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Capturing the Reality -
Accident Insurance

बीमा विनियामक और विकास प्राधिकरण

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From the Publisher

As the name indicates, accidents are unforeseen happenings that could have disastrous results – for an individual, a group of people or a large section of the society. Considering the technological development as also the maturity of learning from past experiences, the human society has put in check several areas that are prone for accidental calamities. Nevertheless, accidents being what they are still occur at an alarming rate; and some of them lead to colossal losses for the entire economy. Although nothing can be done about the loss of assets that arises from accidents, the resultant financial losses can be protected by insuring the assets. Accident insurance provides the right platform for this.

Accident insurance presupposes that the losses should directly result from an accidental happening, which is very subjective and hence debatable. There have been several attempts historically and universally to take an undue advantage of this ambiguity and enforce claims on insurers. On the other hand, several deserving claims may have been rejected by insurers based on a very strict interpretation of the clauses. It would be desirable for all stakeholders as well as the various sections of the society to ensure that the spirit of the contract is upheld in order that the essence of insurance as a risk transfer tool is the eventual winner.

In the domain of life insurance, accident benefit is offered by insurers as a rider to the basic contract; and it promises to pay an additional amount equal to the basic sum assured against the payment of a small additional premium. It is very important as such to ensure that there is a proper wholesome underwriting for the rider alone that would put emphasis on the insured person being physically fit. Even in the case of Personal Accident policies in the general insurance domain, sufficient care should be taken to ensure that adverse selection against the insurers is totally obliterated. There should be sufficient checks in place to avoid any possible impersonation; and also to ensure that 'accident' is the proximate cause of an eventual claim. It thus calls for a high level of efficiency in the twin areas of underwriting and claims management.

'Accident Insurance' is the focus of this issue of the **Journal**. Insurance being a capital-intensive industry should aim at optimum use of capital; and one management tool to work in this direction would be Risk Based Capital. The focus of the next issue of the **Journal** will be on 'Risk Based Capital' for insurers.

J. Hari Narayan

INSIDE

ISSUE FOCUS

RESEARCH PAPER

Dealing with Accidental Losses – Dynamics of Accident Insurance

Considering the universal occurrence of accidents of various types and intensity, a mechanism that would provide for compensating the losses that arise on account of such accidents should be a great boon for humanity. Accident Insurance fulfills this role; and as such, should be highly sought after. In the Indian domain especially, like the other classes of insurance; the average individual does not appreciate the need for such insurance which is available for a very affordable premium. Personal Accident policies have thus not made a great foray despite the ease with which they can be obtained. For the insurers, it does not appeal greatly in view of the fact that it does not add a great deal to their top-line growth. However, by adopting better underwriting standards and also streamlining the claims management portfolio; this class can certainly prove profitable for the insurers. Looking at its utility value and the advantages of spreading it among the various sections of the society, there is need for a greater effort in marketing this product.

For a claim to be payable under this class of insurance, it is essential that 'accident' is the proximate cause in a chain of events leading to the happening of the event. In basic life insurance contracts, there is no place for proximate cause. However, in the case of the applicability of the accidental death benefit rider, it comes into play. Being such, there have been several incidents wherein claims have been deliberately forced upon insurers by fraudulently showing that death did occur accidentally. While life insurers take all the precautions in smothering such attempts by fraudsters, it is important to understand that such acts are against the spirit of the contracts; and detrimental to the long-term interests of the industry and society, at large.

As mentioned earlier, there is need for spreading this class of insurance – particularly in the form of Group Personal Accident policies. Several eligible and yet uncovered groups can be brought under the umbrella, that would not only bring a larger number of uninsured people to the insurance fold but also add to the business interests of general insurers. Bundling of Personal Accident covers with other policies could also prove to be a good idea for providing economically viable covers and also at the same time widen the coverage. Insurers would however do well to exercise greater care in underwriting and in claims management. Further, it would also be in their interest to be explicit about the exclusions applicable in this class of policies.

'Accident Insurance' is the focus of this issue of the **Journal.** To begin the debate, we have an article by Mr. G.V. Rao in which he exhorts that the insurers are not evincing a great deal of interest in spreading PA insurance; and questions their wisdom in doing so. Ms. Meena Nair in her article dwells at length upon the nitty-gritty of PA insurance claims; and the need for better clarity in the clauses. Coming next is an article that talks about the application of the Accident Benefit rider in life insurance contracts, in which Prof. Geeta Sarin explains the exclusions in the rider and how they can be tackled. Accident claims in Motor Insurance have remained highly controversial for ages. The issue is discussed in detail by Mr. B.G. Patki. In the end, we have an article by Ms. Yegnapriya Bharath in which she enumerates the subjectivity of the risks in PA insurance; and how they have to be evaluated.

Agriculture Insurance has remained enigmatic, particularly in the Indian domain. We have the first part of a detailed Research Paper that would put several issues in the right perspective, by Mr. P.C. James and Ms. Reshmy Nair. Apart from the regular monthly business figures, this issue also has the quarterly segment-wise classification of life and non-life insurers' performance.

Several global insurance markets have moved towards adopting Risk Based Capital norms, which is deemed to be more efficient. The focus of the next issue of the **Journal** will be on 'Risk Based Capital for Insurers'.

U. Jawaharlal

Report Card:LIFE

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

Sl No.	Insurer	Premium u/w (Rs. in Crores) April, '09	Premium u/w (Rs. in Crores) April, '08	No. of Policies / Schemes April, '09	No. of Policies / Schemes April, '08	No. of lives covered under Group Schemes April, '09	No. of lives covered under Group Schemes April, '08
1	**Bajaj Allianz**						
	Individual Single Premium	4.83	10.68	2820	4078		
	Individual Non-Single Premium	87.42	176.17	76108	119263		
	Group Single Premium	1.08	0.16	1	0	183	303
	Group Non-Single Premium	69.87	0.76	34	59	141645	48020
2	**ING Vysya**						
	Individual Single Premium	0.40	2.31	72	280		
	Individual Non-Single Premium	36.77	27.14	21880	12149		
	Group Single Premium	0.56	0.48	0	0	228	98
	Group Non-Single Premium	0.03	0.26	0	6	221	1844
3	**Reliance Life**						
	Individual Single Premium	0.25	43.60	555	12289		
	Individual Non-Single Premium	88.25	95.12	92281	68041		
	Group Single Premium	18.82	17.08	0	3	29	14411
	Group Non-Single Premium	3.46	2.12	59	34	59309	65054
4	**SBI Life**						
	Individual Single Premium	10.99	37.88	1971	5321		
	Individual Non-Single Premium	108.72	110.57	34317	33294		
	Group Single Premium	12.89	12.37	0	0	14210	6834
	Group Non-Single Premium	327.66	11.09	4	4	38604	21246
5	**Tata AIG**						
	Individual Single Premium	1.84	5.17	624	1201		
	Individual Non-Single Premium	43.46	71.51	48964	53014		
	Group Single Premium	1.63	3.81	0	1	1992	16365
	Group Non-Single Premium	2.31	17.84	8	10	11022	24075
6	**HDFC Standard**						
	Individual Single Premium	7.58	8.69	1196	4714		
	Individual Non-Single Premium	71.78	96.93	31004	31821		
	Group Single Premium	19.43	13.91	10	21	52457	38996
	Group Non-Single Premium	0.16	0.86	0	0	161	24
7	**ICICI Prudential**						
	Individual Single Premium	8.59	18.72	1022	3225		
	Individual Non-Single Premium	91.87	244.46	114899	206442		
	Group Single Premium	18.21	47.03	67	55	52628	23966
	Group Non-Single Premium	17.15	34.58	128	144	152788	107887
8	**Birla Sunlife**						
	Individual Single Premium	3.94	1.26	7266	8136		
	Individual Non-Single Premium	61.76	85.40	67267	24429		
	Group Single Premium	0.04	0.22	0	0	28	1114
	Group Non-Single Premium	17.18	5.07	21	6	14238	4875
9	**Aviva**						
	Individual Single Premium	5.34	1.25	1114	174		
	Individual Non-Single Premium	23.83	36.94	9831	14375		
	Group Single Premium	0.00	0.01	0	0	0	23
	Group Non-Single Premium	3.40	3.53	4	3	132856	45913
10	**Kotak Mahindra Old Mutual**						
	Individual Single Premium	0.31	1.60	52	153		
	Individual Non-Single Premium	25.02	43.20	9543	22298		
	Group Single Premium	0.78	0.85	0	1	2853	8302
	Group Non-Single Premium	3.18	3.62	42	41	27003	28537
11	**Max New York**						
	Individual Single Premium	19.07	17.27	1547	1013		
	Individual Non-Single Premium	124.57	94.16	80852	69149		
	Group Single Premium	0.03	0.00	4	0	205683	0
	Group Non-Single Premium	1.52	7.74	111	64	93576	223162

12	**Met Life**						
	Individual Single Premium	0.04	0.24	23	42		
	Individual Non-Single Premium	14.75	68.71	5097	12113		
	Group Single Premium	10.50	1.15	16	2	44480	5399
	Group Non-Single Premium	0.00	0.00	0	0	0	0
13	**Sahara Life**						
	Individual Single Premium	0.95	1.75	281	442		
	Individual Non-Single Premium	2.17	3.01	2277	3091		
	Group Single Premium	0.00	0.00	0	0	0	0
	Group Non-Single Premium	1.64	0.00	0	0	209570	0
14	**Shriram Life**						
	Individual Single Premium	1.63	16.18	246	2799		
	Individual Non-Single Premium	13.96	12.28	7874	6021		
	Group Single Premium	0.00	0.00	0	0	0	0
	Group Non-Single Premium	0.00	0.00	0	0	0	0
15	**Bharti Axa Life**						
	Individual Single Premium	0.22	0.38	24	84		
	Individual Non-Single Premium	16.57	8.71	8145	6163		
	Group Single Premium	1.49	0.70	1	1	1420	227
	Group Non-Single Premium	0.00	0.00	0	0	0	0
16	**Future Generali Life**						
	Individual Single Premium	0.27	0.01	46	1		
	Individual Non-Single Premium	7.22	0.03	6524	127		
	Group Single Premium	0.00	0.00	0	0	0	0
	Group Non-Single Premium	3.51	0.58	8	2	24633	7514
17	**IDBI Fortis Life**						
	Individual Single Premium	4.66	3.19	745	433		
	Individual Non-Single Premium	9.94	1.87	3088	695		
	Group Single Premium	0.00	0.00	0	0	0	0
	Group Non-Single Premium	0.00	0.00	2	0	2503	0
18	**Canara HSBC OBC Life**						
	Individual Single Premium	0.40		28			
	Individual Non-Single Premium	45.49		4906			
	Group Single Premium	0.00		0		0	
	Group Non-Single Premium	0.00		0		0	
19	**Aegon Religare**						
	Individual Single Premium	0.06		9			
	Individual Non-Single Premium	1.89		792			
	Group Single Premium	0.00		0		0	
	Group Non-Single Premium	0.00		0		0	
20	**DLF Pramerica**						
	Individual Single Premium	0.00		0			
	Individual Non-Single Premium	1.03		786			
	Group Single Premium	0.00		0		0	
	Group Non-Single Premium	0.00		0		0	
21	**Star Union Dai-ichi @**						
	Individual Single Premium	1.40		249			
	Individual Non-Single Premium	2.70		1166			
	Group Single Premium	0.00		0		0	
	Group Non-Single Premium	0.00		0		0	
	Private Total						
	Individual Single Premium	72.77	170.17	19890	44385		
	Individual Non-Single Premium	879.18	1176.22	627601	682485		
	Group Single Premium	85.46	97.77	99	84	376191	116038
	Group Non-Single Premium	451.07	88.06	421	373	908129	578151
22	**LIC**						
	Individual Single Premium	426.90	366.56	122646	84152		
	Individual Non-Single Premium	756.59	730.20	1271573	992055		
	Group Single Premium	929.62	151.13	787	660	952179	718445
	Group Non-Single Premium	0.00	0.00	0	0	0	0
	Grand Total						
	Individual Single Premium	499.67	536.73	142536	128537		
	Individual Non-Single Premium	1635.76	1906.42	1899174	1674540		
	Group Single Premium	1015.08	248.90	886	744	1328370	834483
	Group Non-Single Premium	451.07	88.06	421	373	908129	578151

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 MARCH, 2009

INDIVIDUAL SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		March 2008	March 2009	March 2008	March 2009	March 2008	March 2009
	*Non linked**						
1	Life						
	with profit	169.03	11376.27	22549	1910796	289.64	63780.56
	without profit	217.84	115.15	433831	370537	2991.66	3950.64
2	General Annuity						
	with profit	0.00	2.00	0	128	0.00	0.00
	without profit	14.20	208.14	1296	7883	0.25	1.68
3	Pension						
	with profit	122.63	20.94	13575	5868	21.79	8.00
	without profit	0.00	0.00	0	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	523.69	11722.51	471251	2295212	3303.34	67740.87
	*Linked**						
1	Life						
	with profit	0.00	134.60	0	21848	0.00	346.60
	without profit	5999.73	3792.63	1310739	814356	11121.06	7568.93
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	82	0	0.81	0.00
3	Pension						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	22239.18	9077.44	6658486	2818870	123.50	63.45
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	28238.91	13004.66	7969307	3655074	11245.37	7978.97
C.	Total (A+B)	28762.61	24727.17	8440558	5950286	14548.71	75719.84
	Riders:						
	Non linked						
1	Health#	0.03	0.01	31	0	0.27	0.10
2	Accident##	0.02	0.01	116	1	1.22	0.69
3	Term	0.00	0.00	11	0	0.21	0.01
4	Others	7.54	6.20	0	0	-0.11	0.00
D.	Sub total	7.59	6.23	158	2	1.59	0.79
	Linked						
1	Health#	0.03	0.02	21	2	0.25	0.97
2	Accident##	0.45	0.37	24615	222	346.11	299.30
3	Term	0.00	0.00	0	0	0.00	0.02
4	Others	0.00	0.00	0	0	0.00	0.00
E.	Sub total	0.48	0.39	24636	224	346.36	300.30
F.	Total (D+E)	8.07	6.62	24794	226	347.95	301.09
G.	**Grand Total (C+F)	28770.68	24733.78	8440558	5950286	14896.66	76020.93

* 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 MARCH, 2009

INDIVIDUAL NON-SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		March 2008	March 2009	March 2008	March 2009	March 2008	March 2009
	*Non linked**						
1	Life						
	with profit	9840.29	14655.56	18519614	28582997	177303.52	312458.42
	without profit	298.77	210.54	1175374	1525372	25326.50	28802.36
2	General Annuity						
	with profit	0.00	0.63	0	183	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
3	Pension						
	with profit	36.35	82.02	41902	74698	410.22	1094.04
	without profit	20.04	59.29	7280	30091	0.00	3.15
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	89.68	170.42	356419	653972	32422.40	42002.04
A.	Sub total	10285.14	15178.45	20100589	30867313	235462.65	384360.01
	*Linked**						
1	Life						
	with profit	-0.18	170.20	6	90536	0.13	1502.80
	without profit	30145.65	21835.79	19105678	11619425	292981.97	210206.12
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	0.02	0.02	7	0	0.00	0.01
	without profit	9309.01	7284.09	3202084	2226619	5708.60	5301.11
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	168.33	0	144166	0.00	2272.82
B.	Sub total	39454.50	29458.43	22307775	14080746	298690.71	219282.86
C.	Total (A+B)	49739.64	44636.88	42408364	44948059	534153.35	603642.87
	Riders:						
	Non linked						
1	Health#	3.80	3.50	12069	190	459.91	2222.26
2	Accident##	5.82	6.98	201096	2309	4673.21	7230.76
3	Term	1.15	1.40	3468	54	276.47	377.85
4	Others	2.10	2.68	1205	23	45.42	39.65
D.	Sub total	12.87	14.55	217838	2575	5455.01	9870.52
	Linked						
1	Health#	3.77	5.91	18040	625	1031.60	1965.43
2	Accident##	23.77	27.39	218454	2945	13577.29	11638.31
3	Term	0.41	0.80	8536	124	134.32	213.52
4	Others	1.57	2.63	3727	20	510.82	682.62
E.	Sub total	29.51	36.73	248757	3714	15254.03	14499.88
F.	Total (D+E)	42.38	51.28	466595	6289	20709.04	24370.40
G.	**Grand Total (C+F)	49782.02	44688.16	42408364	44948059	554862.39	628013.27

* 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 MARCH, 2009

GROUP SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM March 2008	PREMIUM March 2009	NO. OF SCHEMES March 2008	NO. OF SCHEMES March 2009	LIVES COVERED March 2008	LIVES COVERED March 2009	SUM ASSURED March 2008	SUM ASSURED March 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	3667.87	4382.71	2298	2439	1176859	1626586	5964.02	7684.48
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	18.32	10.82	594	827	145310	192222	1163.51	1082.15
c)	EDLI								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	6.28	6.85	989	882	1163439	1387689	4897.40	4890.05
d)	Others								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	2384.66	1786.47	18536	17095	25480209	30176422	104920.01	126940.93
2	**General Annuity**								
	with profit	834.69	858.52	6	7	1745	751	0.00	0.00
	without profit	1680.80	3278.38	71	98	11433	8586	0.00	0.00
3	**Pension**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	2517.19	3054.62	422	518	410395	562159	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**	**11109.81**	**13378.37**	**22916**	**21866**	**28389390**	**33954415**	**116944.95**	**140597.62**
	Linked*								
1	**Life**								
a)	Group Gratuity Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	567.69	324.56	193	86	221704	286673	1580.28	221.58
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	45.98	4.67	11	6	14755	1891	1.48	0.19
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	147.96	30.56	28	18	63549	7421	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**	**761.63**	**359.79**	**232**	**110**	**300008**	**295985**	**1581.76**	**221.77**
C.	**Total (A+B)**	**11871.44**	**13738.15**	**23148**	**21976**	**28689398**	**34250400**	**118526.71**	**140819.39**
	Riders:								
	Non linked								
1	Health#	0.49	0.19	21	15	15085	11697	731.38	390.88
2	Accident##	0.23	0.28	57	24	33319	5362	663.26	723.74
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**	**0.73**	**0.46**	**78**	**39**	**48404**	**17059**	**1394.64**	**1114.62**
	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)**	**0.73**	**0.46**	**78**	**39**	**48404**	**17059**	**1394.64**	**1114.62**
G.	**Grand Total (C+F)	11872.17	13738.61	23148	21976	28689398	34250400	119921.35	141934.01

* 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 MARCH, 2009

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

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED	
		March 2008	March 2009	March 2008	March 2009	March 2008	March 2009	March 2008	March 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	576.32	738.94	73	201	91840	484752	394.05	1624.23
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	101.24	185.72	5	21	501934	2174490	4501.45	4591.56
c)	EDLI								
	with profit	1.11	0.39	106	106	111843	77069	1007.61	997.58
	without profit	2.23	4.57	185	229	212863	420009	1942.25	3791.41
d)	Others								
	with profit	35.39	5.20	150	170	365390	158576	9443.34	8403.65
	without profit	260.92	1170.00	950	1625	4280708	15154575	63179.76	99133.77
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	9.14	6.33	2	3	86	587	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	1	0	25318	0.00	0.00
A.	**Sub total**	**986.35**	**2111.13**	**1471**	**2356**	**5564664**	**18495376**	**80468.45**	**118542.20**
	*Linked**								
1	**Life**								
a)	Group Gratuity Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	959.77	1005.44	395	456	660708	836348	3557.59	4058.94
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	3.77	20.00	24	73	7285	27630	89.91	347.66
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	33.32	23.13	22	15	4270	3645	9.12	2.27
2	**General Annuity**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	28.03	8.79	12	9	1107	397	28.03	8.79
3	**Pension**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	549.20	772.76	163	147	59106	48524	0.00	0.00
4	**Health**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.44	0	0	0	0	0.00	0.00
B.	**Sub total**	**1574.08**	**1830.56**	**616**	**700**	**732476**	**916544**	**3684.65**	**4417.66**
C.	**Total (A+B)**	**2560.44**	**3941.69**	**2087**	**3056**	**6297140**	**19411920**	**84153.10**	**122959.86**
	Riders:								
	Non linked								
1	Health#	2.21	3.09	34	46	30542	51893	1739.19	2622.33
2	Accident##	0.77	2.25	39	93	56333	96354	2250.92	4526.31
3	Term	0.01	0.02	1	1	61	39	0.63	11.65
4	Others	0.01	0.02	6	9	2490	7314	343.89	1036.07
D.	**Sub total**	**3.00**	**5.37**	**80**	**149**	**89426**	**155600**	**4334.62**	**8196.37**
	Linked								
1	Health#	0.00	0.00	0	0	0	0	0.00	0.00
2	Accident##	0.41	0.00	46	12	60276	410	608.09	7.03
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**	**0.41**	**0.00**	**46**	**12**	**60276**	**410**	**608.09**	**7.03**
F.	**Total (D+E)**	**3.41**	**5.37**	**126**	**161**	**149702**	**156010**	**4942.72**	**8203.39**
G.	****Grand Total (C+F)**	**2563.84**	**3947.07**	**2087**	**3056**	**6297140**	**19411920**	**89095.81**	**131163.25**

* 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

May 07, 2009

Circular No.005/IRDA/F&A/CIR/MAY-09

All Insurers/Re-insurer,

Disclosures forming part of Financial Statements

1. Part II of Schedules A and B of IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, stipulates the disclosure requirements which are required to form part of the financial statements.
2. Apart from the disclosures prescribed under the said Regulation, all insurers are required to provide details of various penal actions taken by various Government Authorities **from the financial year 2008-09 onwards** as per the format given below. The said information is required to be duly certified by the Statutory Auditor of the insurer. In view of the advanced stage of finalization of accounts by the insurers, the said disclosures for 2008-09 may be made to the Authority through a separate filing. It may, however, be ensured that the said information is incorporated in Annual Report w.e.f. 2009-10 onwards.

Sl No.	Authority	Non-Compliance / Violation	Amount in Rs.		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority				
2	Service Tax Authorities				
3	Income Tax Authorities				
4	Any other Tax Authorities				
5	Enforcement Directorate / Adjudicating Authority/ Tribunal or any Authority under FEMA				
6	Registrar of Companies / NCLT/CLB / Department of Corporate Affairs or any Authority under Companies Act, 1956				
7	Penalty awarded by any Court / Tribunal for any matter including claim settlement but excluding compensation				
8	Securities and Exchange Board of India *				
9	Competition Commission of India				
10	Any other Central / State / Local Government / Statutory Authority				

* Post listing.

A **NIL** report may be filed in case **No** penalties have been imposed on the insurer.

Your responses must reach us within 30 days of this communication.

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

CIRCULAR

May 11, 2009

Circular No.006/IRDA/F&A/CIR/MAY-09

All Insurers/Re-insurer,

Pension Fund Managers (PFMs)/Points of Presence (PoP)

1. As you are aware, the Pension Fund Regulatory and Development Authority (PFRDA) had recently called for expression of interest from various entities to set-up operations as the Pension Fund Managers (PFMs) and for acting as Points of Presence (PoP) under the New Pension Scheme (NPS) announced by the Government of India. Some of the insurance companies which fulfill the criteria for filing of expression of interest with the PFRDA, had sought our approval for entry into pension fund management.

2. The Authority had examined the various legal and regulatory issues relating to insurance companies (a) setting-up subsidiaries to take up operations as PFMs and (b) acting as PoP, and it has been decided that presently

   - Life Insurance Companies **may** set-up fully owned subsidiaries to act as PFMs;
   - **No** Non-Life Insurance Company would be permitted to act as PFMs;
   - **NO** Insurer may act as PoP.

3. The decision of the Authority to permit life insurance companies to set-up subsidiaries for PFM is, however, subject to approval **on a case to case basis**. Any life insurance company intending to set-up a subsidiary to carry out PFM function must take the explicit prior approval of the Authority. Further, while approving the application for setting-up 100% subsidiary of the insurance company for PFMs operations, the Authority would at the minimum impose the following conditions:-

   - The capital requirements of the subsidiary would be met through the Shareholders' Funds. In effect, it would be the promoters of the insurance company, who would be meeting the capital and operating expenses requirements on an on going basis such that the networth requirements of the PFM are met by the shareholders on a continuing basis with no impact on the Policyholders' A/c.
   - The investment in the subsidiary would be held as a non admitted asset in the insurance company's accounts and would not be considered for the purpose of computation of solvency margin.
   - The investments in the subsidiary would be carried at the book value of the subsidiary for the purposes of preparation of the financials of the insurance company.
   - As per Authority's interpretation of the New Pension Scheme (NPS), the returns to the respective subscribers would be based on the NAV of the units held by them and there are no guarantees on the pension funds to be managed by the respective PFM. However, in case of any extraordinary lapses and contingencies, that affect the interests of the subscribers, the resultant losses would be funded through the Shareholders' A/c., of the insurance company. In effect, the promoters of the insurers would meet all such losses. Under no circumstances would the Policyholders' Funds be accessed for the said purpose.
   - In the event of the PFM considering management of any guaranteed products, specific and prior approval of the Authority would be required.
   - The Authority may impose any further conditions as it may consider necessary from time to time.

All the insurers are advised to take note of the above.

(J. Hari Narayan)
Chairman

Moving Towards Optimum Utilization

Risk Based Capital

'BEING SOLVENT AT ANY POINT OF TIME IS THE PRIME REQUIREMENT FOR AN INSURER. TO BE ABLE TO HOLD THE RIGHT LEVEL OF CAPITAL WITHOUT ERODING ITS BUSINESS INTERESTS IS WHAT IS DESIRABLE. RISK BASED CAPITAL PROVIDES THIS OPPORTUNITY' SAYS U. JAWAHARLAL.

Insurance is a business of taking over others' risks; and accordingly, the commitments that insurers undertake should be honoured as and when they fall due. Insurers manage their risk to tolerable levels by adopting such measures as pooling of independent risks, spreading and reinsuring large risks, exercising control over fraudulent claims, designing suitable Asset Liability Management etc. In order that insurers are capable of fulfilling the promises under the contracts, they have been mandated to maintain a sufficient level of capital. The solvency margins that are presently in vogue in the Indian insurance industry have served well and there has not been an occasion for any supervisory intervention in the matter of the solvency being eroded. However, going forward, there is certainly a need for better models which some of the more developed markets have already adopted. Risk Based Capital (RBC) is one such model which aims at better use of capital by insurers, depending on the extent of risks in their portfolio, as against the extent of total business done.

Being related to the risks accepted by insurers, RBC would certainly reduce their capital requirement, thus giving them the leverage for better use of the capital. Especially in a domain that has a large portfolio of market related risks, it would certainly lead to higher efficiencies in the utilization of capital. There is need, however, for appreciating the fact that capital is not the only component of addressing risk; and insurers have to tackle various other issues. Pricing a product, being based on current assumptions, may not yield the desired results in the long run – thus leading to price risk. Similarly, interest rates being dynamic – especially in a volatile environment, could lead to investment risk for an insurer. Availability of reinsurance – at the desired rate and terms could be hard to come by and thus lead to reinsurance risk. Insurers also face the risk of a possible mismatch between their Assets and Liabilities, especially in the case of long term contracts. All these points have to be factored in while arriving at an optimum level of capital that has to be maintained by insurers.

Risk Based Capital provides the cushion of keeping a capital that is based on an assessment of risks that an insurer should hold, in order to protect its customers against any possible adverse developments. Thus it calls for a very high level of efficiency in insurers' skills. Besides, RBC also aims at high supervisory capabilities to ensure that the players' capital requirements are pegged at such a level that bankruptcy is ruled out even in the worst case scenario.

'Risk Based Capital' for insurers will be the focus of the next issue of the **Journal.** We look forward to an interesting coverage, both global as well as Indian, of this emerging domain.

Risk Based Capital for Insurers

in the next issue...

The Benign Neglect

Personal Accident Cover

'ALTHOUGH THERE IS A HUGE POTENTIAL AND MORE IMPORTANTLY A SERIOUS NEED FOR PROMOTING PERSONAL ACCIDENT INSURANCE IN THE INDIAN DOMAIN, IT IS NOT BEING EXPLOITED TO THE FULL FOR STRANGE REASONS' ASSERTS G V RAO.

Personal Accident insurance premiums now account for less than 3% of the total market premiums of Rs.30,000 crore, as at 2008/09. The private sector players are seen as showing a keener attitude towards developing this portfolio than the PSU insurers, who have pursued, as always, big corporate accounts fetching them big ticket premiums.

Selling an insurance cover to an individual, and in particular a cover like the PA, which relatively carries a smaller premium and its purchase is entirely optional to a customer; is not an easy task. But the Indian population of 110 crores is a huge target group for PA cover premiums, presenting a big opportunity for premium development for an insurer. But such an opportunity bristles with equally huge marketing challenges, which insurers seem to find as a colossal task. How should one begin achieving it?

This article aims firstly to understand what drives the motivations of insurers in their current marketing approach; and suggests briefly how they should reorient their approach to include the development of PA insurance in their future developmental plans. Insurers are urged to play an enlarged role in the beneficial and mutual interests of the entire society; more so, as the domestic economy picks up, it makes PA insurance an affordable item to buy for an individual.

Insurers are urged to play an enlarged role in the beneficial and mutual interests of the entire society; more so, as the domestic economy picks up, it makes PA insurance an affordable item to buy for an individual.

Frenzy for premium volumes

The success of a non-life insurer at the market place today, however, is measured by the insurers themselves, almost entirely on the premium volumes generated by each. And every other aspect of business, such as operational costs, underwriting profits and returns to investors on their investments, has become secondary. The immediate thrill for marketers is in what they are readily able to perceive, such as the monthly premium incomes, for which they really work hard.

Neither the probability of claim occurrences nor the high operational costs incurred are within their direct control, they believe. Most of the business and operating costs have to be necessarily incurred, whether premiums flow in or not. And claim occurrences are, of course, within the realm of good luck and the fate of an insured himself. Speculating, while accepting risks, that losses on their acceptances, would most probably not occur, is what guides most marketers. In any case, even if a claim were to occur, such a development is outside their control.

It is this denial of accountability for the quality of business accepted, often at

It is believed that every individual, who buys an insurance cover of any type, tells his friends of his purchase and why he did it, and would want his friends to follow his act.

uneconomic rates, which is guiding the business philosophy of most insurers. What is not readily apparent to the eye and to the mind, and what is in the realm of probability, such as the probability or improbability of a claim occurrence; is beyond any accountability norms applicable to any of the insurers. What could they reasonably have done, is the question they ask in retrospect?

How is a customer perceived?

The customer today is perceived, by many insurers, as the end of a business transaction; and not as the cause and purpose of it. A customer counts for his premium alone; but not for his level of satisfaction. Hence corporate customers are the real kings of the market, because of the larger premium volumes they command.

When the entire organization is transfixed, almost in a trance-like condition, on the quantity of premium income to be garnered, which really to insurers is the yardstick of winning the competitive race against their competitors; it is but natural that only big premium paying customers should count for much.

The accountability of insurers is thus self-declared by them in terms of premium incomes, which are relentlessly monitored with an eagle eye, by every unit office, every day of the month. Retail individual customers must wait for their day. PA insurance must wait for its turn to be zeroed in upon. The benign neglect of PA cover is due to other more serious pre-occupations of insurers.

The benign neglect of PA insurance

Retail customers, who buy covers like Personal Accident, which are almost always entirely optional, are small-premium paying customers, who cost a lot of precious time and efforts of insurers, to bother about. They have to be first sold the concept of insurance and how insurance benefits them. Risk awareness has to be created before a sale process can begin, which insurers are rarely good at. Then the economics of the cover and its benefits have to be sold. At the end of it all is a relative pittance of a premium, comparatively speaking, which does not add much to the top line, which is the priority of insurers.

The reasons for the benign neglect of the PA portfolio are thus obvious. Should such a portfolio involving more time and effort of insurers be a major pursuit of insurers? It is not an easy picking either. Such an attitude colors the vision of an insurer today towards the sale of PA covers.

What insurers do not seem to realize is the growing insurance potential of such a customer for the future. A customer's ability to influence his friends and others to buy similar covers is not taken into consideration. It is believed that every individual, who buys an insurance cover of any type, tells his friends of his purchase and why he did it, and would want his friends to follow his act.

If he does not, he should be encouraged by the insurer to do so, by asking for his references to his friends for a follow up. Selling PA insurance requires the acceptance of a focus, a strategy to accomplish the desired target and a plan of action from the insurers. All three are missing.

Enterprises marketing PA insurance

BSNL has provided PA cover for its land-line subscribers. It informs this message through its monthly bills. Many subscribers, who pay phone bills do not read everything printed in the bill, or remember any press note issued by BSNL that it is providing its subscribers a free PA insurance cover.

Marketing-wise, it is not an effective move. Anything that is provided free loses its inherent value offering. BSNL should have asked its subscribers to fill in some form to make them aware of the 'free' cover, and asked the subscriber's permission to deduct a token amount from his account, and outlined the claim procedure of how to get a claim paid. Involvement of the beneficiary in the process is an important aspect of a marketing message.

Not involving the beneficiary, even if the cover is free, is not a good value proposition; as I doubt, if its subscribers are any more grateful or loyal to BSNL for providing this free cover. BSNL in the process has not adequately leveraged its act of generosity to build goodwill and loyalty of its subscribers for itself. Subscribers, by and large, have just ignored the important message.

If BSNL, a Govt. organization offering phone services could do it, what of other organizations, such as banks for their accountholders and the listed companies for their current list of investors and the numerous employers for their employees? Insurers should display more activism in the sale of group PA covers to all such bodies, and not be mere passive providers of PA insurance covers, waiting for them to ask for PA insurance.

Every product sold by a manufacturer to a customer through a dealer, could be sold with a PA cover, either at a concessional premium rate or could be offered free, if the seller absorbs the cost of it. Marketing techniques of products and services of other enterprises must be dovetailed by insurers to involve the sale of an insurance cover to the individual of such product or service sold. That is what BSNL example demonstrates. How does an insurer carry that conviction to others? That is the challenge to him in devising his marketing plan.

Bundling PA covers

The PA premium is relatively smaller in volume; and insurers, therefore, tend to bundle it with similar other covers, which a householder, a motor car owner, or a shop-keeper buys. The present motor comprehensive policy offers PA cover to an insured as an additional cover, but restricted to his travelling in the insured vehicle. Why don't insurers offer this cover on 24-hour basis, as a rider to a motor policy, now that it is no longer subject to tariff restrictions?

Health insurance is not yet sold today with PA cover as rider; and why not? The TAC health data, which has been put on the website shows that a fairly substantial hospitalization expenses are due to accidents to insured, under health cover sans PA cover. Why then should an insured not pay for PA related hospitalization, a little extra premium and also a few additional PA benefits?

Insurers should also sell, with every other insurance cover they sell to an individual, a PA cover, as a rider to it. Be it a cover for motor, health, shop, house or any other asset or interest. It is relatively less expensive for insurers to sell PA cover on the back of any other insurance cover, which an individual asks for or wants to buy.

Every product sold by a manufacturer to a customer through a dealer, could be sold with a PA cover, either at a concessional premium rate or could be offered free, if the seller absorbs the cost of it.

Group PA covers

PA cover should be sold to employee groups, wherever group health covers are now being sold, as a transactional bargain, for providing group health cover. Often bodies corporate ask for group health policies sans group PA cover. As the health cover pays for hospitalization charges against accidental injuries as well, it is only reasonable that insurers should ask for an additional premium for the PA rider; or else they must exclude paying such accident related hospitalization expenses. Insurers must rather link up the two covers to get additional premiums for the PA rider, which also provides additional benefits. Insurers need to be market savvy to sell an additional cover like the PA cover.

Credit Life Insurance

An unorthodox suggestion is made herein, which has a precedent elsewhere, but not yet in India. It needs the serious consideration of the IRDA. Life insurers are now permitted to sell health insurance as a rider to a life cover. Non-life insurers too should be permitted by the IRDA to sell credit life insurance to borrower groups, such as those from banks and hire purchase companies. Such covers, restricted to an annual period, covering the death of an insured either due to an accident or due to natural causes, could be sold by them.

This would mean that non-life insurers can sell a PA cover along with a rider for a natural death cover to their PA policy. The period of such a cover being restricted to one year only, there are no actuarial calculations involved in the process, as the cover is not long-term in nature, and the rates would be dependent on the age groups and other criteria of borrowing groups to be determined by an insurer?

Such a hybrid PA cover is useful for banks for coverage against their individual creditors on any portfolio. Insurers would provide the cover for the total outstanding amounts due under the specified portfolio and for the declared number of borrowers, without names, and updated at regular intervals, for premium adjustment. If a borrower were to die either due to accidental causes or natural causes, the insurer would settle the outstanding amount forthwith, leaving banks with no default. Non-life insurers have traditionally closer links with banks and hire-purchase financiers than the life insurers, whose linkage is mostly with the individual insured.

If a borrower were to die either due to accidental causes or natural causes, the insurer would settle the outstanding amount forthwith, leaving banks with no default.

Life insurers are now permitted to write health insurance riders, mainly with a view to expanding health cover across the entire population. No less in importance is the PA cover, which is of equal necessity for over 1.1 billion numbers of Indian population. As many insurers are willing to do so, and in as many ways as they possibly could spread the insurance net wider, must be encouraged to bring each individual member of the population into the safety net, as a social security measure. That is real development in insurance.

The suggestion made above may surprise the insurance tradionalists. This writer, when he was located in the Middle East, in the nineties, has written numerous such hybrid annual covers, for quite a few local banks, with reinsurance support from Swiss Re and other European reinsurers.

This idea may be new in India, but its application is widely spread internationally. There may be a legal disability for such a hybrid cover from being sold by non-life insurers in India. But each of them could tie-up with a life insurer for its share of the life premium, just as has been allowed under the micro-insurance regulations. IRDA should consider increasing the number of insurance providers by such a mechanism to popularize the sale of individual PA covers. It is an idea worth pursuing.

Final word

It is rather ironical that the number of policies sold annually, by the PSU insurers is not accelerating enough. Mere growth in premium income, heralded so widely, is not a progress to be proud of. Equally, the performance of insurers should measure up to identify, how popular they are, by demonstrating how many more new customers they have brought into the fold.

The current benign neglect must be given a shake-up by the insurers themselves. Statistics prove that private sector players are more eager to sell PA covers than the PSU insurers, whose marketing staff are driven by the managements to go in for volumes, but are unmindful of their obligation to spreading the insurance net wider.

The Supreme Court has reminded the PSU insurers, once before, that being creatures of the State, they have particular social objectives of the Govt. to fulfill. It is perhaps high time they were reminded of this direction to overcome their inertia towards popularizing the sale of PA covers. But the question is - do they agree with that SC direction at all?

The author is retired CMD, Oriental Insurance Co. Ltd.

Claims in Personal Accident Insurance

Appreciating the Nuances

MEENA NAIR OBSERVES THAT THERE IS A VERY SUBTLE DIFFERENCE BETWEEN SYMPATHIZING WITH A CLAIMANT AND ADMITTING A CLAIM, ESPECIALLY IN PERSONAL ACCIDENT INSURANCE, WHICH THE INSURED SHOULD APPRECIATE.

Claims – The great debate

Accidents, whether in the workplace, at home or in the street are unfortunately a fact of life and they do happen and that is why we have Personal Accident (PA) insurance to deal with such vagaries of life. The policy covers a number of eventualities including plane crashes, train accidents, murder, hit-and-run and even death due to snakebite. However, unlike life cover, Personal Accident insurance won't pay out if one dies from an illness or natural cause. Most policies also won't pay out if the injury was self-inflicted or if there was an element of "willful exposure to danger" - like swimmers who go swimming ignoring warning signs of a red flag and then drown. Most personal accident policies pay out only if the policyholder suffers '*accidental bodily injury or death solely and directly as a result of an external, violent and visible cause*'.

Usually, most of the claim cases are relatively straightforward: if one is involved in an accident which results in 'bodily injury' as defined in the policy, one needs to intimate the insurance company and submit the required documents. Once all the documents are in place, the insurers do the required investigation and settle the claim in around a month's time. Even though the claims process looks very simple on the surface, if you scratch a little underneath, some obstacles may arise especially on issues of what actually caused the injury. While on its face, it seems to be a simple question – Peril A causes Loss X: an accident causes an injury; but real life is rarely that uncomplicated. In most cases, many events and circumstances combine to produce a particular result. Sometimes events occur independently of each other or as a result of one another. It is in such cases when there are multiple dependant events in play that confusion arises as to which event actually caused the injury.

The main obstacle that can really hold up a personal accident claim is – Apprehension as to whether the accident solely and directly caused the injury? Cases viewed in the light of suspicion include situations where the risky behavior of an insured resulted in an accident / when there is some doubt as to whether a preexisting condition along with the accident contributed to the injury. So, finally it all boils down to the "doctrine of proximate cause"!

> **Even though the claims process looks very simple on the surface, if you scratch a little underneath, some obstacles may arise especially on issues of what actually caused the injury.**

In this article, we outline a few Personal Accident claims to highlight the importance of distinguishing between cases where the injury was an unfortunate result of an accident alone — and those where some other event actively co-operated with the accident in causing the injury. Understanding the finer nuances will help us better understand and gain clarity on when a claim will fall within the purview of the policy.

- **Temporary sickness – fall from train**
  The Insured while riding as a passenger on a train became sick with the desire to vomit. To relieve himself, he attempted to get into the closet inside the compartment and it being locked went near the door to vomit. The force with which he vomited caused him to slip from the train and was killed. The Insurer argued that the PA policy would not cover death "resulting wholly or partly, directly or indirectly from disease in any form, either as a cause or effect". The Court here held that injuries / death caused by force due to a temporary and unexpected physical disorder does not prove that the fall was caused by a disease so as to avoid the policy. Disease includes an ailment of a somewhat established or settled character and not merely a temporary disorder arising from a sudden and unexpected derangement of the system.

- **Accidental injury – Disc Prolapse - Co-operating causes**
  The policy insured a club against the risk of illness or injury to its players, disabling them from continuing to play football. In the course of a practice game, Mr. X suffered a back injury when he stretched for a ball, collided with another player and fell to the ground. Soon after that Mr. X began to receive medical attention as a result of back pain which was diagnosed as a prolapsed disc. The composition of the disc in question had also experienced a degree of degeneration.

  Their insurers refused to pay, arguing that the disablement had not been caused by the injury alone and relied on a clause which excluded liability for disablement attributable 'directly or indirectly' to degenerative conditions. The insurers argued that Mr. X was suffering from a pre-existing problem of the lower lumbar spine. The club's argument was that any degenerative condition that Mr. X did have was normal for a person of his age. The court held that since the accident was not the predominating and efficient cause of the injury and since degeneration, normal or otherwise, was a cause of Mr. X's disablement as opposed to the injury alone; the exclusion clause applied. The court called attention to the fact that if the insured was suffering from a degenerative condition and that condition caused or actively co-operated with the accident in causing permanent injury to the spine, then it falls outside the coverage of the policy.

> **The court held that since the accident was not the predominating and efficient cause of the injury and since degeneration, normal or otherwise, was a cause of Mr. X's disablement as opposed to the injury alone; the exclusion clause applied.**

- **Insured struck another in mouth – Blood poisoning – Death**
  The insured engaged in an altercation with another person, struck him in the mouth, cutting his hand by coming in contact with the teeth of that person. In a few days, blood poisoning set in, the arm was amputated and death of insured followed. The insurers declined to pay saying that the insured died from doing what he intended to do and hence his death was not the result of accidental means.

  The plaintiffs argued that the death of the insured was due to external, violent and accidental means within the terms of the policy. The court held that the insured committed an assault and in striking the person in the face injured his hand and a few days later died from the effects of blood poisoning. Such injury which was the direct cause of death was the natural result of a voluntary act committed by the insured when he was in full possession of his mental faculties. The result though unexpected is not an accident, because for an event to be called an "accident", the means or cause must be accidental. Hence, insurer was not liable to pay.

- **Fright and excitement- Nervous Shock**
  The plaintiff was a signal man working in the railways. One day, in the discharge of his duty, he endeavored to prevent an accident to a train by signaling to the engineer. The panic and fright which he underwent in preventing the accident produced a nervous shock which incapacitated him

from employment for around 50 weeks. According to the terms of the PA policy under which he was covered — he was entitled to a weekly benefit in case he was incapacitated by an accident. The insurer declined cover since the disablement was caused by a mental trauma but the Court refused to heed and held that the plaintiff had been incapacitated by an accident well within the meaning of the policy.

There are also various problematic cases that involve surgical complications where the policyholder died or was injured following surgery. The insurer usually rejects the personal accident claim on the basis that the bodily injury or death was not caused accidentally and/or was not the sole and direct result of an external, violent and visible cause. All surgery carries some risk, but it is usually possible to isolate those cases where something accidental has caused the injury. Two similar cases with differing results are illustrated below.

All surgery carries some risk, but it is usually possible to isolate those cases where something accidental has caused the injury.

Similar loss, different outcomes

- Case I: Mr T underwent minor surgery to correct a prolapsed disc. The operation appeared to be uneventful. However, during recovery Mr T complained of tightness in his neck and eventually he was rushed to intensive care, where he died. The coroner concluded that the cause of death was hemorrhaging from a vertebral artery. But the insurer rejected the personal accident claim brought by Mr T's widow. The matter went to court. The weight of the medical evidence indicated that the surgeon had negligently torn or cut the artery during the surgery. This was not a natural consequence of the risks inherent in surgery and something had gone wrong and this was not what any of the parties to the surgery had anticipated. The court determined that the injury therefore fell within the scope of the PA policy.
- Case II: Mrs G had an operation to remove a lump from her neck. During recovery, the wound started to bleed profusely, resulting in a massive hemorrhage. As a result of this, Mrs G died. The insurer rejected a claim made by Mrs G's husband on their personal accident policy. It said that Mrs G's death had resulted from the complications of planned surgery — rather than from an accident. The court went through the medical reports and found nothing to suggest that this was an accident. The coroner's inquest cleared the surgeons of any wrongdoing. No error had occurred during the operation. Mrs G was just one of the very few unfortunate patients who react badly to this type of surgical intervention.

  The bodily injury here was a natural, though tragic, consequence of the surgery. It was an anticipated risk which Mrs G had consented to, insofar as the general risks of surgical complications had been explained to her. So despite sympathizing with Mr G's situation, the court could not agree that the insurer had acted unfairly or unreasonably.

Conclusion

The facts of insurance claims are usually complicated — given the different potential causes of loss involved and exclusions in play. Some jurisdictions may view the exclusion ambiguous and in the insured's favor; and other jurisdictions may view it as being crystal clear in the insurer's favor. Like they say, there can be many a slip between the cup and the lip, in insurance there can be many a slip between what you understand and what the policy covers.

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Accident Benefit in Life Insurance Policies

Issues of Applicability

GEETA SARIN OPINES THAT THERE IS NEED FOR BETTER CLARITY REGARDING THE APPLICABILITY OF ACCIDENT BENEFIT IN LIFE INSURANCE CONTRACTS IN ORDER TO MAKE IT EASILY COMPREHENSIBLE TO THE LAY MAN.

What is an accident and when is it applicable in life insurance contracts? More precisely, when is death treated as accidental under insurance policies specifically written for such events? For a century and a half, courts and underwriters have struggled to answer what was recently described as "one of the more philosophically complex simple questions." There is definitely an answer to this question and the same can be rightly extracted from the history of accidental claims settled and judgments pronounced by the courts.

Meaning of the word 'accident'

The word 'accident', in accident policies means an event which takes place without one's foresight of expectation. Death resulting from voluntary physical exertions or from intentional acts of the insured is not accidental, nor is disease or death caused by the vicissitudes of climate or atmosphere the result of an accident; but where, in the act which precedes an injury, something unforeseen or unusual occurs which produces the injury, the injury results through accident. The means or cause of death must be accidental.

Injury or death caused by lightning, sunstroke or earthquake has been held to be accidental. Similarly, where a man in the course of his work is exposed to excessive heat coming from a boiler and becomes exhausted or has to stand in icy cold water and sustains pneumonia or, having got overheated, is exposed to a draught resulting in pneumonia or sustains sub-acute rheumatism as a result of baling out of a flooded mine, his injuries have been held to be accidental. Here a clear understanding of the words — *Accident; Accidental; Accidentally* — needs to be shown:

Accident — (As defined by Back's Law Dictionary)

"An unintended and unforeseen injurious occurrence; something that does not occur in the usual course of events or that could not be reasonably anticipated." It is an event; which was neither expected nor intended and which causes hurt or loss. It covers any mishap or an untoward event which is not expected rather it is a cause which is operative by chance so as to say fortuitous. Simply put, an event without an apparent cause or an event that takes place without one's foresight is described as an accident.

Death resulting from voluntary physical exertions or from intentional acts of the insured is not accidental, nor is disease or death caused by the vicissitudes of climate or atmosphere the result of an accident.

Accidental — It needs to be understood if the cause of death was deliberate and therefore, not an accident as in the case where a person, intending to scare another with a gun, shot him. The injury or death caused by lightning, sun-stroke or earthquake has been held to be accidental. Further, where a man in the course of his work is exposed to excessive heat coming from a boiler and becomes exhausted and death occurs, it would be an accidental death.

Accidentally – cases where the cause (such as excessive drinking) although a deliberate act, led to the taking of a risk of dangerous driving which was not deliberate and not appreciated but which was nevertheless the immediate cause of the event.

Accident Benefit clause in the policies covers the risk of accident, but it will have to be decided on the merits of each case, whether the death is a result of an accident. Insurance is intended to provide for the payment of compensation in the event of death only resulting solely and directly from accident caused by external, violent and any other visible means.

The clause in totality presents a lot of different interpretations and applications in real life. It provides for payment of benefit only if the injury shall solely, directly and independently of all other causes results in the death of the Life Assured i.e. to say that accident is *'Proximate Cause'* of death. The words solely and directly, together with 'outward, violent and visible means' have been used many a times in defining an accident. While discussing the true meaning of the expressions "external, violent, and visible"; the cases are viewed from the angle whether or not the particular injury was caused by accidental means. Let us understand these terminologies better.

"External" – *'external'* is used to express anything which is not 'internal' and any cause which is 'external'. External is used in contradistinction to such unnatural cases as disease or weakness.

'Visible' – (as defined by Black) – "Perceptible to the eye or discernible by sight and clear, distinct, and conspicuous."

"Violent Means – It includes any external, impersonal cause, such as drowning, or the inhalation of gas or even undue exertion on the part of the assured. The word 'violent' is merely used in antithesis to 'without any violence at all'. (As defined in the Law of Insurance by 'Raoul Colinvaux')

The words external, visible, and violent means are used to distinguish injuries covered by the policy from those simply due to such causes as disease or senility which arise in the body of the deceased.

Accident Benefit clause in the policies covers the risk of accident, but it will have to be decided on the merits of each case, whether the death is a result of an accident.

To illustrate the above, in the case of Parshuram Singh, who was on election duty, in a village, went to the bank of the river Gandak, flowing by the side of that village, for relieving himself. He came back deeply agitated, frightened and reported to his colleagues that on the bank of the river he had encountered armed miscreants who threatened him with dire consequences if the polling team did not help and cooperate with them during the election on the following day. At about 09.00 P.M. he developed pain in the chest and was sent to the village hospital. Thereafter he came back to the school and died due to heart failure at mid-night. The insurance claim was rejected. Hence, a writ petition was filed before the High Court wherein the Court allowed the writ petition and observed that the death of the insured was caused due to heart failure and the act of threatening by the armed miscreants was plainly covered by the expression 'external violent and any other visible means'. There can be no denying that the death of Parshuram Singh was an accidental death caused by accidental means, whereby the deceased encountering those threats while he had gone to relieve himself was clearly an accident that triggered off the heart attack and, thus, resulting solely and directly into his death.

To file a claim as an accidental claim, it has to be established that the means or the cause of death is accidental. Benefits will be paid if the insured is "physically injured as a result of an accident and die[s] within 120 days as a result of that injury or accident." Death resulting from voluntary, physical exertions or from intentional acts of the insured is not accidental, but where accident precedes an injury, it shall be deemed to be an accidental death. A few examples shall clarify this fundamental of accident which can be a sudden happening or a slowly evolving process.

Example1:- In Isitt vs the Railways Assurance Company, the insured fell down at a railway station and dislocated his shoulder and was put to bed. The accident rendered him susceptible to colds and leading to his catching pneumonia and subsequent death within a month after the accident. It was held that the insured died from the effects of injury which was due to accident.

Example2:- In *Etherington v Lancashire and Yorkshire Accidental Insurance Co (1909)* a man fell from a horse and sustained injuries that prevented him from moving. As a result he contracted pneumonia due to lying in the wet and died. The proximate cause of his death was held to be the fall not pneumonia.

As such, the need to establish the 'actual cause' of death is pertinent to settle a case on accidental grounds. The wording of the accident clause matters much in the acceptance of the liability by the insurers. In a case where the wording of the clause covered death resulting from 'accidental means', the company had to meet the claim when the life assured died as a result of drinking ordinary tap water; believing it to be pure but which had accidentally been contaminated.

Exclusions to Accident Benefit Clause

While the main provision in the AB clause provides that 'where death is the result of an injury sustained in an accident, there shall be an additional benefit as defined in the policy. The exclusions are specifically mentioned as – 'The rider shall not cover the death of life assured being caused directly or indirectly by any of the following:

- **Any disease or injury**

  Where death is a result of pre-existing disease, i.e. it is foreseen and an expected event, it cannot be termed as accidental. But where the death is the result of an operation necessitated by an accidental injury, the cause of death shall be taken as an accident and not operation. Also, important to be read here is the fact that if the death is the result of what may be considered as the ordinary risk of operating, it is not accidental, but death due to negligence of the surgeon during an operation is considered to be accidental death.

- **Intentional self inflicted injury, suicide or attempted suicide, while sane or insane.**

  A death caused by self injury or suicide is not a cause of death by accident and hence AB is excluded in such a case.

- Life Assured being under the influence of alcohol, narcotics, psychotropic substances or drugs.

Where the death is the result of an operation necessitated by an accidental injury, the cause of death shall be taken as an accident and not operation.

The scope of exclusion is limited to cases where a person under the influence of liquor, drugs or narcotics does certain acts giving rise to physical injury and death by such acts. Again, to prove that the death was due to high intoxication of liquor or the accident was caused by an attempt to avoid a collision with another vehicle or with an animal, needs to be established before rejecting the claim.

- Participation in any flying activity, except that as a bonafide passenger in a commercially licensed aircraft, or participating in any hazardous sports, hobbies or pastimes like racing, parachuting, paragliding, etc.

  It is obvious from the exclusion that the benefit is admissible where the life assured was a mere passenger and the aircraft was authorized to carry passengers and was flying between established networks. But where the life assured is participating in hazardous sporting activities for the thrill of doing so and putting his life to risk purposely, the same is not entertained by insurance companies and excluded for claims by insertion of this clause.

- If the death of the life assured is caused by injuries from riots, civil commotion, rebellion, war, invasion etc.

  A riot is defined as in where an assembly of five or more people join together to form an 'unlawful assembly' to commit any offence by use of violence. Where death does not result from riots, the motive of unlawful assembly being to harm or kill the life assured, and death is the result of such harm or murder, the riot is said to be incidental and therefore the Accident Benefit is payable.

Accidental Death benefits can vary with situations and interpretation of those situations. It is very important to read the fine print regarding what you are paying for.

- Death resulting from participation in a criminal or unlawful Act by breach of Law.

  Any such accident that is caused by breach of law is generally excluded from the purview of 'Accident'. There are however various interpretations to this exclusion. Only if death is the direct consequence of breach of law, and not merely when breach of law causes accident, is this applicable. To make it understandable, when a burglar or dacoit is killed in an encounter while committing burglary it is not said to be a case of accident and so is the case where the court of law convicts Life Assured for murder and it is executed. In both these examples cited above, the death is stated to be declared due to breach of law. In situations where breach of law causes an accident, this exclusion is not applicable. In case of foot board travel in a bus or over speeding, if there is an accident, claim cannot be merely rejected on the grounds of breach of law. There is no intentional reason to kill oneself and there is no subjective expectation of death or injury. It is merely a case of accident and the exclusion is not admissible as it refers to death by breach of law and not death resulting from an accident caused by breach of law.

- Employment of Life Assured in the armed forces or military services of any country, or from being engaged in a police duty in any military, naval or police organization.

  This exclusion specifically provides that the insurer shall be liable if the death of the life assured shall arise from the employment of life assured in armed force or military services of any country (whether war is declared or not). However, the exclusion shall not be admissible in cases where the accidental death occurs whilst on duty. Say if a policeman on duty is hit by a thunder storm and dies, his death does not arise from his employment, and as such is admissible for accident benefit.

When Accidental Death benefit is combined with the provisions of loss of limb or sight, it is called an accidental Death and Dismemberment Benefit. Accidental Death benefits can vary with situations and interpretation of those situations. It is very important to read the fine print regarding what you are paying for. The exclusions mentioned in the policy bond need to be read to understand the implied conditions under which the Accident Benefit is payable. These exclusion clauses are never highlighted or explained by the agent; and as such, proper understanding of the same is required by general public to safeguard their interests.

With the flexibility offered by most of the life insurance companies to attach riders, life insurance has today not only become more useful, but also more lucrative. For some policies, Accident Benefit comes as inbuilt in the product and there is no additional charge while for other policies it is offered as a ADB rider, wherein it provides for an additional amount equivalent to the Sum Assured to the survivors of the policyholder in case of his death by accident.

By payment of a small extra premium an insurer may on the request of policyholder, agree to pay an additional sum equal to the sum assured under the policy, in the event of death of the Life Assured by accident.

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Motor Insurance Claims

Priorities in a Tumultuous Market

B.G. PATKI WRITES THAT THERE IS NEED FOR SKILLED UNDERWRITING AND CLAIMS MANAGEMENT IN MOTOR INSURANCE PORTFOLIO; AND ENDS ON A POSITIVE NOTE THAT IT SHOULD BE PROFITABLE IN THE LONG RUN.

'Motor Insurance' is not only the largest amongst all the Accident Insurance products but is the most voluminous product of the total General Insurance industry. Last year i.e. the year ended 31-3-08, 'Motor' enjoyed a very dominating position in the composition of premium income of approx. 46% share with premium at Rs.12878 crore out of a total premium of Rs.280129 crore. Industry experts predict that in a couple of years' time, Motor will occupy more than 50% of the industry's volume; current economic slow-down notwithstanding. The subject matter of Motor Insurance being 'automobile', the spurt in the auto industry, inter alia, has been responsible for such domination. Stakes, therefore, are so high that the industry has been forced to attach a lot of importance to the management of this portfolio which till about a decade back was, unfortunately, being treated by the industry with scant respect. Accident Insurance is considered to be a simple form of insurance. Similarly, Motor also was being treated as such, albeit quite erroneously. This was a grievous fault for which the industry has paid the price. All the General Insurance products are high-tech in nature. Motor is a highly specialized one with quite a few intricacies associated with it.

Motor Insurance comprises of mainly two aspects viz. Liability to Third Parties and the Loss / damage to the Motor vehicle owned by the policyholder. Both these coverages and their management are totally different in nature. While Liability coverage is laid down by the law which is The M.V.Act of 1988, the Own Damage coverage, exclusions, terms & conditions etc. which were laid down by the Tariff Advisory Committee (TAC), are still maintained as standard coverage and is uniformly to be adopted by the market. This being so the major portion of this product has still remained highly regulated.

The other very important aspect which is the pricing of the product has been freed from the centrally administered tariff system, giving the freedom to each individual company to formulate the premium rate structure to be followed by them. With this freedom, perhaps, it was expected that the companies will apply their long past experience in making the basic rate structure scientific, rational and most importantly viable. However, it now transpires that the expectations have failed to match the reality.

> **Industry experts predict that in a couple of years' time, Motor will occupy more than 50% of the industry's volume; current economic slow-down notwithstanding.**

In the past, all the time when the price was totally regulated with no choice left to the underwriters, the blame for the end results was squarely put on the TAC both for OD and TP sections for the inadequate premium rates.

Be it as it may, it is high time that the underwriters brought in the rationale in the premium rate structure. If grapevine is to be believed, the initial euphoria and the excitement of the freedom is diminishing and quite a few underwriters have already started thinking about the risk factor based rating system. This being the only scientific way of pricing, is definitely a good sign; since differential rating is a rational and effective process.

TP premium rates are still regulated by IRDA and it appears that they will remain tariffed for quite some time. For quite a while, the Government has been contemplating a few amendments to the current M.V. Act provisions. It is believed that now that the elections are over and the Government has been formed, steps may be taken in right earnest to enact the proposed amendments. If the bill is passed, the TP portfolio will most certainly have its impact and IRDA may have to restructure the TP premium rates. Let us hope the rates whenever are restructured will be in tune with the current trend in the TP segment.

However, OD rates remain the underwriters' privilege. Own Damage with almost Rs.9000 cr. of current involvement, remains a much larger section. Stakes being so high, OD product management (both in pricing and post-incidence management) will be quite crucial to a company's bottom-line.

Motor professionals and market watchers feel that it is high time the underwriters put their heads down to work out rational OD premium base-rate so that the rate structure is founded on scientific footing to make it competitive; and at the same time effective and viable. After all, profit angle should never be ignored by any commercial organization. It has to be essentially remembered that it is not just the stand-alone OD results that matter, but in the current scenario, how much cushion it provides to the total motor portfolio is much more crucial and important.

It is observed that the underwriters so far have not moved away from the basic tariff rates. Prudent rating pattern essentially warrants differential rating – make and model wise. Each make and model poses a different risk to the underwriters because the most crucial and important is the claims cost involved and this will vary from model to model. Claims cost mainly includes Accident repairing cost (Post-Automotive Repairs) such as:-

- Labour charges.
- Paint technology and cost.
- Spare part prices including spare part price revision pattern. It will not be out of place to mention that in pricing the accident-prone parts and their frequent upward revision by the manufacturers may be strategic in nature.

Any underwriter trying to be aggressive in the pricing pattern can only become successful if backed up by effective claims management which is ever vigilant and alert to curb excess outgo due to regular inflated claims.

- PAL [Probable Average Loss] concept of each model.
- Secondary market position of each model.
- Model design i.e. positional structure of accident prone parts. etc.

[The above list is only illustrative].

All the above factors essentially need a specialized approach, relevant data collection and dialogue with various auto manufacturers. However, the four public sector non-life insurance giants with their longstanding experience as well as the ocean of data they possess should be quite capable of tackling this problem very effectively. They can pave the way in the right direction. Even in the private sector segment, there are a few organizations which have been there for eight / nine years. They are also quite versatile and capable.

Besides, the Regulator has now given the freedom for new add-on covers which hitherto were totally restricted. The most dominating as also needed is the Loss of conveyance / Loss of use of the vehicle, Loss of income etc. So also the removal of standard exclusions like mechanical breakdowns, depreciation on parts, special exclusions in commercial vehicle segment can also be thought of. In fact the market is eagerly awaiting such innovations. But, unfortunately, the industry's response to this freedom is seen to be lukewarm so far. The add-ons will have another advantage. They can be effectively used for packaging the product.

Insurance management involves two basic aspects viz. Underwriting and Claims. But these aspects are interdependent. In fact claims management is the heart of insurance management. Any underwriter trying to be aggressive in the pricing pattern can only become successful if backed up by effective claims management which is ever vigilant and alert to curb excess outgo due to regular inflated claims. That there are inflated claims and leakages is not disputed. Motor is a peculiar contract. The process does not remain restricted to the insurance company in isolation and the insured who are the parties to the contract. Various other intermediaries continuously make attempts to make the most of Motor contract. Essence of Motor management is to ensure through their highly specialised management system that such attempts do not become successful. Once this is achieved, the companies will have a leeway to be aggressive but still realistic in their rating pattern. In the free market, only those companies will survive and prosper who will professionally manage the claims outgo and eliminate the inflated claims and leakages.

It would be befitting to end by saying that Motor [OD as well as TP] is a good portfolio. All depends on how it is managed.

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Risk Perception and Risk Assessment

Personal Accident (PA) Insurance

YEGNAPRIYA BHARATH EMPHASIZES THAT THERE IS AN ELEMENT OF SUBJECTIVITY ATTACHED TO PERSONAL ACCIDENT INSURANCE THAT HAS A BEARING ON THE ACCEPTANCE OF RISKS, PRICING ETC.

> ***"Security is mostly a superstition. It does not exist in nature, nor do the children of men as a whole experience it. Avoiding danger is no safer in the long run than outright exposure. Life is either a daring adventure or nothing"***
>
> *- Helen Keller.*

How would insurers perceive one who subscribes to Helen Keller's thinking? How would they rate the risk of one who believes that one of life's challenges is to risk it to its optimal degree?

Risk perception, an enigma

Perception of risk in insurance has always been complicated and an enigma. Personal Accident insurance is no exception. It is the *perceived risk* that decides the drawing up of the terms and conditions, it is the *perceived risk* that decides whom to sell the insurance to, it is the *perceived risk* that determines the premium rates and last but not the least it is the *perceived risk* that plays a significant role in the handling of claims.

Subjective and Objective risks in PA insurance

In Personal Accident Insurance, one may distinguish between risks that are subjective from those that are objective.

Perception of risk in insurance has always been complicated and an enigma. Personal Accident insurance is no exception.

Subjective risks are those that represent risks implicit in the person of the policyholder or the insured person such as age, sex, health, financial circumstances, occupation, types of sport, lifestyle, psychological aspects, family circumstances etc. On the other hand objective risks could include (for example), average general risk of traffic accidents or the incidence of natural catastrophes or terrorism etc. I recall the newsitem in India's *Economic Times* that suggested that the attack on the Sri Lankan cricket team in Pakistan may have increased the risk perception associated with the game in India. It said that this sense of increased risk at cricket matches could have the knock-on effect of inflating the cost of insurance for games not only in India but also around the world.

Thus, the emphasis is on the ability of the policyholder to influence the risk. There could also be a focus on moral hazard, which is a sub-category of the subjective risk. Moral hazard could extend from a more carefree attitude towards the risk of accidents on the part of the policyholder to deliberate manipulation and insurance fraud. At some point, subjective risks get objectified.

Risk Homeostasis Theory

Accidents or mishaps are the consequence of our daily actions, habits and lifestyles. We add to the probability of accidents every time we drive our car, board a plane, climb a ladder, cross the street, lift a heavy object, light a fire, go swimming or jogging, handle work tools, and so on.

There is an interesting theory called the [1]*Risk Homeostasis Theory* that maintains that, in any activity, people accept a certain level of subjectively estimated risk to their health, safety, and other things they value; in exchange for the benefits they hope to receive from that activity (transportation, work, eating, drinking, drug use, recreation, sports or whatever).

In any ongoing activity, people continuously check the amount of risk they feel they are exposed to. They compare this with the amount of risk they are willing to accept, and try to reduce any difference between the two to zero. Thus, if the level of subjectively experienced risk is lower than is acceptable, people tend to engage in actions that increase their exposure to risk. If, however, the level of subjectively experienced risk is higher than is acceptable, they make an attempt to exercise greater caution.

Consequently, they will choose their next action so that its subjectively expected amount of risk matches the level of risk accepted. During that next action, perceived and accepted risks are again compared and the subsequent adjustment action is chosen in order to minimize the difference, and so on.

Each particular adjustment action carries an objective probability of risk of accident or illness. Thus, the sum total of all adjustment actions across all members of the population over an extended period of time (one or several years, perhaps) determines the temporal rate of accidents and of lifestyle-dependent disease in the population.

These rates, as well as more direct and frequent personal experiences of danger, in turn influence the amount of risk people expect to be associated with various activities, and with particular actions in these activities, over the *next* period of time. They will decide on their future actions accordingly, and these actions will produce the subsequent rate of human-made mishaps. Thus, a 'closed loop' is formed between past and present, and between the present and the future. And, in the long run, the human-made mishap rate essentially depends on the amount of risk people are willing to accept.

Does this theory not make the subject of 'subjective' risk complicated? Obviously subjective risks are relative, in that they depend on the ability of a person to engage in a particular action and this ability may vary from person to person. So, how does one 'objectivise' subjective risks for the purpose of underwriting and rating?

Subjective risks are relative, in that they depend on the ability of a person to engage in a particular action and this ability may vary from person to person.

Risk grouping for rating in PA insurance

Personal Accident covers are essentially class rated. How does one determine categories of risks to enable class rating? While 'objectivising' subjective risks can get complicated, it is not an impossible task. There are ways of classifying risks such as based on the occupation and therefore exposure, and this is what insurers normally do. They classify personal accident risks by creating risk groups based on the occupation.

A typical PA policy would have classifications (normally three) based on occupations – Group or Class I would include those engaged in administrative or managerial functions – eg doctors, lawyers, consulting engineers, architects, bankers etc. Group or Class II would include those engaged in manual jobs such as mechanics, engineers on the field, vehicle drivers etc. Group of Class III would include those engaged in hazardous activities such as mines, racing on wheels, big game hunting, mountaineering, river rafting and the like.

Selection and underwriting of PA risks

Risk grouping for rating is one thing – it makes underwriting easier for standard risks but when risks are not standard, subjective risk perception becomes extremely important from the underwriting point of view. A proposal form elicits the following information in relation to the subjective risk – applicant's age, sex, occupation (blue collar/white collar), other accident and life/health insurance policies applied for or taken, health declaration (from the

1. Dr. Gerald J.S. Wilde, Canada.

point of view of pre-existing conditions and disabilities). Even the sum insured details sought for and filled in give an indication of the subjective risk involved. Proposals for very large sums insured or proposals for a second or third personal accident cover would give rise to a special assessment of the subjective risk.

Then there is the seemingly standard risk which could easily become a sub-standard one on occasions, eg. a white collar worker who has a penchant for motor car racing or horseriding. For such risks, careful 'underwriting' becomes extremely important. They need special evaluation. As already mentioned, risk perception impacts not just the underwriting but also the product design, including the terms and conditions. Perhaps a white collar worker who does regular horse riding would have a loading in premium or a special clause attached. Thus, if the risk assessment identifies participation in hazardous sports or hobbies, these persons can usually be insured by means of appropriate exclusions or, if necessary, subject to extra premiums.

Some risks are not accepted at all by many insurers. Military, para-military, police personnel, alcoholics, those under the influence of drugs etc come under this category. However, some insurers do provide covers, especially group insurance covers to certain otherwise excluded targets, like police personnel etc. In fact in India, there are several group accident policies issued to various governments covering risks that are not really ideal acceptable risks from the personal accident point of view, such as those engaged in manual labour or those exposed to occupational hazards. However, the product design of such covers requires close scrutiny. In the name of product variation to meet the needs of specific target groups, some of these policies are designed to exclude fundamental risks the groups are exposed to and therefore do not serve the purpose of insurance. These are examples of covers that are either badly designed or badly underwritten or both. The insurer then tries to make 'amends' by resorting to underwriting at the point of claim, at the cost of the policyholder and the insured person.

Risk perception impacts not just the underwriting but also the product design, including the terms and conditions. Perhaps a white collar worker who does regular horse riding would have a loading in premium or a special clause attached.

Claims experience and risk assessment

Advantage should be taken of the knowledge of the claims department when the product is being developed or when a developed product is marketed. The experience of the claims department would help at the point of underwriting too. Sophisticated claims statistics can be the basis of raising the quality of personal accident business. Systematic analysis of claims can provide an early warning system to take measures in good time, e.g., distinguishing the good proposals from the not so good ones etc.

The claims department would also have knowledge of the incidence of fraud etc. A centralized database of frauds would be of use to insurers to keep away fraudsters. For example the English Insurance Association has a database containing specimens of typical frauds. Such data will certainly help when a decision to underwrite a proposal that seems dubious is received. Intensive claims investigation can help compilation of claims knowledge that would help in risk perception and assessment.

Talking of risk and how it is perceived, I am tempted to quote Steven Covey – *"The greatest risk is the risk of riskless living"*. Now, how does that come across from the Personal Accident insurance point of view?

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A Study of Yield-based Crop Insurance in India

A PERFORMANCE REVIEW BY P.C. JAMES AND RESHMY NAIR

THIS STUDY IS AN ATTEMPT TO EVALUATE THE PERFORMANCE OF NATIONAL AGRICULTURAL INSURANCE SCHEME (NAIS), THE MOST IMPORTANT PUBLIC POLICY EFFORT IN THE FIELD OF CROP INSURANCE IN THE COUNTRY. IT FINDS THAT THE COVERAGE AND INDEMNITY PAYOUTS HAS BEEN BENEFITING MANY REGIONS AND CROPS; AND THE PROGRAM IS FAVORABLY PLACED IN TERMS OF EQUITY I.E. IN TERMS OF PROPORTIONATE COVERAGE AND BENEFITS ACCRUED BY SMALL AND MARGINAL FARMERS. THE STUDY ALSO INDICATES THAT THE PROBLEM OF ADVERSE SELECTION COMMON IN MANY AGRICULTURAL INSURANCE POLICIES WORLDWIDE HAS BEEN SIGNIFICANTLY REDUCED IN THE RECENT YEARS. THE STUDY, IN ADDITION, LOOKS AT THE ISSUES THAT NEED TO BE ADDRESSED TO MAKE THE CROP INSURANCE PROGRAM A MORE EFFECTIVE RISK MITIGATION MECHANISM FOR THE FARMING COMMUNITY.

Yield based Crop Insurance in India: Performance and needed reforms

Agriculture continues to be the mainstay of the Indian economy, providing livelihood to about 60 percent of the population, meeting the food and nutrition requirements of more than a billion people, contributing around one-fifth's of the country's Gross Domestic Product[1], significantly adding to our exports, besides meeting the raw material needs and serving as a market for finished products of our major industries. Given that more people in India earn their livelihood from the sector than all other sectors taken together and three-fourths of the rural population is dependent on it in some way or the other; agricultural sector holds critical importance from the perspective of rural development, poverty alleviation and employment generation.

Agricultural production faces numerous risks, particularly associated with the negative outcomes that stem from imperfectly predictable, biological, climatic and price variabilities. While no economic activity can be dissociated from risks, what differentiates the activities of the farmers from the other entrepreneurs is their inability to predict the quantitative outcome of the production processes, due to external factors such as weather, pests, diseases etc, which are entirely beyond their control. Though uncertainty of crop yields, of varying magnitudes, is one of the basic risks faced by agriculturalists world-wide, this is particularly high in India owing to the extreme dependence of the farm sector on the weather conditions[2] and the poor economic condition of the overwhelming majority of farmers who have extremely limited means and resources to sustain the disastrous consequences of a crop failure[3].

The underlying uncertainties in agricultural production undermine the socio-economic development of the rural areas and the capacity of the agricultural sector to hedge itself against the vagaries

1. This is in sharp contrast to the developed countries, like the US & UK , where only 2 to 3 percent of the total workforce is engaged in agriculture and the sectoral contribution to the country's national income is in the range of 2-5 percent.
2. Food grain production in the country accrues from 142 million hectares of cultivated land. Of this, 40 percent is irrigated and accounts for 55 percent of production, while 85 million hectares are rain fed and contribute 45 percent to total output.
3. In terms of Agricultural Census 1995-96, marginal farmers having up to 1 hectare of land, comprised 61.6 percent of the farm holding population owning only 17.2 percent of the area. Similarly small farmers (1-2 hectares) comprise 18.7 percent of the farm holding population and own 18.8 percent area. Only 19.7 percent of farmers have landholdings of more than 2 hectares.

and aberrations of nature. Removal of these uncertainties has become very important not only to stabilize and grow rural incomes but also for the development of the agricultural sector, and the rest of economy. Thus the criticality of agriculture in the rural transformation and the national economy coupled with its highly risky nature as an economic activity places huge responsibilities on the crop insurance sector. Crop insurance is an area in which most governments worldwide have provided a direct insurance instrument, given the low participation of private sector because of the associated problems of adverse selection[4] and moral hazard[5]. Yet world-wide, the public sector has, as reported, not been able to deliver the service as expected. Hazell, Pomersda and Valdes (1986) cite numerous problems that have plagued public crop insurance program and point out that these programs cannot be sustained without continual subsidies.

This study looks at the genesis of crop insurance in India and makes a comprehensive evaluation of the performance of National Agricultural Insurance Scheme (NAIS), the country wide area based yield insurance scheme (implemented in the country since 1999). NAIS, undoubtedly the most important public policy measure providing the farmers with protection against yield shortfalls, is on the threshold of completing almost a decade of its implementation. The paper gives a brief overview of the genesis of crop insurance in India, and evaluates the season-wise, state-wise, crop-wise and farmer-category-wise penetration, coverage and disbursement of indemnity under the scheme. The study also discusses the drawbacks affecting the crop insurance programme in the country along with the suggested steps to improve its effectiveness as a risk mitigation mechanism for the farming community. The study is based on a detailed analysis of secondary data pertaining to 16 cropping seasons from Agriculture Insurance Company of India Ltd.

Genesis of Crop Insurance In India

The idea of crop insurance emerged in India during the early part of the 20th century, followed by sporadic attempts to implement it in specific regions and crops during the period 1972-73 to 1979-80 on ‘individual approach’[6] basis. Experience gained during this period revealed that the inherent characteristics of Indian agriculture viz. large number of small sized farm holdings, large variety of crops with varied agro-climatic practices, coupled with the lack of historical yield data and the twin problems of adverse selection and moral hazard associated with crop insurance rendered the design of a workable crop insurance scheme on an individual basis (on a wide scale) almost impossible.

The country wide crop-yield insurance programme currently being implemented in the country had its genesis in the Report of Expert Committee headed by Prof V.M.Dandekar[7]. Based on the report, the Pilot Crop Insurance Scheme (PCIS) was launched by the Government of India on an area approach basis, in 13 States of the country in 1979-80. The crop insurance schemes were however not operated in a significant way till the introduction of the ‘All risk’, Comprehensive Crop Insurance Scheme (CCIS) in 1985, which was eventually a product of years of preparation, planning, experiments and trials on pilot basis. CCIS, in operation from 1985-1999 was implemented on ‘Homogeneous Area approach[8] basis in 16 states and 2 union territories of the country. The scheme was a multi agency effort that involved Government of India, state governments, banking institutions and General Insurance Corporation of India (GIC); and covered farmers availing crop loans from Financial Institutions for growing notified crops (food crops & oilseeds) on a compulsory basis. Although the coverage was started with 150% of loan disbursed with no limit on sum insured; due to very high claim ratios in the initial years, the coverage was restricted to 100 percent of crop loan subject to a maximum of Rs.10,000/- per farmer. The premium rates were in the range of 1-2 percent and the small and marginal farmers were provided a subsidy of 50 percent, shared equally by the central and state governments. The premium and the claims under the scheme were shared on 2:1 basis between the Government of India and the implementing state governments. The scheme in its 14 years of operation covered 7.63 crores of farmers, for a premium of Rs.403.56 crore and paid claims amounting to Rs.2,319 crore. During the course of its implementation, several limitations that could be improved came into light viz. the limitation of coverage to only food crops and oilseeds, leaving

4. If insurance is available at the same price to people facing widely varying risks, then those with the greatest risks are more likely to buy insurance. This is called adverse selection and works to the detriment of insurers.
5. Moral hazard refers to the problem that occurs if producers alter their behavior after buying insurance in order to increase their likelihood of collecting the indemnities.
6. Individual approach requires individual ex-ante assessment of risk and ex-post assessment of loss for determining individual premium and claim payments.
7. The Committee, constituted by Government of India in 1976 to look into the issues and modalities of crop insurance in India, while admitting that the individual approach was the ideal one to crop insurance, pointed out that the same would be impracticable in the country as the process of assessing the indemnity separately for each individual would be administratively difficult, highly expensive, liable to interminable disputes and fraught with grave dangers of moral hazard. Therefore the Committee recommended implementation of crop insurance scheme in the country based on homogeneous area approach basis.
8. Area approach treats all farmers in a defined area as identical in terms of risk and loss and therefore paying identical premium and receiving identical claim amount.

out important commercial crops outside its purview, low upper limits on sum insured etc.

Following demand from various quarters for improving the scope and content of CCIS, a more broad-based scheme namely National Agricultural Insurance Scheme (NAIS) was introduced by Government of India in 1999 replacing the CCIS. NAIS covers all food grain crops and oilseeds, besides the annual commercial / horticultural crops, subject to the availability of requisite past productivity data for these crops. The scheme is compulsory for loanee farmers availing short term credits for raising the notified crops, and voluntary for the non-borrowing farmers. The scheme was implemented by GIC of India from its inception in October 1999 till March 2003. Later on, Agriculture Insurance Company of India Ltd. (AIC) established by Government of India to exclusively cater to the insurance needs of the agricultural sector and to administer various crop insurance schemes / products, took over the responsibility of implementation of NAIS from GIC.

NAIS is an all risk insurance scheme assuring compensation against any shortfall in yield against a pre-determined guaranteed yield (threshold yield) due to the occurrence of non-preventable risks. The scheme operates on a 'Area Approach' basis in which a homogeneous area is considered to be an insurance unit (could be a district in some cases, or a taluka, a block, mandal/circle, or gram Panchayat, village etc.). If the season's average yield per hectare of the insured crop for the defined insurance unit falls below the guaranteed yield (threshold) yield, all the insured farmers growing that crop in the defined area gets the same indemnity payments, per unit of sum insured. The scheme offers coverage to the farmers at nominal premium rates ranging from 1.5 to 3.5 percent for food crops and oilseeds, while actuarial rates apply for the annual commercial and horticulture crops. The claims beyond 100 percent of premium in case of food crops and oilseeds; and 150 percent of premium in case of annual commercial / horticultural crops are shared by Government of India and the implementing state governments in equal proportions.

Market penetration, coverage and indemnity under nais seggregated across seasons, regions and crops

Season-wise analysis: In its first season of inception, i.e. Rabi 1999-2000 season, only 9 states / UTs participated in the scheme covering 5.8 lakh farmers and 7.8 lakh hectares of cropped area (Table 1.2). The number of farmers saw a quantum jump in the immediate succeeding season and then saw a gradual increase in the subsequent seasons. The number of farmers covered under the scheme increased from 84 lakhs in Kharif 2000 season to 134 lakhs by Kharif 2007; and the area insured reached 207 lakh hectares from 132 lakh hectares during the same period. Similarly the farmers covered increased from just 6 lakhs during Rabi 1999-000 to about 50 lakhs during Rabi 2006-07 season. The coverage under NAIS has been far larger during the Kharif than the Rabi seasons. The nine Kharif seasons under NAIS recorded a cumulative coverage of 996 lakh farmers while the eight Rabi Seasons covered merely 289 lakh farmers.

Table: 1.1 Coverage under NAIS during Kharif Seasons

S. No	Season	Farmers Covered (lakhs)	Area (lakhs of hectares)	Sum Insured (Rs. crore)	Premium (Rs. crore)	Claims (Rs. crore)	Farmers Benefited (lakhs)
1	Kharif 00	84	132	6903	207	1222	36
2	Kharif 01	87 (3.4)	129 (-2.5))	7502 (8.7)	262 (26.5)	494	17
3	Kharif 02	98 (12.3)	155 (20.1)	9432 (25.6)	325 (24.4)	1824	43
4	Kharif 03	80 (-18.4)	124 (-20.0)	8114 (-13.9)	283 (12.9)	653	17
5	Kharif 04	127 (59.2)	243 (95.9)	13171 (62.3)	459 (62)	1038	27
6	Kharif 05	127 (0)	205 (-15.4)	13519 (2.6)	450 (-1.9)	1060	27
7	Kharif 06	129 (2.1)	197 (-4.2)	14759 (9.2)	467 (3.8)	1774	31
8	Kharif 07	134 (3.6)	208 (5.7)	17008 (15.2)	524 (12.1)	913	16
9	Kharif 08	130 (-2.9)	178 (-14.4)	15656 (-7.9)	514 (-1.9)	1476	30
	Total Kharif	996	1571	94210	3491	10454	244

Source: Compiled from NAIS Statistics from Agriculture Insurance Company of India Ltd
*Figures in parenthesis denote percentage increase over the preceding season.

Table: 1.2 Coverage during Rabi Seasons under NAIS

S. No	Season	Farmers Covered (lakhs)	Area (lakhs)	Sum Insured (Rs. crore)	Premium (Rs. crore)	Claims (Rs. crore)	Farmers Benefited (lakhs)
1	1999-00	6	8	356	5	8	1
2	2000-01	21 (260.6)	31 (298.3)	1603 (349.6)	28 (412.7)	59	5
3	2001-02	20 (-6.5)	31 (1.1)	1498 (-6.6)	30 (8.5)	65	5
4	2002-03	23 (19.0)	40 (28.3)	1838 (22.7)	39 (27.7)	189	9
5	2003-04	44 (89.9)	65 (60.2)	3049 (65.9)	64 (66.4)	497	21
6	2004-05	35 (-20.1)	53 (-17.4)	3774 (23.7)	76 (18.4)	161	8
7	2005-06	40 (14.6)	72 (35.1)	5072 (34.4)	105 (38.2)	338	10
8	2006-07	50 (22.9)	76 (5.7)	6543 (28.9)	143 (36.3)	515	14
9	2007-08	50 (0)	74 (-2.6)	7466 (14.1)	159 (11.1)	798	16
Total Rabi		289	450	31199	649	2630	89

Source: Compiled from NAIS Statistics from Agriculture Insurance Company of India Ltd
*Figures in parenthesis denote percentage increase over the preceding season.

The rising trend in Kharif coverage in the first four to five seasons was mainly owing to increase in the number of participating states and crops notified, apart from the large participation of the non-borrower farmers in selected seasons. However, the trend in the past two to three Kharif and Rabi seasons have been different. A few states have shown a consistent increase in coverage in the last few seasons. In most of these states, the increase in coverage has been spread across different crops, with higher coverage for crops with larger indemnity payouts in the preceding seasons.

It is seen that the sum insured under NAIS has increased at a much higher rate than the area insured. For the period as a whole (1999-2000 to 2006-07), while sum insured increased by 194 percent, the area insured increased by only 95 percent. This is also shown by the increasing per hectare sum insured and per farmer sum insured (Table 1.3). Given that more than three-fourth of the farmers insured under the scheme are loanee farmers who are compulsorily covered, the increasing scale of finance[9] by the financial institutions (in their efforts to increase the credit to agricultural sector) seems to have contributed towards higher growth rate of sum insured under the Scheme.

The per farmer premium averages to around Rs.391 during Kharif 2007 season and Rs.314 during Rabi 2007-08 season. Despite a higher per farmer sum insured during Rabi seasons, the claims are generally lower during the season as revealed by the much lower per farmer claims.

Table 1.3 Per farmer/hectare coverage/indemnity under NAIS

Kharif Seasons	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Per farmer Sum Insured	8209	8627	9655	10180	10381	10665	11411	12692
Per hectare Sum Insured	5222	5821	6072	6567	5426	6584	7502	8193
Per farmer premium	246	301	333	355	362	355	361	391
Per farmer Claims	3362	2833	4245	3811	3811	3975	5659	5786
Rabi Seasons								
Per farmer Sum Insured	7662	7658	7897	6897	10688	12527	13142	14776
Per hectare Sum Insured	5150	4760	4550	4714	7063	7026	8571	9911
Per farmer premium	133	154	165	144	214	258	287	314
Per farmer Claims	1129	1426	2035	2369	2078	3450	3663	NA

Source: Compiled from NAIS Statistics from Agriculture Insurance Company of India Ltd

9. Scale of finance, fixed by the District Level Technical Committee is the crop-wise borrowing limit for the farmers from the FIs.

State-wise coverage: The State-wise analysis of coverage under the scheme reveals that the demand for crop insurance is concentrated in the states where crops grow under rain-fed conditions and natural risks are higher such as Andhra Pradesh, Gujarat, Karnataka, Orissa, MP, UP, Rajasthan and Maharashtra. The level of crop insurance penetration and coverage under the scheme is presented in Table 1.4. The top seven states in terms of coverage under the scheme are AP, Gujarat, MP, Maharashtra, UP, Karnataka and Rajasthan and they account for 78 percent of farmers covered, 80 percent of sum insured, 84 percent of premium and around 80 percent of the total claims. To have a clear picture of penetration of NAIS in each season, we see the proportion of the number of farmers covered to the total number of farmers (holdings) 9 in each state. For the country as a whole, about 16 percent of the farmers are annually insured under the scheme. However there are significant inter-state variations in the penetration levels. The penetration of the scheme has been the highest in Rajasthan where more than 50 percent of the farmers are covered under the scheme. In States like AP, Gujarat, Karnataka, MP and Orissa, about one-fourth of the farmers are insured under NAIS.

Amongst the states with the highest participation of farmers under NAIS are Maharashtra, AP and MP at 17 percent, 15 percent and 12 percent respectively. The cumulative figures however do not show significant differences in the share of the individual states in the recent years, most notable being the declining share of Maharashtra in the past few years (Table 1.5). The premium in Maharashtra declined from Rs.49 cr in 2000-01 to Rs.32 cr in 2007-08. The decline is mainly on account of the stay on compulsory provisions of the scheme by the High Court in the state and also the declining coverage under cotton crop in the recent years. On the other hand, there has been a consistent increase in the premium generated by the scheme in Rajasthan state i.e. from merely Rs.1 cr in 2003-04 (the first year of the implementation of the scheme in the state) to approx Rs.74 cr during 2007-08.

Table 1.4 Level of penetration and coverage under National Agricultural Insurance Scheme by major States (Rabi 1999-00 Season till Kharif 2007 Season).

Amount in Rs. Crore

Sl. No.	State	Level of Penetration	Farmers covered (Lakhs)	Sum Insured
1	AP	22.01	165 (14.9)	24497 (21.4)
2	Gujarat	22.20	83 (7.5)	16066.6 (14.1)
3	Karnataka	10.24	77 (7.0)	8804 (7.7)
4	MP	30.51	136 (12.5)	12618 (11.0)
5	Maharashtra	18.63	189 (18.6)	10782 (9.4)
6	Orissa	24.54	82 (7.4)	7964 (6.9)
7	Rajasthan	52.85	91 (8.4)	8769 (7.7)
8	UP	11.29	97 (8.8)	9946 (8.7)
9	West Bengal	16.08	56 (5.0)	4031 (3.5)
	All India	**15.96**	**1104 (100)**	**114186 (100)**

Source: Agricultural Census (1995-96) for the State-wise number of holdings, Agriculture Insurance Company of India Ltd.,
*Figures in parenthesis denote percentages to total. Level of penetration is the proportion of farmers insured under NAIS annually (cumulative of Kharif and Rabi Seasons) to the total number of farmers (holdings), Loss cost percentage is the total indemnity payouts as a percentage of the total liability. Claim ratio is the total claims divided by the total gross premium.

Fig. 1.1 State-wise Premium and Claims Under NAIS (Rabi 1999-00 Season till Kharif 2007 Season).

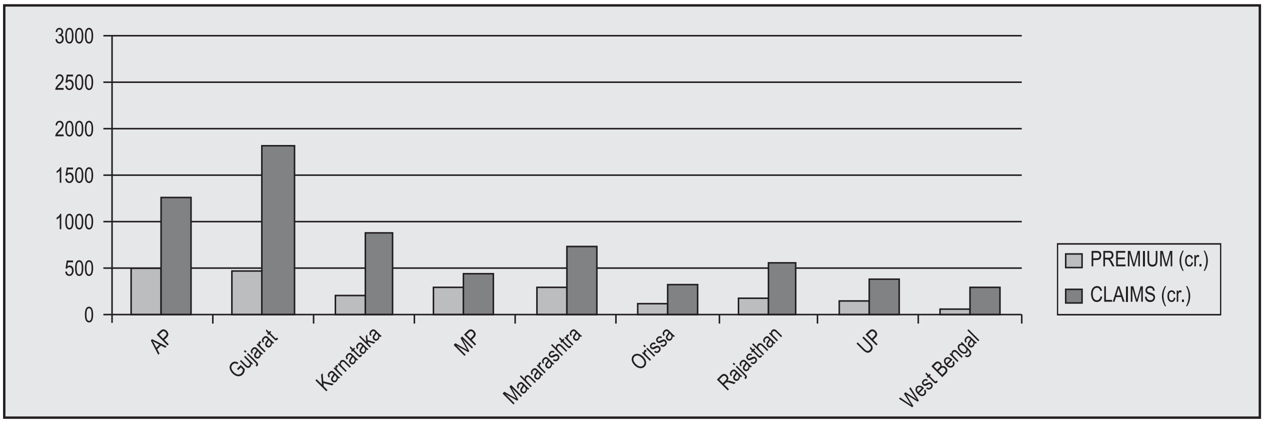


Fig. 1.2 State-wise Premium generated under NAIS (2007-08)

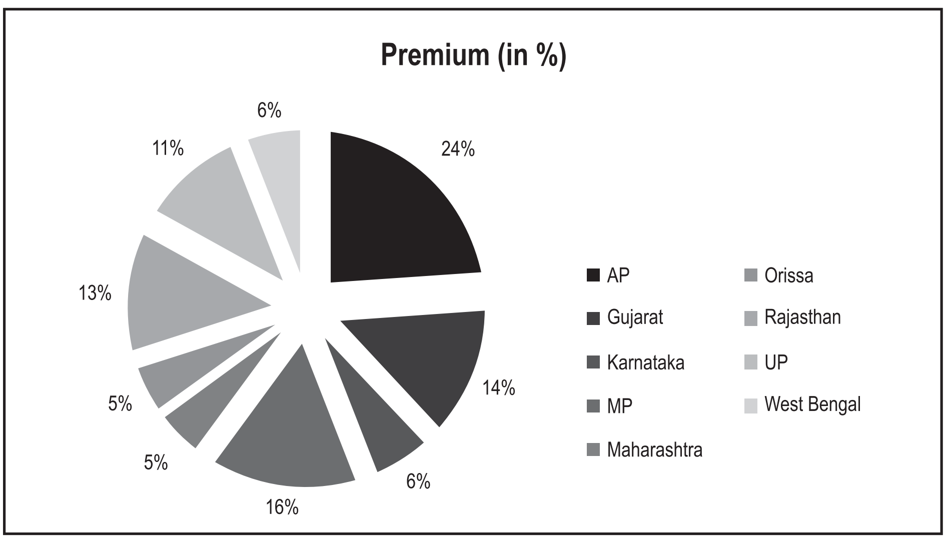
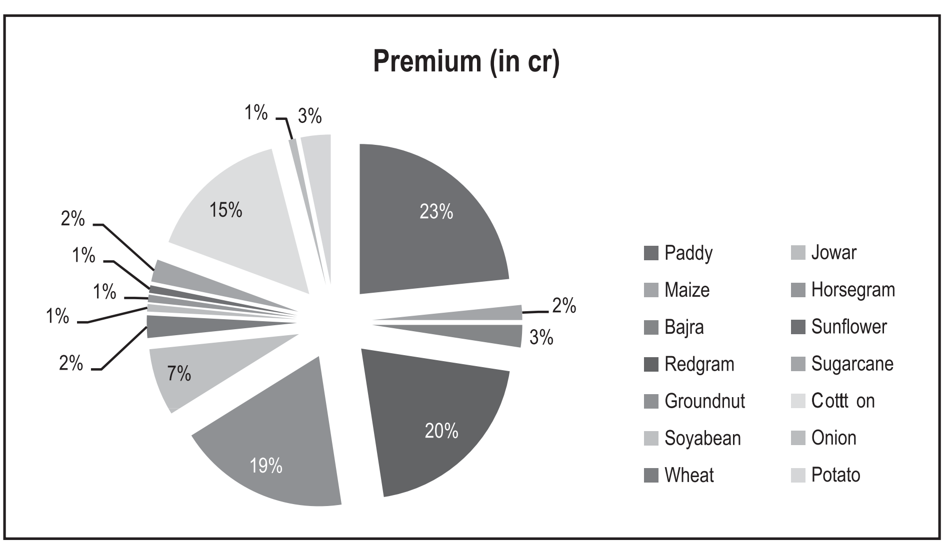


Fig 1.3 Crop-wise total premium generated under NAIS



It can be seen that the annual loss ratio has always been higher than 100 percent under NAIS as shown in Figure 1.1. In other words, the claims paid has always exceeded the gross premium received., as a result of the considered decision to charge low flat rates of premium for food crops and oilseeds (which accounts for more than three fourths of the premium received under the scheme). The applicable premium rates are 1.5 percent to 3.5 percent or the assessed actuarial rates, whichever is lower. Therefore, adequate and continual government support is used to sustain the program at least till such time the government considers change to an actuarial regime. Amongst the major states, Gujarat has had the highest loss cost ratio and Madhya Pradesh the least.

Crop-wise coverage under NAIS

Analysis of crop-wise statistics of NAIS reveal that the most important crop in terms of farmers covered and premium generated is paddy crop, which is covered both in Kharif and Rabi seasons. About 36 percent of the farmers covered, 33 percent of the total liability and more than a quarter of the total premium generated under the scheme is accounted by the crop. Groundnut is the second most important crop, accounting for 12 percent of the farmers covered and about 20 percent of the total liability and premium generated. The other important crops in terms of coverage include cotton and soyabean crops. Wheat is the most important crop covered in Rabi season accounting for about 8 percent of the total farmers covered.

Despite sizeable farmer participation, the comparatively low contribution of wheat crop to total premium is owing to the extremely low flat premium of 1.5 percent (of sum insured) applicable for the crop. With the exception of cotton, and to some extent potato and sugarcane, the coverage has been comparatively low for the annual commercial and horticulture (ACH) crops, the most potent reason being the applicability of actuarially higher premium rates, which are understandably much higher than the flat rates charged for the food crops and oilseeds (FCOS).

An analysis of the crop-wise indemnity under NAIS reveals that the indemnity payouts under the Scheme have been particularly heavy towards certain crops. More than one-third of the total indemnity under NAIS has been accounted by Groundnut crop, the total indemnity for the crop being 5.5 times the premium received (Table 1.6). Amongst the major crops covered under the FCOS category, the highest loss cost is accounted by Jowar and Horse gram crops followed by Groundnut. Amongst the ACH crops, the crop with the highest loss cost ratio is onion at 18.69 percent.

It can also be observed that the loss cost ratio of food crops and oilseeds (FCOS) is almost double than that of the annual commercial and horticulture (ACH) crops. The indemnity payouts of food crops and oilseeds are more than four times the premium received for these crops, while the ratio is significantly lower for the annual commercial and horticulture crops.

The most notable feature in the crop-wise coverage under the Scheme in the recent years is the fall in the coverage of cotton crop, following the introduction of Bt. Cotton in the country. The greatest decline has been in the States of Gujarat and Maharashtra[10].

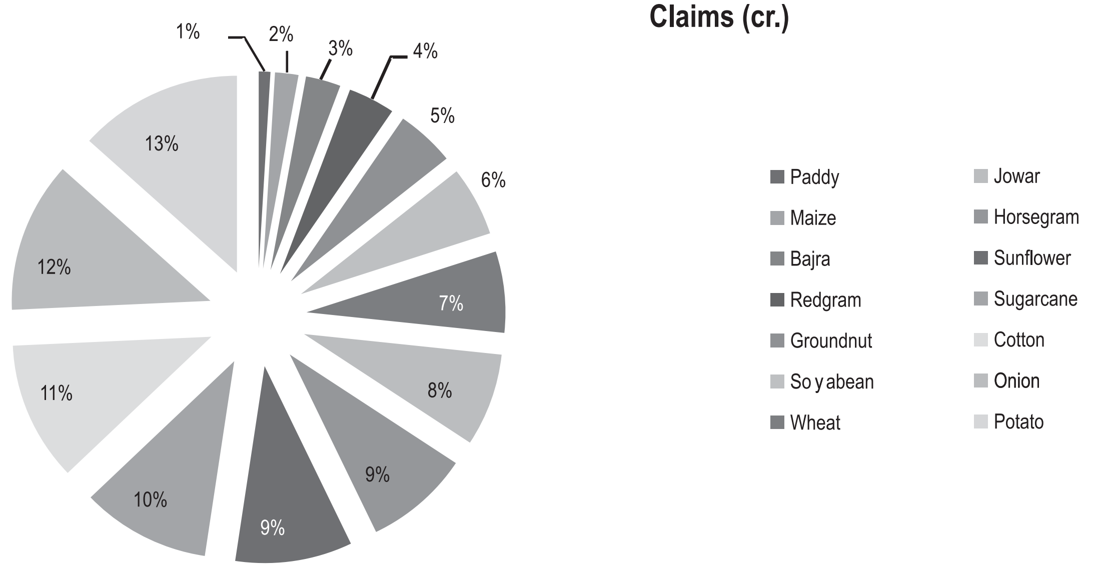
Table 1.6 Crop-wise coverage under NAIS: Rabi 1999-00 to Kharif 2006 Season.

S. No	Crops	Farmers Covered (lacs)	Sum Insured (cr)	Premium (cr.)	Claims (cr.)	Loss Cost %	Claim Ratio
1	Paddy	332 (36.07)	30447 (33.61)	752 (26.85)	2412 (25.72)	7.92	3.21
2	Maize	18 (1.97)	1508 (1.66)	38 (1.37)	166 (1.77)	11.00	4.32
3	Bajra	39 (4.20)	2517 (2.78)	88 (3.16)	332 (3.54)	13.19	3.75
4	Redgram	24 (2.59)	1943 (2.14)	50 (1.77)	258 (2.75)	13.29	5.21
5	Groundnut	111 (12.00)	17105 (18.88)	591 (21.10)	3200 (34.13)	18.71	5.41
6	Soyabean	70 (7.57)	6779 (7.48)	234 (8.35)	494 (5.27)	7.28	2.11
7	Wheat	70 (7.59)	5670 (6.26)	86 (3.07)	334 (3.56)	5.90	3.89
8	Jowar	40 (4.39)	1458 (1.61)	36 (1.30)	298 (3.17)	20.42	8.19
9	Horsegram	15 (1.63)	924 (1.02)	20 (0.72)	187 (1.99)	20.24	9.26
10	Sunflower	11 (1.17)	813 (0.90)	23 (0.84)	95 (1.01)	11.64	4.03
11	Sugarcane	37 (4.04)	6477 (7.15)	91 (3.26)	130 (1.39)	2.01	1.43
12	Cotton	57 (6.19)	6277 (6.93)	496 (17.71)	528 (5.63)	8.42	1.06
13	Onion	4 (0.44)	519 (0.57)	39 (1.38)	97 (0.92)	18.69	2.49
14	Potato	17 (1.82)	2207 (2.44)	95 (3.38)	209 (2.24)	9.47	2.20
	FC OS	802 (87.07)	73869 (81.54)	2039 (72.77)	8381 (89.38)	11.35	4.11
	AC H	119 (12.93)	16721 (18.46)	763 (27.23)	996 (10.62)	5.95	1.30
	TOTAL	**921**	**90590**	**2802**	**9377**	**10.35**	**3.35**

Source: Agricultural Census (1995-96) for the State-wise number of holdings, Agriculture Insurance Company of India Ltd.,
*Figures in parenthesis denote percentages to total.

10. The penetration of NAIS is taken as the number of holdings (Farmers) covered to the total number of holdings. As per the Agricultural Census of 1995-96, there were 1155.8 lakh holdings which is generally equated to farm households. The distribution of State-wise holdings as given in Agricultural census for the year 1995-96 is taken and assumed to be stable since then.

Fig. 1.4 Crop-wise total claims under NAIS



Who benefits from nais? Farmer category-wise coverage and indemnity across seasons/crops

Small & marginal farmers: Under NAIS, farmers are categorised into small and marginal farmers, and other farmers on the one hand, and loanee and non-loanee farmers on the other. As explained earlier, a vast majority of the farm holdings in the country are small / marginal in size, with approximately 80 percent of the farmers operating less than 2 hectares. Given that one of the policy goals implied in the scheme is to provide support to the poor farmers who stand to lose the most during severe crop failures, it remains to be seen as to how these farmers have benefited from crop insurance. In the present section, the analysis of coverage and proportionate benefits derived by different categories of farmers is analyzed: Table 1.7 shows the proportionate coverage of small and marginal farmers in the respective Kharif and Rabi seasons.

Table: 1.7 Season-wise Coverage of Small & Marginal Farmers under NAIS

	2000	2001	2002	2003	2004	2005	2006	2007	Avg
Kharif Seasons									
% of Farmers Covered	65.24	65.36	67.37	65.87	63.32	61.11	60.18	62.86	64.41
% in Total Claims	34.33	24.22	21.63	22.16	36.68	51.58	31.89	NA	31.89
Rabi Seasons									
% of Farmers Covered	70.66	70.80	74.91	69.03	54.87	66.07	62.33	60.33	65.21
% of Total Claims	44.20	41.33	39.51	49.04	29.04	63.80	48.97	NA	42.43
Total									
% of Farmers Covered									64.57
% of Total Claims									33.71

Source: Agricultural Census (1995-96) for the State-wise number of holdings, Agriculture Insurance Company of India Ltd.,

Table 1.8 Crop-wise coverage of Small/Marginal farmers (S/M) under NAIS: Rabi 1999-00 to Kharif 2006 Season.

S.No	Crops	S/M coverage	S/M Claims	S/M Farmers Benefited (%)
1	Paddy	79.73	54.88	76.11
2	Maize	61.69	41.61	60.56
3	Bajra	40.77	10.90	31.67
4	Redgram	49.07	24.80	55.22
5	Groundnut	58.77	12.42	39.10
6	Soyabean	49.51	30.68	52.14
7	Wheat	63.53	52.71	66.06
8	Jowar	48.47	26.30	43.44
9	Horsegram	37.85	20.74	36.70
10	Sunflower	33.93	17.70	29.83
11	Sugarcane	79.19	56.10	74.34
12	Cotton	57.54	9.94	42.01
13	Onion	50.75	11.86	34.47
	FC OS	63.06	28.87	60.95
	AC H	69.31	27.94	57.34
	TOTAL	**63.87**	**31.15**	**60.58**

Source: Agricultural Census (1995-96) for the State-wise number of holdings, Agriculture Insurance Company of India Ltd.,

It is observed that more than 60 per cent of the farmers insured under NAIS in the respective seasons (with the exception of Rabi 2004-05 season), belonged to the small and marginal category. Needless to say, the compulsory coverage of the loanee farmers under NAIS goes a long way in these farmers being covered under the scheme. However, despite these farmers being in majority amongst the farmers covered, the benefits derived by them accounts for merely 33 percent of the total claims settled under the scheme. This is on account of the smaller land holdings and hence the lower sum insured of the Small and Marginal farmers.

The coverage of small and marginal farmers can also be seen to be significantly higher for paddy and sugarcane crops, where close to 80 percent of the farmers covered belong to this category and an almost equal proportion of farmers benefited under the scheme (Table 1.8).

It is significant to note that more than 60 percent farmers benefited under food crops and oilseeds category are small and marginal farmers. Though the small and marginal farmers accounted for only one third of the total claims under NAIS, it is significantly higher in case of crops like paddy, wheat and sugarcane, where more than half of the total claims disbursed were for these categories. On the other hand, for crops like Bajra, Groundnut, Cotton and Onion, less than 10 percent of the total claims are disbursed to the small and marginal farmers.

(To be concluded)

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प्रकाशक का संदेश

व्यक्ति, लोगों के एक समूह अथवा समाज के एक बड़े वर्ग के लिए जैसा नाम से ही प्रतिबिम्बित होता है दुर्घटना आकस्मिक परिस्थितियों में दुःखद परिणाम है। पिछले अनुभव से परिपक्व ज्ञान प्राप्त करते हुए तकनिकी विकास को ध्यान में रखते हुए मानव समाज में कई अवरोध उन क्षेत्रों में रखे है जो दुर्घटना विपदा की ओर झूके हुए हैं। फिर भी दुर्घटना भयानक रुप से अभी भी घटती रहती हैं। और कुछ विशाल हानि सम्पूर्ण अर्थव्यवस्था को प्रदान करती है। वैसे सम्पति की हानि के लिए कुछ नहीं किया जा सकता जो दुर्घटना के परिणामस्वरूप पैदा होती है। बड़ी वित्तिय हानि को संरक्षण प्रदान किया जा सकता है सम्पति का बीमा करवाने पर। दुर्घटना बीमा इसके लिए ठीक मंच प्रस्तुत करता है।

दुर्घटना बीमा इस अवधारणा पर आधारित है कि हानि प्रत्यक्ष हो तथा वह किसी दुर्घटना के परिणामस्वरुप हो यह बहुत व्यक्तिपरक तथ्य है अतः वाद विवाद का विषय है। ऐतिहासिक रुप विश्वव्यापी कई कोशिशे हुई हैं तथा सर्वत्र इस संदिग्धता के चलते बीमा कर्त्ता पर दावे थोपे गए हैं। दूसरी तरफ कई पात्र दावे इस खंड़ के सख्ती से लागु करेन के कारण यह हो गए होग। प्रत्येक हितधारी तथा समाज के विभिन्न वर्ग इस समझौते की आत्मा को सुानिश्चित करेंगे ऐसा आपेक्षित है। जिससे बीमा एक जोखिम स्थानांतरण औजार के रुप में फलस्वरुप विजेता बने।

जीवन बीमा के प्रक्षेत्र में मूल समझौते में एक सवार (राईडर) के रुप में दुर्घटना बीमा प्रस्तावित किया जाता है तथा यह वचन दिया जाता है कि मूल बीमा राशि के बराबर आवरण छोटा अतिरिक्त प्रिमियम देने पर प्रदान की जाती है। यह बहुत महत्वपूर्ण है कि ठीक प्रकार की व्यापक बीमा लेख सवार (राईडर) के लिए किया जाए जो बीमित व्यक्ति पर दबाव ड़ालेगा कि वह शारिरिक रुप से ठीक रहे। साधारण बीमा प्रक्षेत्र में व्यक्तिगत दुर्घटना बीमा पालसी के लिए पर्याप्त लिए जाना चहिए जिससे यह सुनिश्चित किया जा सकें कि बीमाकर्ता के विरुद्द चुनाव पूर्णत विरुपित हो। पर्याप्त जाँच होनी चहिये जिससे व्यक्तित्व परिवर्तन से बचा जा सकें तथा यह सुनिश्चित किया जा सकें दुर्घटना संभावित कारक हो अंततः किसी दावे का। इस लिए इस द्विक्षेत्र बीमा लेखन तथा दावा प्रबन्ध में उच्च दर्जे की निपूर्णता की आवश्यकता है।

'दुर्घटना बीमा' जर्नल के इस अकं के केन्द्रबिन्दु में है। बीमा एक पूँजी सधन उद्योग होने के कारण उद्देश्य पूँजी का अधिकाधिक उपयोग होना चाहिये तथा इस दिशा में कार्य करने का प्रबन्धकीय और ''जोखिम आधारित पूँजी'' होगा। जर्नल के अगले अंक के केन्द्रबिन्दु में बीमाकर्ता को ''जोखिम आधारित पूँजी'' होगा।

जे. हरि नारायण
अध्यक्ष

"

दृष्टि कोण

बीमा पर्वेक्षक पालसी धारक के संरक्षण के लिए बड़े रुप से चिंतित रहते हैं। जिसको प्रूडेंशल विनियमन के द्वारा निपूर्ण किया जाता है। जिसमें साल्वेंसी शिक्षा भी शामिल है। विश्वव्यापी मानक पर्वेक्षक को विश्वभर में मूल्यांकन करने में मदद करेगें।

श्री अल ग्रोस

अध्यक्ष, तकनिकी समिति, आई.ए.आई.एस

इस अनिश्चित समय में हमें अपने बीमा के प्रति सर्तक रहना होगा जिससे यह सुनिशचित किया जा सके की हमें सुरक्षा प्राप्त है। उपभोक्ता अपने को तथा अपने परिवारों को अपने रोजगार की अवस्था के बिना सुरक्षित कर सकते हैं। इस सुनिश्चित करते हुए कि वे उनके आवरण तथा पहुँच को कम खर्च पर रख सकें।

श्री रोजर सैविझ

एन.ए.आई.सी अध्यक्ष तथा न्यू हैम्पशायर इंशुरेन्स कमीशनर

बीमा एक लाइसेंस व्यवसाय है तथा (एम व ए) दिशानिर्देश वही होगी जो नये बीमाकर्ताओं पर लागु होती हैं। पर्याप्त रक्षा उपाय लिये गये है जिससे रात को भागने वाले प्रचालकों अलग किया जा सकें।

श्री जे हरि नारायण

अध्यक्ष, बीमा विनियमक विकास प्राधिकरण, भारत

असामयिक प्रावधानों जो की वित्तिय नवप्रवर्तन को बदल सकते हैं। को सही करते हुए तथा अधिक विनियमनों को त्याग करते हुए, बेहतर विनियमनों का लक्ष्य प्रभावशीलता को बढ़ाना तथा उस विनियमक का तभी होगा जब उसकी वास्तव में आवश्यकता है।

डा. तकाफूमी सैटो

कमीशनर, फाइनेंशियल सर्विस एजेंसी (एफ.एस.ए), जापान

जब पूँजी के संघटन तथा पूँजी के प्रयोग में उत्पादक बिखर जाए, प्राप्तियों को सुनिश्चित नहीं किया जा सकता - गुब्बारे को तो अंततः फूटना ही है दर्ददायक परिणामों के साथ।

श्री हेंग स्वी किट

प्रबन्ध निदेशक, मौनेटरी अथॉरिटी सिंगापुर

वित्तिय संकट ने यह प्रदर्शित किया है कि हम लम्बे समय तक उच्च प्रबन्ध के निर्णय पर नहीं रह सकते और कार्यवाही करें हमारे मत से ऐसी कार्यवाही हमारे वैद्यानिक उद्देश्यों के लिए जोखिम होगा।

श्री हैक्टर सैंट

मुख्य कार्यपालक, वित्तिय सेवा प्रधिकरण, यू.के.

ऐसा कोई भी कार्यक्रम जो कि उपभोक्ता को दर, लाभ और आवश्यकताओं के दो विकल्प प्रदान करता है। उनमें से एक का खारिज होना आवश्यक है।

सूश्री सेंडी प्रैगर

कमीशनर बीमा, कंसास राज्य

"

बीमा विज्ञान का आधार

पायल चौधरी कहती हैं, भूत और वर्तमान काल के आँकड़ों के आधार पर बीमाविज्ञान हमें बतलाता है कि प्रति सेकंड एक मनुष्य मर जाता है। इस प्रकार हर समय ही कोई न कोई मर रहा होता है।

बीमा विज्ञान (Insurance and Actuarial Science) केवल बीमे का साधारण ज्ञान नहीं है।

इस विज्ञान की आधार विशेषकर प्रयिकता (Probability) तथा सांख्यिकीय विज्ञान (Statistical Science) है। गणित की उन शाखाओं को जिनका उपयोग इस विज्ञान में होता है, बीमा गणित (Actuarial Mathematics) कहा जा सकता है। इसी प्रकार सांख्यिकी की उस शाखा को जिसका उपयोग इस विज्ञान में होता है बीमा सांख्यिकी (Actuarial Statistics) कह सकता है।

भूत और वर्तमान काल के आँकड़ों के आधार पर बीमाविज्ञान हमें बतलाता है कि प्रति सेकंड एक मनुष्य मर जाता है। इस प्रकार हर समय ही कोई न कोई मर रहा होता है। तब भी हम अपने दैनिक कार्यों मे कभी इस विचार को पास फटकने नहीं देते। यदि हम हर समय का अधिकांश समय यही सोचते रहें कि कहीं अगले क्षण हमें काल का ग्रास न बनाना पड़े, तो जीवन दूभर एवं निराशामय हो जाएगा। ऐसा क्यों है? इसलिए कि हम सभी में कुछ न कुछ 'बीमाविज्ञ' का अंश विद्यमान है। एक दिन में शायद 25 हजार मनुष्यों में से एक के मरने की बारी आती हो, अतः स्वाभाविक है हर एक अपने को 24,999 में समझाता है। इस हिसाब से कह सकते हैं कि एक मनुष्य को अगले चौबीस घंटों में मृत्यु की संभावना 25 हजार में एक, या 1/25000 = 0.00004, बार है और चौबीस घंटे जीवित रहने की संभावना 0.99996 बार है। दोनों मिलकर निश्चित ही पूरा एक होना चाहिए, क्योंकि जीवित रहने या न रहने के सिवा तीसरा कोई मार्ग नहीं है।

डपर्युक्त गणना में सब मनुष्यों को एकसाँ मृत्युशील माना गया है, पर वास्तव में ऐसा नहीं है। किस प्रकार के मनुष्यों को एक जैसा माना जाए, और किस प्रकार के मनुष्यों को इनसे भिन्न और कितना भिन्न माना जाए, ये सब जटिल प्रश्न हैं और इनको हल करना बीमाविज्ञ का काम है।

> यदि हम हर समय का अधिकांश समय यही सोचते रहें कि कहीं अगले क्षण हमें काल का ग्रास न बनाना पड़े, तो जीवन दूभर एवं निराशामय हो जाएगा।

और तो और, जब कोई व्यक्ति जीवनवृत्ति (Life Annuity) के लिए आवेदनपत्र देता है, तो उसकी मत्रयता कम मानी जाती है, और जब वही व्यक्ति जीवन बीमे का प्रस्ताव रखता है तब बहुधा उसकी डाक्टरी परीक्षा की जाती है और फिर भी 'मत्रयता' कुछ अधिक मानी जाती है।

मान लीजिए सनई एक 20 वर्षीय स्वस्थ युवक है। उसके व्यवसाय, वंशपरंपरा, रहन सहन आदि सब का विचार कर बीमा विज्ञ ने या निश्चित किया कि एक वर्ष में सनई जैसे एक हजार व्यक्तियों में से दो के मरने की आशा है, तो हम कहेंगे कि मत्रयता की वार्षिक दर हजार में दो, अथवा 0.002, है।

बीमाविज्ञ मत्रयता, भविष्य में कमाया जानेवाला ब्याज और होनेवाली आय तथा बीमे के लिए आवश्यक संगठन पर होनेवाले व्यय आदि पर ध्यान रखते हैं। ये सभी पहले से ठीक ठीक निश्चित नहीं किए जा सकते, फिर भी भूत, वर्तमान और समाज की दशा आदि देखकर सथासंभव सही अनुमान लग जाता है। इन्हीं सब बातों पर विचारकर बीमा किस्त निर्धारित की जाती है।

बीमाविज्ञ आँकड़ों के आधार पर एक श्रेणी विशेष या समुह के लिए भविष्यवाणी करते हैं। उन्हें किसी व्यक्तिविशेष में कोई रूचि नहीं होती। वे मरनेवाले व्यक्तियों के परिवार की सहायता करना चाहते हैं। इसके लिए उन्होंने बीमा योजनाएँ बनाई हैं। वे अर्जक युवकों को कहते हैं, 'हमारी

किसी जीवन बीमा योजना में बीमा करा लो। असमय में मरनेवालों का भला होगा, जीनेवालों का भी भला होगा।' जीवन बीमा तथा अन्य प्रकार के बीमों में यह बड़ा अंतर है कि अन्य बीमों में जिस वस्तु का बीमा होता है उसके वष्ट होने पर, मिलनेवाले बीमाधन से वही वस्तु फिर प्राप्त हो सकती है। उसमें बीमाकृत वस्तु का मूल्य होता है, किंतु जीवन का मूल्य नहीं होता। जीवन का बीमा गांरटी के रुप में नहीं हो सकता। जीवन लौटाया नहीं जा सकता। बीमाधन से अर्जक व्यक्ति की मृत्यु से उसके आश्रितों को हानेवाली आर्थिक हानि को दूर या कम किया जा सकता है। सही काम प्रत्येक जीवन बीता योजना करती है। सनई चाहे बीमा कराने के तीन महीने बाद ही क्यों न मर जाए, उसके आश्रितों को पूरा बीमा धन मिलेगा।

बीमाविज्ञ जानते हैं कि थोड़े से लोगों का बीमा करने से भविष्यवाणी के अंकों और वास्तविक अंकों में अंतर अधिक हो सकता है, पर बड़े पैमाने पर बीमा करने से भविष्यवाणी अधिक सही उतरती है। इसलिए किसी भी बीमायोगय व्यक्ति को बिना बीमा कराए छोड़ना नहीं चाहिए। साथ ही बीमाविज्ञ यह भी जानते हैं कि अस्वस्थ मनुष्य अधिक सुगमता से बीमा कराने को तैयार हो जाते हैं तथा इस प्रकार के ही लोग सुगमता से बड़ी रकमों का बीमा प्रस्ताव करते हैं। अतएव बड़ी धनराशि तथा उम्रवाले लोगों के बीमा प्रस्तावों के संबंध में वे विशेष सावधानी रखते हैं तथा उचित डाक्टरी परीक्षा की सलाह भी देते हैं।

बड़े पैमाने पर बीमे का काम करने से बीमाकृत जनसमुह से बहुत बड़ी धनराशि आती है। इतनी बड़ी धनराशि से अच्छा सूद कमाया जा सकता है। जीवन बीमा निगम के पास लगभग सात अरब रुपये वार्षिक प्राप्त होते हैं। इतनी बड़ी धनराशि से राष्ट्र की बड़ी सेवा होती है। इस धनराशि का एक बड़ा भाग, सरकारों के पास सूद पर जमा किया जाता है, जिसका पंचवर्षीय योजनाओं को कार्यान्वित करने में उपयोग होता है। साथ ही उपर्युक्त धनराशि से निजी व्यवसाओं को भी पूँजी प्राप्त होती है। बड़े पैमाने पर काम करने में बड़ी मेहनत और बड़े संगठन की भी आवश्यकता है। इसके प्रबंध में बड़ा व्यय भी होता है।

जीवन बीमा निगम के पास लगभग सात अरब रुपये वार्षिक प्राप्त होते हैं। इतनी बड़ी धनराशि से राष्ट्र की बड़ी सेवा होती है। इस धनराशि का एक बड़ा भाग, सरकारों के पास सूद पर जमा किया जाता है।

किसी बीमा संस्था की अतुल धनराशि को ही देखकर उसकी आर्थिक दशा का अनुमान नहीं किया जा सकता। जो शुल्क बीमाकृत व्यक्तियों से प्राप्त होता रहता है, उसका अधिकांश उन्हें या उनके आश्रितों को कोई वर्षों बाद बीमा संस्था के पास आर्थिक दशा खराब होने पर भी अपार धन राशि होगी, अतः मूल्यांकन के रुप में बीमाविज्ञ का अंकुश संस्था पर न हो तो प्रबंधकों को बढ़ती हुई धनराशि को लुटा देने का प्रलोभन हो सकता है। इसलिए बीमाविज्ञ को समय समय पर जीवनांकिक मूल्यांकन करना पड़ता है।

बीमाविज्ञ बनने के लिए गणित की योगयता बहुत अच्छी होनी चाहिए। बीमाविज्ञ को किसी भी प्रश्न पर विचार करते समय, उसे हर पक्ष से देखना होता है। उसे सांख्यिकी का अच्छा ज्ञान तथा व्यावहारिक अर्थशास्त्र का भी बहुत ज्ञान प्राप्त करना होता है। बीमा विज्ञान की शिक्षा एक उत्तम प्रकार की शिक्षा है और मनुष्य को किसी भी स्थल में यांगयतापूर्वक काम करने में सहायता देती है।

लेखक जयपुर में बीमा कार्मिक हैं।

राष्ट्रीय कृषि बीमा योजना

लक्ष्य

राष्ट्रीय कृषि बीमा योजना के उद्देश्य निम्नलिखित है

- प्राकृतिक आपदा, कीट या बीमारी के कारण किसी भी अधिसूचित फसल के बर्बाद होने की स्थिति में किसानों को बीमा का लाभ और वित्तीय समर्थन देना।
- किसानों को खेती के प्रगतिशील तरीके, उच्च मूल्य (आगत) इनपुट और कृषि में उच्चतर तकनीक अपनाने के लिए प्रोत्साहित करना।
- खेती से होनेवाली आय को विशेष रुप से आपदा के वर्षों में स्थायित्व देने में मदद करना।

योजना की मुख्य विशेषताएँ

1. इसके अधीन फसलें

निम्नलिखित वृहत समूहों की फसल, जिनके बारे में (1) फसल कटाई प्रयोग के बारे में समुचित वर्षो के आंकड़े उपलब्ध हैं और (2) प्रस्तावित मौसम में उत्पादन की मात्रा के आकलन के लिए आवश्यक फसल कटाई प्रयोग किये गये हों

- खाध फसलें (अनाज, घास और दाल)
- तिलहन
- गन्ना, कपास और आलू (वार्षिक वाणिज्यिक या वार्षिक बागवानी फसलें)
- अन्य वार्षिक वाणिज्यिक या वार्षिक बागवानी फसलें, बशर्ते उनके बारे में पिछले तीन साल का आँकड़ा उपलब्ध हो। जिन फसलों को अगले साल शामिल किया जाना है, उनकी सूचना चालू मौसम में ही दी जायेगी।

यह योजना सभी राज्यों और संघ शासित प्रदेशों में लागू है। जो राज्य या संघ शासित प्रदेश योजना में शामिल होने का विकल्प चुनते हैं।

2. इसके अधीन लाये जानेवाले राज्य व क्षेत्र

- यह योजना सभी राज्यों और संघ शासित प्रदेशों में लागू है। जो राज्य या संघ शासित प्रदेश योजना में शामिल होने का विकल्प चुनते हैं, उन्हें योजना में शामिल की जानेवाली फसलों की सूची तैयार करनी होगी।
- निकास नियम - जो राज्य इस योजना में शामिल होंगे, उन्हें कम से कम तीन साल तक इसमें बने रहना होगा।

3. इसके अधीन लाये जानेवाले किसान

- अधिसूचित क्षेत्रों में अधिसूचित फसल उगानेवाले सभी किसान, जिनमें बटाईदार, किरायेदार शामिल हैं, इस योजना में शामिल होने के योग्य हैं।
- यह किसानों के निम्नलिखित समूहों को शामिल कर सकती है
  - अनिवार्य आधार पर - वैसे सभी किसान, जो वित्तीय संस्थाओं से मौसमी कृषि कार्य के लिए कर्ज लेकर अधिसूचित फसलों की खेती करते हैं, यानी कर्जदार किसान।
  - ऐच्छिक आधार पर - अन्य सभी किसान, जो अधिसूचित फसलों की खेती करते हैं, यानी गैर - कर्जदार किसान।

4. शामिल खतरे और बाहर किये गये मामले

- निम्नलिखित गैर-निषेधित खतरों के कारण फसलों को हुए नुकसान की भरपाई के लिए एकीकृत आपदा बीमा किया जायेगा
  - प्राकृतिक आग और वज्रपात
  - आंधी, तूफान, अंधड़, समुद्री तूफान, भूकंप, चक्रवात, ज्वार भाटा आदि।
  - बाढ़, डूबना और भूस्खलन।
  - सुखाड़, अनावृष्टि।
  - कीट या बीमारी आदि।
- युद्ध और परमाणु युद्ध, गलत नीयत तथा अन्य नियंत्रण योग्य खतरों से हुए नुकसान को इससे बाहर रखा गया है।

5. बीमित राशि-कवरेज की सीमा

- बीमित किसान के विकल्प से बीमित फसल के सकल उत्पाद तक बीमित राशि को बढ़ाया जा सकता है। किसान अपनी फसल की कीमत को 150 प्रतिशत तक बढ़ा सकते हैं, बशर्ते फसल अधिसूचित हो

और इसके लिए वे वाणिज्यिक दर पर प्रीमियम का भुगतान करने को तैयार हों।

- कर्जदार किसानों के मामले में बीमित राशि फसल के लिए ली गयी अग्रिम राशि के बराबर हो।
- कर्जदार किसानों के मामले में बीमा शुल्कों को उनके द्वारा लिये गये अग्रिम में जोड़ा जायेगा।
- फसल कर्ज वितरण के मामले में भारतीय रिजर्ब बैंक और राष्ट्रीय कृषि और ग्रामीण विकास बैंक (नाबार्ड) के दिशानिर्देश मान्य होंगे।

7. प्रीमियम अनुदान

- लघु व सीमांत किसानों को प्रीमियम में 50 प्रतिशत तक राज्यानुदान दिया जायेगा, जिसे केंद्र और राज्य या संघ शासित प्रदेश की सरकार बराबर-बराबर वहन करेगी। प्रीमियम राज्यानुदान तीन से पाँच साल की अवधि के बाद वित्तीय परिणाम तथा योजना लागू किये जाने के पहले साल से किसानों की प्रतिक्रिया की समीक्षा के बाद सूर्यास्त के आधार पर वापस ली जायेगी।
- लघु और सीमांत किसानों की परिभाषा इस प्रकार होगी

लघु किसान

- दो हेक्टेयर (पांच एकड़) या कम जमीन रखनेवाला कृषक, जैसा कि संबंधित राज्य या संघ शासित प्रदेश के कानून में कहा गया है।

सीमांत किसान

- एक हेक्टेयर (2.5 एकड़) या कम जमीन रखनेवाला किसान।

8. कवरेज की प्रकृति और बंध्य

- यदि परिभाषित क्षेत्र में बीमित फसल की वास्तविक पैदावार प्रति हेक्टेयर कम होती है, तो उस क्षेत्र के सभी किसानों द्वारा नुकसान उठाना माना जायेगा। योजना वैसी स्थिति में मदद के लिए बनायी गयी है।
- भुगतान की दर निम्नलिखित फार्मूले के अनुसार मानी जायेगी

(उत्पादन में कमी या वास्तविक उत्पादन) X किसान के लिए बीमित राशि (उत्पादन में कमी = वास्तविक उत्पादन - परिभाषित क्षेत्र में वास्तविक उत्पादन)

9. स्वीकृति और दावों के निबटारे की प्रक्रिया

- वर्णित तारीख के अनुसार राज्य या संघ शासित प्रदेश सरकार से एक बार पैदावार का आंकड़ा मिल जाने के बाद, दावों का निबटारा बीमा अभिकरण (आइए) द्वारा किया जायेगा।
- दावों का चेक, विवरण के साथ विशिष्ट नोडल बैंकों के नाम से जारी किया जायेगा। निचले स्तर के बैंक किसानों के खातों में राशि स्थानांतरित कर उसे अपने सूयना पट्ट पर प्रदर्शित करेंगे।
- स्थानीय आपदाओं, यथा तूफान, चक्रवात, भूस्खलन, बाढ़ आदि में बीमा अभिकरण (आइए) किसानों को हुए नुकसान के आकलन के लिए एक प्रक्रिया अपनायेगा। इस क्रम में जिला कृषि केंद्र, राज्य या संघ शसित प्रदेश से परामर्श लिया जायेगा। ऐसे दावों का निबटारा बीमा अभिकरण (आइए) और बीमित के बीच होगा।

10. पुनर्बीमा कवर

- बीमा अभिकरण (आइए) द्वारा प्रस्तावित राष्ट्रीय कृषि बीमा योजना के लिए अंतरराष्ट्रीय पुनर्बीमा बाजार में समुचित पुनर्बीमा कवर हासिल करने का प्रयास किया जायेगा।

6. प्रीमियम की दरें

क्रम संख्या	सत्र	फसल	प्रीमियम की दरें
1.	खरीफ	बाजरा व तिलहन	बीमित राशि का 3.5 प्रतिशत या वास्तविक, जो कम हो
		अन्य फसल (अनाज व दाल)	बीमित राशि का 2.5 प्रतिशत या वास्तविक, जो कम हो
2.	रबी	गेहूँ	बीमित राशि का 1.5 प्रतिशत या वास्तविक, जो कम हो
		अन्य फसल (अनाज व दाल)	बीमित राशि का 2.0 प्रतिशत या वास्तविक, जो कम हो
3.	खरीफ व रबी	वार्षिक वाणिज्यिक या वार्षिक बागवानी फसलें	वास्तविक

अनाज, घास, दलहन और तिलहन के मामलों में वास्तविक का आकलन पिछले पाँच साल की अवधि के औसत के आधार पर किया जायेगा। वास्तविक दर राज्य सरकार या संघ शासित प्रदेश के विकल्पों के आधार पर जिला, क्षेत्र या राज्य स्तर पर लागू की जायेगी।

बीमित राशि और प्रीमियम का कार्यशील उदाहरण

धान-चावल के लिए बीमित राशि की सीमा और प्रीमियम दर

राज्य में वास्तविक पैदावार 1930 किग्रा प्रति हेक्टेयर	राज्य में औसत पैदावार 2412 किग्रा प्रति हेक्टेयर	चावल का न्यूनतम समर्थन मूल्य 7.35 रुपये प्रति किग्राम
वास्तविक पैदावार का मूल्य - 14200 प्रति हेक्टेयर		वास्तिवक पैदावार का मूल्य - 26600 प्रति हेक्टेयर
सामान्य प्रीमियम दर - 2.5 प्रतिशत		वास्तविक प्रीमियम दर - 3.55 प्रतिशत

बीमित राशि व प्रीमियम तालिका		कर्जदार किसान गैर	
		कर्जदार - अ	किसान - ब
(क) अनिवार्य कवरेज	कर्ज की रशि	12000 रुपय	शून्य
	2.5 फीसदी की दर से पूरा प्रीमियम	300 रुपय	शून्य
	पूरा प्रीमियम पर 50 फीसदी की दर से सब्सिडी	150 रुपय	शून्य
	शुध्द प्रीमियम	150 रुपये	शून्य
	12000 से 14200 रुपये तक पूरा प्रीमियम = 2.5 फीसदी की दर से 2200 (कर्जदार किसानों के लिए)		
(ख) वैकल्पिक कवरेज वास्तविक उत्पादन की कीमत तक	गैर-कर्जदार किसानों के लिए सामान्य कवरेज		
	गैर-कर्जदार किसानों के लिए सामान्य कनरेज		355 रुपये
	पूरा प्रीमियम पर 50 फीसदी की दर से सब्सिडी	27.50 रुपये	177.50 रुपये
	शुध्द प्रीमियम 14200 से 26600 रुपये तक पूरा	27.50 रुपये	177.50 रुपये
	प्रीमियम = 3.55 फीसदी की दर से 12400 रुपये	440.20 रुपये	440.20 रुपये
(ग) वैकल्पिक कवरेज- औसत उत्पादन के 150 फीसदी की कीमत तक	पूरा प्रीमियम पर 50 फीसदी की दर से सब्सिडी	220.10 रुपये	220.10 रुपये
	शुध्द प्रीमियम	220.10 रुपये	220.10 रुपये
कुल शुध्द प्रीमियम (अ + ब + स का योग)		**397.60 रुपये**	**397.60 रुपये**

उदाहरण-

एक कर्जदार किसान अ और एक गैर-किसान ब के पास धान-चावल की खेती के लिए एक-एक हेक्टेयर जमीन है। (लघु किसान होने के नाते वे प्रीमियम पर 50 फीसदी सब्सिडी के हकदार हैं)

	किसान - अ (कर्जदार)	किसान - ब (गैर-कर्जदार)
कर्ज की राशि	15000.00 रुपये	शून्य
कवरेज की राशि	20000.00 रुपये	16000.00 रुपये
प्रीमियम का	2.5 फीसदी (सामान्य दर)	2.5 फीसदी (सामान्य दर)
लागू दर	15000.00 रुपये तक	14200 रुपये तक
	शेष 5 हजार रुपये के लिए 3.55 प्रतिशत (वास्तविक दर)	शेष 1800 रुपये के लिए 3.55 प्रतिशत (वास्तविक दर)
प्रीमियम की पूरी राशि	सामान्य दर पर 375 रुपये + वास्तविक दर पर 177.50 रुपये कुल 552.50 रुपये	सामान्य दर पर 355 + वास्तविक दर पर 64 रुपये कुल 419 रुपये
सब्सिडी	पूरा प्रीमियम का 50 फीसदी यानी 276.25 रुपये	पूरा प्रीमियम का 50 फीसदी यानी 209.50 रुपये
कुल देय प्रीमियम	276.25 रुपये	209.50 रुपये

सौजन्य राष्ट्रीय कृषि बीमा निगम।

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

Sl No	Insurer	Fire	Marine	Marine Cargo	Marine Hull	Engineering	Motor
	PRIVATE						
1.	**Royal Sundaram**	**50.84**	**19.97**	**19.50**	**0.47**	**37.88**	**530.19**
	Previous year	*69.07*	*19.59*	*19.11*	*0.47*	*41.58*	*409.56*
2.	**TATA-AIG**	**160.90**	**111.47**	**111.47**	**0.00**	**35.04**	**249.43**
	Previous year	*133.96*	*98.67*	*98.67*	*0.00*	*29.49*	*266.16*
3.	**Reliance**	**126.42**	**61.65**	**32.23**	**29.42**	**119.23**	**1,164.87**
	Previous year	*127.81*	*42.41*	*31.64*	*10.77*	*103.54*	*1,267.37*
4.	**IFFCO Tokio**	**209.01**	**116.13**	**80.71**	**35.42**	**81.54**	**797.53**
	Previous year	*234.80*	*69.45*	*56.88*	*12.57*	*89.12*	*582.24*
5.	**ICICI Lombard**	**289.50**	**223.85**	**87.76**	**136.08**	**185.37**	**1,321.30**
	Previous year	*438.25*	*224.55*	*67.27*	*157.28*	*179.51*	*1,279.77*
6.	**Bajaj Allianz**	**267.43**	**88.44**	**73.87**	**14.56**	**126.48**	**1,500.97**
	Previous year	*287.53*	*76.41*	*67.49*	*8.92*	*145.92*	*1,385.82*
7.	**HDFC ERGO**	**50.75**	**7.78**	**5.25**	**2.53**	**11.01**	**156.25**
	Previous year	*13.28*	*3.29*	*3.29*	*0.00*	*8.05*	*156.74*
8.	**Cholamandalam**	**53.84**	**36.56**	**35.27**	**1.28**	**27.33**	**319.53**
	Previous year	*70.00*	*32.66*	*31.18*	*1.48*	*29.75*	*224.41*
9.	**Future Generali**	**17.17**	**6.79**	**6.79**	**0.00**	**14.01**	**95.67**
	Previous year	*3.37*	*0.72*	*0.72*	*0.00*	*0.99*	*1.77*
10.	**Universal Sompo**	**10.65**	**0.51**	**0.51**	**0.00**	**1.30**	**3.92**
11.	**Shriram**	**0.22**	**0.00**	**0.00**	**0.00**	**0.63**	**112.55**
12.	**Bharti AXA**	**2.25**	**0.61**	**0.61**	**0.00**	**5.57**	**17.39**
	Sub Total						
	Current Year	**1,238.99**	**673.74**	**453.98**	**219.76**	**645.40**	**6,269.60**
	Previous year	*1,378.06*	*567.75*	*376.25*	*191.50*	*627.95*	*5,573.85*
	PUBLIC						
13.	**New India**	**774.67**	**446.34**	**175.95**	**270.39**	**251.42**	**1,997.77**
	Previous year	*743.42*	*437.28*	*182.70*	*254.58*	*222.64*	*2,034.36*
14.	**National**	**397.08**	**201.16**	**136.70**	**64.46**	**164.03**	**2,137.10**
	Previous year	*381.31*	*174.98*	*126.80*	*48.18*	*144.98*	*2,146.31*
15.	**United India**	**572.79**	**336.93**	**221.60**	**115.33**	**249.86**	**1,563.48**
	Previous year	*524.30*	*300.83*	*192.10*	*108.74*	*216.68*	*1,434.90*
16.	**Oriental**	**436.51**	**332.53**	**167.24**	**165.29**	**262.99**	**1,490.53**
	Previous year	*477.60*	*339.07*	*163.40*	*175.67*	*220.79*	*1,608.05*
	Public						
	Previous year	*2,126.63*	*1,252.17*	*665.00*	*587.16*	*805.10*	*7,223.62*
	GRAND TOTAL	**3,420.04**	**1,990.70**	**1,155.47**	**835.23**	**1,573.70**	**13,458.48**
	Previous year	*3,504.69*	*1,819.92*	*1,041.25*	*778.67*	*1,433.05*	*12,797.47*
	SPECIALISED INSTITUTIONS						
17.	**ECGC***						
	Previous year						
18.	**Star Health & Allied Insurance****						
	Previous year						
19.	**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.
*Pertains to Credit Insurance.
** Pertains to Health Insurance.

FOR THE PERIOD APRIL - MARCH 2009 (PROVISIONAL & UNAUDITED)

(Rs. Crores)

Motor OD	Motor TP	Health	Aviation	Liability	Personal Accident	All Others	Grand Total
419.32 *330.24*	**110.87** *79.32*	**114.46** *108.85*	**0.00** *0.00*	**9.33** *6.41*	**28.09** *31.65*	**15.46** *9.94*	**806.22** *696.63*
217.03 *222.68*	**32.40** *43.48*	**78.95** *68.91*	**0.00** *0.00*	**115.60** *102.87*	**117.95** *106.46*	**13.58** *10.11*	**882.93** *816.62*
828.87 *916.23*	**336.00** *351.14*	**310.83** *275.62*	**11.01** *7.42*	**25.74** *14.10*	**53.44** *52.68*	**41.68** *55.47*	**1,914.87** *1,946.42*
473.39 *352.70*	**324.14** *229.55*	**140.99** *114.02*	**16.15** *6.38*	**34.18** *32.19*	**24.87** *20.43*	**95.12** *87.19*	**1,515.52** *1,235.83*
874.66 *906.48*	**446.64** *373.29*	**1,031.70** *884.61*	**52.20** *41.32*	**80.23** *78.78*	**112.52** *108.18*	**123.18** *109.72*	**3,419.84** *3,344.69*
1,061.14 *1,002.86*	**439.83** *382.96*	**332.02** *243.25*	**25.13** *13.95*	**70.11** *47.91*	**65.76** *46.35*	**164.17** *157.21*	**2,640.49** *2,404.34*
122.22 *123.29*	**34.03** *33.45*	**45.50** *28.10*	**1.83** *0.00*	**32.86** *19.84*	**6.03** *5.42*	**27.47** *4.97*	**339.48** *239.69*
246.32 *179.03*	**73.20** *45.38*	**165.89** *109.38*	**0.00** *-0.15*	**12.94** *13.88*	**29.49** *12.55*	**39.86** *31.77*	**685.44** *524.26*
71.07 *1.54*	**24.60** *0.23*	**41.25** *0.00*	**0.00** *0.00*	**4.83** *0.10*	**9.56** *3.43*	**5.56** *0.25*	**194.85** *10.64*
3.92	**0.00**	**3.24**	**0.00**	**0.08**	**0.72**	**9.60**	**30.03**
57.92	**54.63**	**0.00**	**0.00**	**0.10**	**0.03**	**0.06**	**113.59**
14.00	**3.38**	**1.51**	**0.00**	**0.53**	**0.43**	**0.21**	**28.50**
4,389.87 *4,035.05*	**1,879.73** *1,538.80*	**2,266.33** *1,832.74*	**106.31** *68.93*	**386.54** *316.08*	**448.89** *387.14*	**535.95** *476.23*	**12,571.76** *11,228.72*
1,090.45 *1,097.30*	**907.32** *937.05*	**1,355.85** *1,209.42*	**57.06** *78.44*	**104.32** *95.65*	**97.82** *83.08*	**431.38** *373.06*	**5,516.62** *5,277.35*
1,341.13 *1,356.14*	**795.97** *790.17*	**854.02** *690.36*	**57.79** *51.66*	**50.91** *46.05*	**71.86** *68.18*	**342.85** *303.40*	**4,276.81** *4,007.23*
758.77 *707.50*	**804.72** *727.40*	**900.72** *694.94*	**32.22** *26.13*	**88.68** *74.18*	**137.05** *100.82*	**396.04** *366.76*	**4,277.77** *3,739.56*
803.34 *887.12*	**687.19** *720.94*	**713.45** *532.63*	**90.07** *79.27*	**82.86** *73.85*	**147.30** *135.76*	**404.33** *338.42*	**3,960.57** *3,805.44*
4,048.06	*3,175.56*	*3,127.36*	*235.49*	*289.73*	*387.84*	*1,381.63*	*16,829.58*
8,383.56 *8,083.10*	**5,074.92** *4,714.37*	**6,090.37** *4,960.10*	**343.46** *304.42*	**713.31** *605.81*	**902.91** *774.98*	**2,110.55** *1,857.86*	**30,603.53** *28,058.30*
						744.67 *669.39*	744.67 *669.39*
		490.73 *147.12*			16.54 *16.05*	4.66 *5.02*	511.93 *168.19*
		44.35 *2.98*					44.35 *2.98*

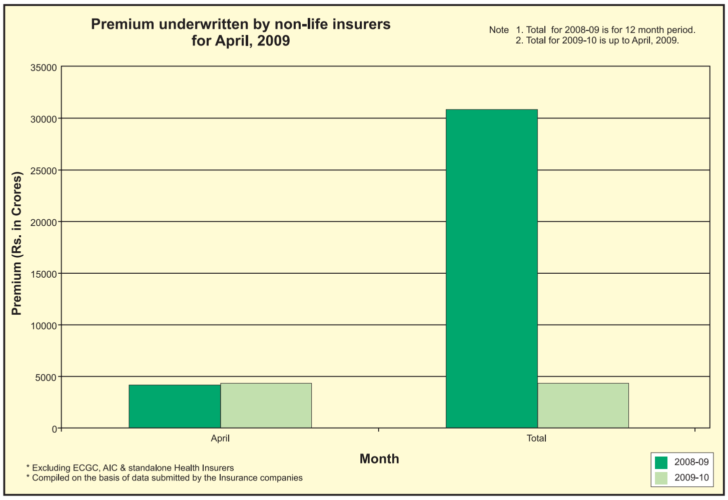
Report Card: General

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

(Rs.in Crores)

INSURER	APRIL		GROWTH OVER THE CORRESPONDING PERIOD OF PREVIOUS YEAR
	2009-10	2008-09	
Royal Sundaram	78.16	74.15	5.41
Tata-AIG	147.44	147.97	-0.36
Reliance General	216.38	273.94	-21.01
IFFCO-Tokio	169.59	142.22	19.24
ICICI-lombard	424.66	543.28	-21.83
Bajaj Allianz	232.25	276.14	-15.89
HDFC ERGO General	89.41	14.61	511.86
Cholamandalam	104.71	95.04	10.17
Future Generali	33.79	10.37	225.81
Universal Sompo	18.63	0.13	14289.74
Shriram General #	27.17	0.00	
Bharti AXA General @	15.93	0.00	
Raheja QBE $	0.00	0.00	
New India	755.49	692.92	9.03
National	438.77	456.47	-3.88
United India	493.13	437.93	12.61
Oriental	491.16	427.08	15.00
PRIVATE TOTAL	**1558.13**	**1577.85**	**-1.25**
PUBLIC TOTAL	**2178.55**	**2014.40**	**8.15**
GRAND TOTAL	**3736.68**	**3592.25**	**4.02**
SPECIALISED INSTITUTIONS:			
1. Credit Insurance			
ECGC	57.07	47.06	21.27
2. Health Insurance			
Star Health & Allied Insurance	141.19	58.21	142.54
Apollo DKV	5.14	1.50	242.11
Health Total	**146.33**	**59.71**	**145.05**
3. Agriculture Insurance			
AIC	45.82	23.68	93.50

 # Commenced operations in July, 2008.
@ Commenced operations in September, 2008.
$ Commenced operations in April, 2009.



11 - 13 Jun 2009 Venue: NIA, Pune	**Financial Awareness** By *National Insurance Academy*
17 - 18 Jun 2009 Venue: Dubai, UAE	**1st Middle East Conference on Training and HR Development in Insurance** By *Asia Insurance Review, Singapore*
21 - 23 Jun 2009 Venue: Kuala Lumpur, Malaysia	**17th Annual Strategic Issues Conference** By *LOMA/LIMRA*
25 - 26 Jun 2009 Venue: NIA, Pune	**Ethical Values in Human Capital** By *National Insurance Academy*
02 - 03 Jul 2009 Venue: Taipei, Taiwan	**8th Conference on Catastrophe Insurance in Asia** By *Asia Insurance Review, Singapore*
06 - 07 Jul 2009 Venue: NIA, Pune	**Global Meltdown and Lessons for the Insurance Industry** By *National Insurance Academy*
06 - 08 Jul 2009 Venue: NIA, Pune	**Insurance Management Programme for Industrial Customers** By *National Insurance Academy*
10 July 2009 Venue: New Delhi	**FICCI Health Insurance Conference** By *Federation of Indian Chambers of Commerce and Industry*
22 - 23 Jul 2009 Venue: Beijing, China	**3rd Asian Conference on Microinsurance** By *Asia Insurance Review, Singapore*
23 - 25 Jul 2009 Venue: NIA, Pune	**Management of Motor Claims** By *National Insurance Academy*
04 - 05 Aug 2009 Venue: Singapore	**Motor Insurance Workshop** By *Asia Insurance Review, Singapore*

RNI No: APBIL/2002/9589

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view point

Insurance supervisors are vitally concerned with the protection of policyholders which is accomplished through prudential regulation including solvency evaluation. A converged worldwide valuation standard would help supervisors in their evaluation of insurers around the world.

Mr Al Gross
Chairman of Technical Committee, IAIS

These uncertain times require us all to be vigilant about our insurance to make sure we are protected. Consumers can safeguard themselves and their families regardless of their employment situation by making sure they understand their coverage and researching less expensive alternatives.

Mr Roger Sevigny
NAIC President and
New Hampshire Insurance Commissioner

Insurance is a licensed business and the (M & A) guidelines will be similar to those that apply to new insurers. There will be enough safeguards to weed out fly-by-night operators.

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

While streamlining outdated provisions and avoiding excessive regulation that could stifle financial innovation, better regulation aims to enhance the efficiency and effectiveness of the regulation that is truly needed.

Dr Takafumi Sato
Commissioner, Financial Services Agency (FSA), Japan

When the nexus between the mobilization of capital and the productive use of capital is broken, the returns cannot be sustained – the bubble must eventually burst, with painful consequences.

Mr Heng Swee Keat
Managing Director, Monetary Authority of Singapore

This financial crisis has demonstrated that we can no longer rely on senior management judgements. In future, therefore, we will seek to make judgements on the judgements of senior management and take action if, in our view, those actions will lead to risks to our statutory objectives.

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

Any program that grants consumers the choice between two pools with different rating, benefit or access requirements will result in adverse selection for one of the pools.

Ms Sandy Praeger
Commissioner of Insurance, State of Kansas

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