित रकम तक ही सीमित है।

### दायित्व बीमा

दायित्व बीमा का प्रयोजन किसी तृतीय पक्ष को व्यक्तिगत चोट या तृतीय पक्ष की संपत्ति को हुई क्षति के लिए कानून के अंतर्गत देय क्षतिपूर्ति करना है। यह विधिक दायित्व लापरवाही के आधार पर सामान्य विधि के अंतर्गत या नोफॉल्ट के आधार पर सांविधिक कानून के अंतर्गत उत्पन्न हो सकता है।

### व्यक्तिगत दुर्घटना बीमा

इस बीमा में प्रावधान है कि यदि बीमाधारी को वाह्य हिंसात्मक और दृश्य साधनों से हुई दुर्घटना से प्रत्यक्ष शारीरिक चोट पहुंचती है तो कंपनी पॉलिसी में उल्लिखित बीमित रकम या रकमों का भुगतान बीमाधारी या उसके कानूनी उत्तराधिकारी या प्रतिनिधियों को करेगी।

### मरीन बीमा

मरीन बीमा दो प्रकार का होता है – 1) कार्गो बीमा - इसमें रेल, रोड, समुद्र या वायु मार्ग से परिवहन के दौरान माल को हुई हानि या क्षति को कवर किया जाता है। 2)मरीन हल बीमा – इसके अंतर्गत पानी के जहाजों (हल, मशीनरी आदि) का बीमा किया जाता है।

### अभियांत्रिकी बीमा

इसके तहत भवन, पुल, सुरंग आदि जैसी सिविल अभियांत्रिकी परियोजनाओं के संबंध में ठेकेदारों तथा मूल व्यक्ति के हितों को संरक्षण प्रदान करते हैं। पॉलिसी से सर्व जोखिम आवरण का प्रावधान है। बीमा अवधि के दौरान निर्माण स्थल पर बीमित संपत्ति की अचानक और आकस्मिक हानि या क्षति की इसमें क्षतिपूर्ति की जाती है।

### विविध बीमा योजनाएँ

इसके अंतर्गत विभिन्न प्रकार की बीमा पॉलिसी जारी की जाती है। जैसे – सेंधमारी बीमा, सर्व जोखिम बीमा, धनराशि बीमा, विश्वस्तर गारंटी, टेलीविजन बीमा, पैडल साईकिल बीमा, प्लेट-ग्लास बीमा, नियॉन साइन बीमा, गृहस्वाभी बीमा (दुकानदार बीमा, बैंकर्स ब्लॉकेट बीमा, ज्वैलर्स ब्लॉक पॉलिसीयाँ ब्लडस्टॉक (घोडा) बीमा आदि)।

### ग्रामीण बीमा

ग्रामीण बीमा के अंतर्गत ग्रामीण पॉलिसियों में निम्नलिखित को कवर किया जाता है – विभिन्न पशुधन, उप पशु – रेशम कीट, मधुमक्खी, पौधारोपण तथा बागवानी फसल, संपत्ति – कृषि उपकरण पंपसेट आदि, व्यक्ति – ग्रामीण दुर्घटना।

*लेखक मुकुल गुरु, संभार इंश्यूरेन्स आपके लिए।*

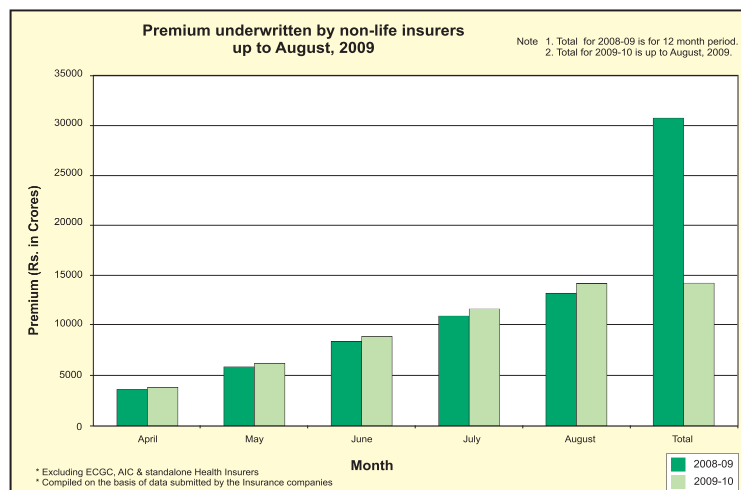
# Report Card: General

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

*(Rs.in Crore)*

| INSURER | AUGUST | | APRIL - AUGUST | | GROWTH OVER THE CORRESPONDING PERIOD OF PREVIOUS YEAR |
|---|---|---|---|---|---|
| | 2009-10 | 2008-09* | 2009-10 | 2008-09 | |
| Royal Sundaram | 74.05 | 64.08 | 359.99 | 321.95 | 11.82 |
| Tata-AIG | 58.21 | 69.65 | 397.96 | 438.11 | -9.16 |
| Reliance General | 148.86 | 140.24 | 876.82 | 840.22 | 4.36 |
| IFFCO-Tokio | 91.16 | 89.98 | 644.15 | 618.19 | 4.20 |
| ICICI-lombard | 263.03 | 292.22 | 1375.30 | 1653.66 | -16.83 |
| Bajaj Allianz | 190.08 | 231.08 | 1039.77 | 1203.38 | -13.60 |
| HDFC ERGO General | 70.10 | 32.90 | 361.34 | 115.28 | 213.44 |
| Cholamandalam | 57.84 | 49.51 | 353.93 | 305.11 | 16.00 |
| Future Generali | 27.52 | 14.44 | 146.62 | 57.70 | 154.11 |
| Universal Sompo | 9.56 | 0.05 | 54.33 | 1.06 | 5036.78 |
| Shriram General @ | 31.26 | 1.53 | 111.29 | 1.80 | 6099.47 |
| Bharti AXA General @ | 17.60 | 0.00 | 79.65 | 0.00 | |
| Raheja QBE $ | 0.18 | 0.00 | 0.26 | 0.00 | |
| New India | 379.51 | 369.72 | 2541.41 | 2344.00 | 8.42 |
| National | 332.46 | 301.56 | 1847.28 | 1818.42 | 1.59 |
| United India | 418.93 | 340.56 | 2069.49 | 1778.56 | 16.36 |
| Oriental | 359.76 | 279.57 | 1956.89 | 1716.22 | 14.02 |
| **PRIVATE TOTAL** | **1039.44** | **985.70** | **5801.40** | **5556.46** | 4.41 |
| **PUBLIC TOTAL** | **1490.66** | **1291.41** | **8415.07** | **7657.20** | 9.90 |
| **GRAND TOTAL** | **2530.10** | **2277.11** | **14216.48** | **13213.66** | 7.59 |
| **SPECIALISED INSTITUTIONS** | | | | | |
| **1.Credit Insurance** | | | | | |
| ECGC# | 67.22 | 59.01 | 326.71 | 283.26 | 15.34 |
| **2.Health Insurance** | | | | | |
| Star Health & Allied Insurance | 15.65 | 6.65 | 419.94 | 231.25 | 81.60 |
| Apollo DKV | 7.75 | 1.62 | 34.63 | 9.98 | 246.98 |
| **Health Total** | **23.40** | **8.27** | **454.58** | **241.23** | 88.44 |
| **3.Agriculture Insurance** | | | | | |
| AIC | 280.95 | 99.76 | 513.63 | 213.92 | 140.10 |

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



## GROSS PREMIUM UNDERWRITTEN BY NON-LIFE INSURERS WITHIN INDIA (SEGMENT WISE) :

| Sl. No. | Insurer | Fire | Marine | Marine Cargo | Marine Hull | Engineering | Motor | Mot |
|---|---|---|---|---|---|---|---|---|
| 1 | **Royal Sundaram** | **14.64** | **5.68** | **5.68** | **0.00** | **9.69** | **132.99** | |
| | Previous year | 23.74 | 5.05 | 5.05 | 0.00 | 11.90 | 106.23 | |
| 2 | **TATA-AIG** | **74.39** | **34.42** | **34.42** | **0.00** | **16.21** | **45.94** | |
| | Previous year | 72.21 | 38.99 | 38.99 | 0.00 | 14.60 | 64.55 | |
| 3 | **Reliance** | **57.07** | **13.61** | **9.87** | **3.74** | **28.25** | **359.17** | |
| | Previous year | 40.67 | 12.22 | 9.81 | 2.41 | 23.78 | 275.46 | |
| 4 | **IFFCO Tokio** | **103.44** | **39.97** | **23.81** | **16.16** | **38.23** | **157.39** | |
| | Previous year | 92.77 | 29.19 | 21.24 | 7.96 | 20.30 | 177.14 | |
| 5 | **ICICI Lombard** | **102.95** | **57.66** | **30.68** | **26.98** | **56.90** | **306.87** | |
| | Previous year | 118.91 | 90.27 | 34.86 | 55.41 | 73.05 | 311.80 | |
| 6 | **Bajaj Allianz** | **59.70** | **18.42** | **16.49** | **1.93** | **26.45** | **344.04** | |
| | Previous year | 74.45 | 32.52 | 26.81 | 5.71 | 40.38 | 416.92 | |
| 7 | **HDFC ERGO** | **25.87** | **7.55** | **3.51** | **4.04** | **6.68** | **52.79** | |
| | Previous year | 3.74 | 0.95 | 0.95 | 0.00 | 1.87 | 32.80 | |
| 8 | **Cholamandalam** | **29.10** | **11.37** | **11.32** | **0.05** | **6.64** | **106.52** | |
| | Previous year | 26.44 | 10.78 | 10.78 | 0.00 | 8.06 | 79.15 | |
| 9 | **Future Generali $** | **9.92** | **3.20** | **3.20** | **0.00** | **3.64** | **42.85** | |
| | Previous year | 4.16 | 1.10 | 1.10 | 0.00 | 1.45 | 9.00 | |
| 10 | **Universal Sompo *** | **8.70** | **1.05** | **1.05** | **0.00** | **1.48** | **5.60** | |
| | Previous year | 0.27 | 0.17 | 0.17 | 0.00 | 0.00 | 0.00 | |
| 11 | **Shriram** | **0.34** | **0.00** | **0.00** | **0.00** | **0.17** | **61.71** | |
| | Previous year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 12 | **Bharti Axa** | **8.83** | **0.98** | **0.98** | **0.00** | **2.96** | **21.92** | |
| | Previous year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 13 | **Raheja QBE** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.03** | |
| | Previous year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 14 | **New India** | **299.57** | **115.54** | **55.35** | **60.19** | **74.86** | **504.58** | |
| | Previous year | 267.44 | 108.21 | 54.96 | 53.25 | 59.44 | 496.36 | |
| 15 | **National** | **144.84** | **63.09** | **38.53** | **24.56** | **36.50** | **519.64** | |
| | Previous year | 141.08 | 61.27 | 37.79 | 23.48 | 38.33 | 559.34 | |
| 16 | **United India** | **193.37** | **120.01** | **57.91** | **62.10** | **71.18** | **416.29** | |
| | Previous year | 195.20 | 101.70 | 62.31 | 39.39 | 67.89 | 373.95 | |
| 17 | **Oriental** | **173.01** | **87.36** | **46.35** | **41.01** | **63.74** | **381.86** | |
| | Previous year | 151.75 | 78.47 | 44.00 | 34.47 | 63.53 | 378.04 | |
| | **Grand Total** | **1,305.72** | **579.91** | **339.15** | **240.76** | **443.59** | **3,460.19** | **2,** |
| | Previous year | 1,212.83 | 570.90 | 348.82 | 222.08 | 424.58 | 3,280.73 | 2, |
| | **SPECIALISED INSTITUTIONS** | | | | | | | |
| 18 | **ECGC** | | | | | | | |
| | Previous year | | | | | | | |
| 19 | **Star Health & Allied Insurance** | | | | | | | |
| | Previous year | | | | | | | |
| 20 | **Apollo DKV $** | | | | | | | |
| | Previous year | | | | | | | |

Note: In case of public sector insurance companies, the segment wise data submitted may vary from the flash Nos filed with the Authority. As such, the industry totals may vary from the flash figures published for the month of March-2009.
$ Commenced operations in November, 2007.
* Commenced operations in February, 2008.
Compiled on the basis of data submitted by the Insurance companies

## FOR THE PERIOD APRIL - JUNE 2009 (PROVISIONAL & UNAUDITED)

(Rs. Crores)

| or | Motor OD | Motor TP | Health | Aviation | Liability | Personal Accident | All Others | Grand Total |
|---|---|---|---|---|---|---|---|---|
| **.99**<br>.23 | **102.58**<br>85.05 | **30.41**<br>21.17 | **29.82**<br>31.22 | **0.00**<br>0.00 | **1.49**<br>1.91 | **8.20**<br>6.89 | **6.58**<br>3.57 | **209.09**<br>190.51 |
| **.94**<br>.55 | **38.84**<br>54.75 | **7.09**<br>9.80 | **18.44**<br>25.91 | **0.00**<br>0.00 | **35.51**<br>35.14 | **32.15**<br>35.37 | **3.35**<br>1.92 | **260.40**<br>288.68 |
| **.17**<br>.46 | **283.23**<br>198.02 | **75.94**<br>77.44 | **60.03**<br>128.09 | **1.63**<br>4.76 | **9.49**<br>12.45 | **15.25**<br>37.77 | **12.99**<br>21.25 | **557.48**<br>556.44 |
| **.39**<br>.14 | **108.62**<br>124.51 | **48.77**<br>52.63 | **30.82**<br>43.91 | **7.01**<br>1.19 | **20.16**<br>15.44 | **4.92**<br>5.84 | **23.99**<br>28.41 | **425.94**<br>414.18 |
| **.87**<br>.80 | **209.99**<br>212.39 | **96.88**<br>99.41 | **205.83**<br>363.30 | **25.21**<br>11.10 | **30.31**<br>32.88 | **32.86**<br>35.61 | **33.68**<br>40.21 | **852.25**<br>1,077.12 |
| **.04**<br>.92 | **245.62**<br>301.79 | **98.42**<br>115.13 | **97.26**<br>75.84 | **8.20**<br>2.46 | **17.74**<br>14.98 | **16.93**<br>15.74 | **45.93**<br>60.25 | **634.67**<br>733.53 |
| **.79**<br>.80 | **35.13**<br>28.97 | **17.65**<br>3.83 | **45.13**<br>3.04 | **1.90**<br>0.17 | **18.75**<br>6.29 | **6.02**<br>1.59 | **16.69**<br>1.81 | **181.38**<br>52.25 |
| **.52**<br>.15 | **81.53**<br>63.25 | **24.99**<br>15.90 | **57.04**<br>50.54 | **0.00**<br>0.00 | **3.97**<br>4.02 | **8.12**<br>7.40 | **10.02**<br>13.97 | **232.77**<br>200.35 |
| **.85**<br>.00 | **31.00**<br>7.47 | **11.85**<br>1.53 | **22.13**<br>9.81 | **0.00**<br>0.00 | **1.86**<br>0.62 | **3.55**<br>1.28 | **4.40**<br>0.40 | **91.55**<br>27.81 |
| **.60**<br>.00 | **4.95**<br>0.00 | **0.66**<br>0.00 | **5.38**<br>0.00 | **0.00**<br>0.00 | **0.23**<br>0.00 | **6.57**<br>0.47 | **6.01**<br>0.00 | **35.02**<br>0.91 |
| **.71**<br>.00 | **30.21**<br>0.00 | **31.50**<br>0.00 | **0.00**<br>0.00 | **0.00**<br>0.00 | **0.02**<br>0.00 | **0.13**<br>0.00 | **0.09**<br>0.00 | **62.48**<br>0.00 |
| **.92**<br>.00 | **17.13**<br>0.00 | **4.79**<br>0.00 | **4.06**<br>0.00 | **0.00**<br>0.00 | **0.40**<br>0.00 | **2.04**<br>0.00 | **0.38**<br>0.00 | **41.58**<br>0.00 |
| **.03**<br>.00 | **0.03**<br>0.00 | **0.00**<br>0.00 | **0.00**<br>0.00 | **0.00**<br>0.00 | **0.00**<br>0.00 | **0.00**<br>0.00 | **0.00**<br>0.00 | **0.03**<br>0.00 |
| **.58**<br>.36 | **283.81**<br>272.56 | **220.77**<br>223.80 | **467.88**<br>422.56 | **12.27**<br>18.50 | **37.52**<br>30.05 | **24.38**<br>21.50 | **112.53**<br>112.33 | **1,649.13**<br>1,536.38 |
| **.64**<br>.34 | **325.95**<br>353.23 | **193.69**<br>206.11 | **247.82**<br>235.88 | **12.41**<br>11.92 | **13.95**<br>11.27 | **23.31**<br>17.88 | **90.48**<br>97.17 | **1,152.04**<br>1,174.13 |
| **.29**<br>.95 | **241.11**<br>216.59 | **175.18**<br>157.36 | **284.29**<br>196.15 | **0.35**<br>5.50 | **20.94**<br>22.05 | **19.81**<br>17.46 | **141.47**<br>137.17 | **1,267.72**<br>1,117.07 |
| **.86**<br>.04 | **205.81**<br>223.21 | **176.04**<br>154.83 | **250.82**<br>193.26 | **25.95**<br>16.43 | **30.80**<br>23.15 | **30.36**<br>21.72 | **128.76**<br>139.73 | **1,172.66**<br>1,066.08 |
| **.19**<br>.73 | **2,245.55**<br>2,141.78 | **1,214.64**<br>1,138.94 | **1,826.74**<br>1,779.49 | **94.94**<br>72.03 | **243.16**<br>210.24 | **234.59**<br>226.49 | **637.35**<br>658.17 | **8,826.19**<br>8,435.45 |
| | | | | | | | | |
| | | | | | | | **189.71**<br>164.70 | **189.71**<br>164.70 |
| | | | **224.05**<br>123.42 | | | **1.21**<br>0.77 | **1.04**<br>0.56 | **226.29**<br>124.75 |
| | | | **17.98**<br>6.82 | | | **0.57**<br>0.06 | **0.91**<br>0.07 | **19.45**<br>6.95 |

Confederation of Indian Industry (CII) organized the 3rd Health Insurance Summit in New Delhi on Monday, 31st August, 2009. The Summit saw the release of the report of the three CII Working Groups: Payor and Provider group; Data and Technology Standards Group; and Communication and Awareness Group. The recommendations of the working groups were well received by the delegates.

Mr. J. Hari Narayan, Chairman, IRDA who was the Guest of Honour, speaking during the inaugural session. Others seen in the picture are (from L to R): Mr. Malvinder Mohan Singh, Group Chairman, Fortis Healthcare and Religare Enterprise, and Chairman CII National Task Force on Health Insurance; The Chief Guest Mr. B.K. Chaturvedi, Member, Planning Commission; Mr. A. Vaideesh, Chairman, CII Health Insurance Summit and MD, Johnson & Johnson; and Ms. Shobhana Kamineni, Executive Director, Apollo Hospitals Group and whole time Director, Apollo DKV Health Insurance.

The reports of the working groups being released: From L to R: Mr. A. Vaideesh; Mr. Malvinder Mohan Singh; and Mr. J. Hari Narayan.

| Date / Venue | Event |
|---|---|
| 15 - 16 Oct 2009<br>Venue: Singapore | **Asian Motor Insurance and Claims Management Conference**<br>By *Asia Insurance Review, Singapore* |
| 21 - 24 Oct 2009<br>Venue: Rio de Janeiro, Brazil | **16th IAIS Annual Conference**<br>By *International Association of Insurance Supervisors* |
| 28 - 31 Oct 2009<br>Venue: Nusa Dua, BALI | **16th Indonesia Rendez-vous**<br>By *Asosiasi Asuransi Umum Indonesia* |
| 02 - 07 Nov 2009<br>Venue: NIA, Pune | **Effective Underwriting in General Insurance**<br>By *National Insurance Academy* |
| 06 - 07 Nov 2009<br>Venue: New Delhi | **6th India Health Summit 'Taking Quality Healthcare to Masses'**<br>By *Confederation of Indian Industry* |
| 09 - 11 Nov 2009<br>Venue: NIA, Pune | **Marketing Strategies (Life)**<br>By *National Insurance Academy* |
| 14 Nov 2009<br>Venue: New Delhi | **Insurance Summit 'Towards Sustainable Growth'**<br>By *BIMTECH, Greater Noida* |
| 23 - 24 Nov 2009<br>Venue: NIA, Pune | **Seminar on Information Security Audit**<br>By *National Insurance Academy* |
| 24 - 25 Nov 2009<br>Venue: Singapore | **Asian Healthcare Conference**<br>By *Asia Insurance Review, Singapore* |
| 07 - 08 Dec 2009<br>Venue: NIA, Pune | **Seminar on Terrorism Risk Insurance & Management**<br>By *National Insurance Academy* |
| 09 - 10 Dec 2009<br>Venue: Manama, Bahrain | **3rd Middle East Healthcare Insurance Conference**<br>By *Asia Insurance Review, Singapore* |

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# view point

While insurance and banking securitization share some key features, there are important differences between them which are important for supervisors to be mindful of; especially during the current financial market situation.

**Mr. Jeremy Cox**
*Chair of IAIS Reinsurance Transparency Group*

Consumers often put off their plans to get insurance protection due to ignorance, inertia or the belief that misfortunes would not befall them. Some also have the misguided impression that it is costly to purchase adequate insurance protection.

**Mr. Low Kwok Mun**
*Executive Director (Insurance Supervision), Monetary Authority of Singapore*

The experience in other countries was that, as a result of the de-tariffication, price competitiveness determined all sales; and prices were driven down to levels, which were unsustainable. India is going through a similar experience too.

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

Post-mortems on the global financial crisis generally find no one single cause but a complex interaction of macroeconomic and microeconomic factors.

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

From a regulatory perspective, one of the lessons from events of the last two years is the importance of a more joined-up framework for collecting and sharing systemically important information to allow assessment and mitigation of risks to financial stability.

**Mr. Sally Dewar**
*Managing Director, Wholesale & Institutional Markets, FSA, UK*

It is critical that regulators and legislators work together to protect safeguards to policyholders through the already established, highly-coordinated network of state-based supervision.

**Mr. Roger Sevigny**
*NAIC President and New Hampshire Insurance Commissioner*

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