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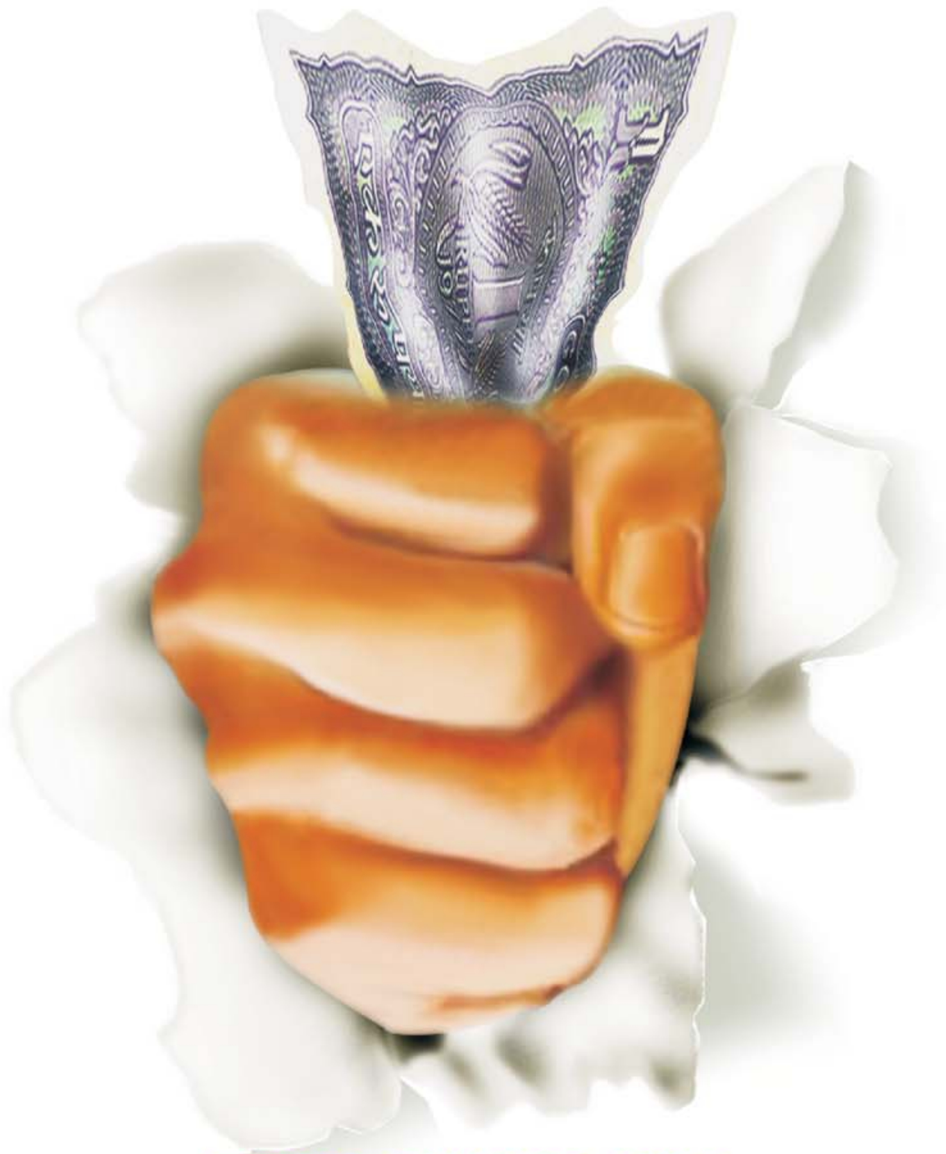

EMPOWERING THE CUSTOMER

बीमा विनियामक और विकास प्राधिकरण

Journal

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Consumer protection is the desired goal of any regulatory authority and the paths to reach the destination vary depending on the level of development of the market, the type of players and the level of awareness of the public. Protection is afforded to the consumer through proactive regulations directly providing relief to the consumer in a narrow sense, or by ensuring the viability of the companies through a rigorous monitoring of solvency of the company which ensures that the company has always adequate resources to meet its obligations. In India, as in many other jurisdictions, we attempt to do both.

In this issue of **IRDA Journal** we bring you various view points on how consumer protection can be approached and our writers look at practices available in other sectors as well.

We also have for you detailed statistics of the life insurance business done in the first half of the current financial year. As always it is interesting to see the trends in the market and what that implies in terms of risk protection. The trend that became apparent last year, of unit linked policies' growing popularity, is only more marked this year.

We start an occasional series from this issue on the various regulations created by the Authority. The purpose is to highlight the framework in which various entities in the insurance industry are expected to function and to discuss the significance and thinking behind some of the provisions. Appropriately this month we look at the investment regulations which codifies and controls the core determinant of an insurance company's ability to meet its commitments to the policyholder.

The next issue will explore the parameters of the Motor Liability portfolio which is a dominant portfolio in all jurisdictions with challenges to the insurers and the regulators alike.

C.S.Rao

C.S.RAO

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Empowering the Customer

Protection is an instinctive need of human beings, just as much as the thoughtlessness of risk taking or the necessity of it.

Protecting the insurance customer is at the forefront of IRDA's responsibilities and it is this topic that we explore in this issue that marks the third anniversary of **IRDA Journal.**

We bring you a collection of articles and information as usual. My article stresses the need for consumer education as a foundation – and even a preventive – to consumer protection and we outline the core principles of the International Association of Insurance Supervisors (IAIS) on consumer protection.

Mr. Gnanasundaram Krishnamurthy, retired Chairman, LIC who later served as Insurance Ombudsman for the Maharashtra and Goa Regions writes about the mechanism of the Ombudsman and its role in taking care of the rights of the policyholder.

Mr. G. V. Rao who firmly believes that protecting the policyholders' interests is the job of the insurer himself first urges the industry to do so as a matter of enlightened self interest as it would be a huge differentiator in the competitive marketplace.

Mr. V. Ramakrishna, from his perspective as an insurance broker traces the evolution of the industry from an oligopoly to a competitive free market and takes a leaf from other insurance markets and how they take care of the interests of the policyholder.

We start a new series of articles on the various regulations of the Authority. Featured first is the investment regulations, in an article by Mr. R. Kumar, a first time writer for the Journal and an Additional Director with the IRDA.

Statistics are universally popular and we have enough and more for you this month with the detailed business performance figures of the life insurance industry in the first two quarters of the current financial year.

The next issue will look at the heart of the Non-Life insurance industry's ills – Motor Third Party Liability (TP) insurance. A much discussed topic and one that evokes deep concern and even despair in the insurance circles worldwide, we hope to spark off a debate on ways to manage the monster!

It is three years since the Journal was launched and I have thoroughly enjoyed launching and editing it. There is truly no substitute for the satisfaction of creating a communication vehicle for an industry that is eager for information and an exchange of ideas. When the magazine was launched at the behest of the Authority in 2002 there were questions in many minds if there would be enough to discuss month after month. What we have seen over these 36 months proves that there is enough and more to talk about for a long time to come and that, moreover, the industry is keen on doing so!

We enter the fourth year of the Journal's life confident as always that it will continue being an indispensable and well appreciated forum for the industry.

K. Nitya Kalyani

IRDA Invites Membership Applications for Surveyors' Institute

IRDA has, through a notice dated November 26, 2005, called for applications to the newly incorporated institute for Surveyors and Loss Assessors. Applications are to reach the Authority in 60 days of publication of the notice. The Notice reads as follows:

26th November 2005

NOTICE

I. Incorporation of 'indian institute of insurance surveyors and loss assessors'

II. Invitation of applications for membership

In order to streamline, regulate and develop the profession of Surveyors & Loss Assessors, the Bhandari Committee, appointed by the Ministry of Finance, Government of India, had proposed that it was necessary to promote the establishment of an institute for Surveyors and Loss Assessors. The Ministry of Finance accepted the recommendation and advised the IRDA to promote an institute on the model of the Institutes of Company Secretaries or Chartered Accountants. From three years of its establishment, the institute would be considered for conferment of a chartered status.

In furtherance of the Ministry's advice, IRDA has got the 'Indian Institute of Insurance Surveyors and Loss Assessors' incorporated on 4th October, 2005 under Section 25 of the Companies Act, 1956. The Institute has its registered office at Hyderabad.

The main objects of the Institute, inter alia, are promotion of quality in the profession of surveyors and loss assessors through education and training, introduction of best practices amongst its members, conduct of professional examinations relating to the profession of surveyors and loss assessors, promotion of research and studies in loss control and minimisation techniques, development and administration of code of conduct and ethics among the surveyors and loss assessors and ensuring compliance of the same. The Certificate of Incorporation and the Memorandum and Articles of Association of the Institute can be accessed at http://www.irdaindia.org.

The Institute is in the process of enrolling members and the Application form for this purpose is hosted alongside this notice.

Surveyors and loss assessors holding valid licence as well as categorization issued by the IRDA are eligible to become members of the Institute. There are two classes of membership, viz Associate and Fellow and criteria therefor are mentioned in the annexure to the Application form.

Membership fee: One Time entry fee – Rs.10,000/- for existing surveyors on cut-off date; Rs.5,000/- for members enrolled thereafter. Cut-off date for this purpose would be 20/11/2000 i.e. the date on which IRDA (Insurance Surveyors and Loss Assessors) Regulations, 2000 came into force.

Annual Membership fee: Fellow: Rs.3500/- Associate: Rs.2500/-

The IRDA and the Institute hereby invite all eligible surveyors and loss assessors fulfilling the above criteria to enroll themselves as members of the Institute by paying the prescribed fee and submitting the duly filled in application form along with the required enclosures on or before the expiry of 60 days from the date of this notice.

Sd/-
(P.C. JAMES)
EXECUTIVE DIRECTOR

SURVEYORS MEETING

IRDA and the IISLA, along with the Ad-hoc Committee of Surveyors constituted for assisting IRDA in setting up the Institute, have been holding meetings for the benefit of all Surveyors who are eligible to become members of the Institute.

The meetings in the southern region were held at Bangalore, Chennai and Kochi in the first week of December. The schedule of meetings at other places is given alongside.

Date	Place
12/12/05	Nagpur
13/12/05	Bhubaneshwar
15/12/05	Jaipur
16/12/05	Chandigarh
18/12/05	Lucknow
20/12/05	Delhi
20/12/05	Guwahati
21/12/05	Kolkata
22/12/05	Patna
27/12/05	Hyderabad

The venues when finalised will be announced through the Authority's web site (www.irdaindia.org). The schedule is subject to change and details of modifications, if any, shall also be indicated on the website.

All eligible Surveyors and Loss Assessors are invited to attend the meetings at the respective places according to a Notice by IRDA.

Sd/-
(M.M.Siddiqui)
Consultant & Special Officer
IRDA

About the Surveyors' Institute

(Annexure 1 to the application form for membership of the institute)

The 'Indian Institute of Insurance Surveyors and Loss Assessors' (the Institute) was incorporated under Section 25 of the Companies Act, 1956 with its registered office at Hyderabad.

Objects of the Institute

1. To promote quality in the profession of Surveyors and Loss Assessors through education and training, facilitate introduction of best practices amongst its members and to disseminate technical information amongst its members to upgrade their skill and knowledge. 2. To conduct professional examinations relating to the profession of Surveyors and Loss Assessors.
3. To promote research and studies in loss control and minimization techniques and measures and share the same with the Insurance Industry and general public and to update its members on application of new technologies for improving service to the users and consumers.
4. To bring out guidance notes, instruction manuals, periodicals for the use and benefit of members and others connected with the profession of surveyors and loss assessors.
5. To develop and administer the code of conduct and ethics from time to time with the concurrence of the IRDA and ensure compliance of the same by its members and also ensure that the members maintain/adhere to high standards of integrity, transparency, discipline and professional conduct.

Membership

The membership of the Institute is restricted only to individuals who hold a valid Survey and Loss Assessment license and who are duly categorized to practice as independent Insurance Surveyor and Loss Assessor i.e. no Institute or partnership firm or Proprietary concern shall be eligible for membership.

Types of membership

a) Associate: Any person in the profession of Insurance Surveyors and Loss Assessors holding a valid license and categorized or any person upon passing of such examination and completion of such training as may be prescribed and holding valid license issued by the IRDA, for becoming members of the Institute, shall on application to the Institute and subject to the approval by the Council obtain Associate Membership.

b) Fellow: Any Associate Member who is holding license and is categorized for a period of 15(Fifteen) years as Insurance Surveyor and Loss Assessor shall on application to the Institute and subject to the approval by the Council obtain Fellow Membership.

Notwithstanding this, any person holding a valid license for a period of 15 (fifteen) years as Insurance Surveyor and Loss Assessor and categorized shall on application to the Institute, within a period of 60 days from the date prescribed by the council of the Institute and subject to the approval by the Council obtain Fellow membership.

Membership fee

One Time entry fee – Rs.10,000/- for existing surveyors on cut-off date; Rs.5,000/- for members enrolled thereafter. Cut-off date for this purpose would be 20/11/2000 i.e. the date on which IRDA regulations for Surveyors came into force.

Plus Fee for Annual membership: (a) Fellow: Rs.3500/- (b) Associate: Rs.2500/-

Disabilities* under the Article 12 of Articles of Association of the Institute

Notwithstanding anything contained in these Articles, a person shall not be entitled to have his name entered in or borne on the Register if he:

i) is of unsound mind and stands adjudged by a competent Court; or

ii) is an un-discharged insolvent; or

iii) being a discharged insolvent, has not obtained from the Court a Certificate, stating that his insolvency was caused by misfortune without any misconduct on his part; or

iv) has been convicted by a competent Court of any offence involving moral turpitude and punishable with imprisonment or of an offence, not of a technical nature, committed he has either been granted a pardon or, or an application made by him in his behalf, the Council has, by an order in writing, removed the disability; or

v) has been removed from members of the Institute on being found on inquiry to have been guilty of professional or other misconduct. Provided that a person who has been removed from membership for a specified period, shall not be entitled to have his name entered in the Register, until the expiry of such period and except on an application being made for that purpose and on payment of any fee or other amount that may be a recovery from him.

*NOTE: Item no 14. of Membership Application.

The How and Why of Investing

— Understanding IRDA Investment Regulations

IRDA's regulations on the investment functions of insurers seek to ensure that the funds are safely deposited while providing optimal returns, writes *R. Kumar.*

The Indian insurance market has been opened up to the private sector for five years now and, so far, 14 life insurance and 15 non-life insurance companies have set up shop in the country. The funds raised by these insurance companies are invested in various instruments such as government securities, debentures and equities. At this juncture, a number of questions arise in the minds of policyholders on how these insurance companies manage the funds, where they invest, how safe the policyholders' monies are with the private insurers and what the role of IRDA is in monitoring the investment functions of the insurance companies.

The investment function of an insurance company is the critical determining factor of its ability to pay its claims. When an insurance company accepts your premium and, in return promises to pay a claim on a certain eventuality – like death or accident, it takes on a liability that is uncertain in its timing and quantum. Of course it makes various assessments and calculations for arriving at the premium that will enable it to make good on the promise to pay that claim.

These premiums, collected from thousands of people in the community, go towards paying claims as and when they arise. Any simple calculation will prove that the premiums alone cannot pay the claims. They are in fact invested over the long term and it is the returns from these investments that an insurance company uses to pay claims.

Hence it is very important that insurance company investment portfolios are geared towards safety of the funds which are really policyholders' funds, liquidity and only thirdly towards returns to fulfill the reasonable expectations of the policyholders. IRDA has the responsibility of ensuring that these portfolios serve these functions in this order of priority in order to fulfill its role as the protector of policyholders' interests.

Before looking into the functions and role of IRDA in this regard, it would be appropriate to understand the IRDA Regulations dealing with the investment functions of the insurance companies. IRDA (Investment) Regulation 2000 prescribes a pattern of investments and exposure norms for all insurance companies. Accordingly, insurers file investment returns with the Authority every quarter, reporting compliance of various regulations.

> The Investment Committee decides the securities in which the investments should be made, taking into account various restrictions.

According to IRDA (Investment) Regulations, a life insurer can have three major lines of business – Life, Pension and General Annuity and Unit Linked Life Insurance. The premium collected from these classes of business is to be invested in the respective Funds. The policyholders' funds are further bifurcated into Participating (in profits) and Non-participating funds based on the nature and type of the business from which the premiums have been generated.

Shareholders of the company, apart from bringing the minimum initial paid-up capital requirement of Rs. 100 crore (Rs. 200 crore in the case of re-insurance business) into the business, are required to inject additional capital as and when the business demands. These funds are termed as 'shareholders' fund'.

Pattern of investment for Life business

Every Life insurance firm should invest, and at all times keep invested, its Controlled Fund (CF) (i.e. Shareholders' and Policyholders' fund excluding the funds relating to pension and general annuity business and unit linked life insurance business) in the following manner:

No	Type of Investment	Percentage
1.	Government securities and other approved securities	Not less than 50% of CF should be invested in this type, of which investment in Government securities alone should not be less than of 25%
2	Infrastructure and social sector	At least 15% of the CF should be invested in this sector
3.	Other investments to be governed by exposure norms	Not exceeding 35% of CF to be invested in category, of which investment in 'other than approved investment' category cannot exceed 15% of the fund

There are other major conditions that are applicable for these patterns of investments. These include:

- The asset instruments considered for investment should be of a grade not less than "AA" grade as per their current rating. In case such graded instruments are not available in the market, with the approval of the investment committee, the investments can be made in instruments carrying the current rating of A+. But no investment can be made below A+ rating.
- Investments can be made in debt instruments provided the same are issued by all-India financial institutions that are recognised by the Reserve Bank of India and have a rating of "AAA" or equivalent. In case such instruments are not available, with the approval of the investment committee, investments in instruments carrying current rating not less than 'AA' or equivalent may be made.
- The rating should be carried out by an independent, reputed and recognised Indian or foreign rating agency.
- Investments in equity shares listed on a recognised stock exchange should be made in actively traded and liquid instruments.

Exposure norms

The investments are further subject to prudential and exposure norms. The objective of imposing these norms is to avoid concentration of investments in some particular segments. By fixing a cap, it is ensured that the portfolio does not get concentrated among a few portfolio companies, group companies and industrial sectors.

Limit for portfolio company

Exposure to any portfolio company should not exceed an amount equivalent to 10 percent of the subscribed share capital, free reserves and debentures/ bonds of the portfolio company or 10 percent of the funds of the insurer, whichever is less.

Limit for the entire group company

Exposure to any group company should not exceed an amount equivalent to 10 percent of the aggregate subscribed share capital, free reserves and debentures/bonds of all group companies or 10 percent of the funds of the insurer, whichever is less.

Limit for the industry sector to which the portfolio company belongs

Investments by the insurers in any industrial sector should not exceed 10 percent of its total investment exposure to the industrial sector as a whole. For instance, if the total investment that is subject to exposure norm is Rs. 200 crore, not more than Rs. 20 crore can be invested in one industrial sector.

Other restrictions on exposure norms

Investments in equity shares, preference shares and the convertible part of debentures should not exceed 50 percent of the exposure. The insurer should also ensure that the investments in immovable properties do not exceed 50 percent of the exposure. Investment in promoter group company should not exceed 5 percent of the aggregate funds.

In order to comply with the pattern of investments, there are certain approved investments. These are listed below:

- All secured loans, secured debentures, secured bonds, other secured debt instruments, shares and preference shares and debt instruments issued by all-India financial institutions recognised as such by RBI.

Pattern of investment for Pension and General Annuity business

No	Type of Investment	Percentage
1.	Government securities and other approved securities	Not less than 40% to be invested, of whichinvestment in Government securities alone should not be less than of 20%
2	Approved investments to be governed by exposure/ prudential norms	Not exceeding 60% to be invested in this category.

Pattern of investment for Unit Linked Life Insurance business

No	Type of Investment	Percentage
1.	Approved investments	No upper ceiling
2	Investments in other than approved investments	Not exceeding 25%

Insurers should invest the fund of unit linked life insurance business as per the pattern of investment offered to the policyholders. The funds of unit linked policies should be invested in the assets which are marketable and easily realisable.

Pattern of investment for General (Non-Life) and Reinsurance business

No	Type of Investment	Percentage
1.	Government securities and other approved securities	Not less than 30% of total assets and, in such investment, not less than 20% should be in Government securities
2	Housing sector and investments in Fire Fighting equipments	At least 5% of the funds
3.	Infrastructure and social sector	Not less than 10%
4	Other investments to be governed by exposure norms	Not exceeding 55% of funds, of which investment in 'other than approved investment' category cannot exceed 25% of the fund

- Deposits with banks (in current account, call deposits, notice deposits, certificate of deposits, etc) in the Second Schedule to the Reserve Bank of India Act, 1934, and deposits with primary dealers duly recognised by RBI as such, subject to norms/limits approved by the Board of Directors of the insurer.
- Collateralised Borrowing and Lending Obligation (CBLO) created by the Clearing Corporation of India Ltd. (CCIL).
- Commercial papers issued by a company or all-India financial institutions recognised by RBI, with a rating of "very strong" or more by a reputed and independent rating agency.
- Treasury Bills issued by RBI, Inter-Bank Repos of RBI and Bills rediscounting.
- All approved investments specified in Section 27A and 27B of the Insurance Act, 1938.

Investments that do not fall under any one of the above would be treated as investments in "Other than approved investments". Any investments in short, medium or long-term loans or deposits with private limited companies should not be treated as 'approved investments'.

Following the investment regulations

The authorisation and execution of investments in various securities should be approved by the Investment Committee. The Committee has a predefined composition and specific functions.

It has been stipulated that every insurer should constitute an Investment Committee that should include a minimum of two non-executive directors of the Insurer, the Principle Officer, Chiefs of Finance and Investment Divisions and Appointed Actuary. The Committee is required to submit the investment policy to the Board for its approval. The Committee decides the securities in which the investments should be made, including any restriction with respect to investment in a particular investee, group, industrial sector, which shall be within the regulatory limits. The decision should abide by the Investment Policy, Investment Regulation and the Insurance Act, 1938. The decisions taken by the Investment Committee should be recorded and be open for inspections.

> The Authority permits the insurers to invest in mutual funds only for the purpose of parking temporary surplus till suitable instruments for investments are identified.

The Investment Policy drawn annually should be placed before the Board for its approval. The Policy should address issues such as liquidity, prudential norm, exposure limits, stop loss limits in securities trading, management of investments and market risk, management of asset liability mismatch, investment audit and Investment statistics. It should ensure an adequate return on policyholders' and shareholders' funds consistent with the protection, safety and liquidity of such funds. The Board should review its investment policy and its implementations on a half-yearly basis. A copy of the Investment Policy and Review should be submitted to the Authority within 30 days.

Investments in mutual funds

The Authority permits the insurers to invest in mutual funds only for the purpose of parking temporary surplus till suitable instruments (to match the term of liability) for investments are identified. Investments can be made only in gilt, liquid and debt funds. Investments in equity mutual funds are currently not allowed. All mutual funds investments fall under "Other than approved Investments" for the purpose of the pattern of investments. No insurer can invest in mutual funds more than 50 percent of the 'Other than approved investments'.

Investments in venture capital funds

Insurers can invest in private equity funds with the prior consent of the Authority, provided the following conditions are met:

- The investment shall fall under "Other than approved investments" as per IRDA (Investment) Regulations, 2000 as amended from time to time.

All such investments shall be subject to the following exposure norms

Particulars	Overall exposure limits
Limits for investment in venture fund	**Life insurance company** 3% of Controlled Fund (or) 10% of venture fund's size, whichever is lower. **General insurance company** 5% of total assets (or) 10% of venture fund's size, whichever is lower.

- The venture fund would as far as possible invest in infrastructure projects as defined under IRDA (Registration of Indian Companies) Regulations, 2000 as amended from time to time.
- The funds will be invested in "well established" and "existing companies" which have already started or are on the verge of generating "cash flow".
- The fund will have a "diversified investment portfolio".
- The venture fund shall ensure effective governance, active involvement and timely intervention after investment.
- The venture fund shall not be managed by an investment manager who is under direct or indirect control or management of the insurer or its promoters.
- The insurer shall not make any investment in shares or debentures of any private limited company in which investment is made by the fund.

Investments in financial derivates

The Regulations allow investment in financial derivatives with the following conditions:

The margin or unamortised premium paid to the extent the derivates position constitutes a hedge for the underlying investment will be treated as 'approved investment', provided the underlying investment or portfolio is itself an approved investment as per the regulations.

Monitoring mechanism and role of IRDA

All the companies file investment returns with the Authority on a quarterly basis. A few returns are filed annually. The investment return has been designed to bring out the details of:

1. Categories of investments
2. Exposure to portfolio company
3. Exposure to individual groups
4. Exposure to individual industrial sector
5. Downgraded investments in the investment portfolio, both during the quarter and its cumulative position
6. Adherence to pattern of investments prescribed

> The main objective of on-site inspections is to verify that the transactions and books maintained by the insurers corroborate with the information furnished by the insurers through their filed returns.

7. Purchase and sales of investments made during the quarter
8. Details of investments held by the custodian and their certification that it is free from all encumbrances
9. Details of non-performing assets and the follow-up action taken for their recovery.

The off-site inspection is focused on the compliance of the above issues, with the returns, investment policies and other documents filed by the insurers. This apart, the compliance to various guidelines and circulars are also looked into. The observations on the off-site inspection supplement information to the audit team involved in on-site examination and also help in determining the scope of the onsite investment inspection.

On-site examinations are carried out by contracted examiners. The main objective here is to verify whether the transactions and books maintained by the Insurer corroborate with the information furnished by the insurers through their returns, and whether they are within the provisions of the Insurance Act and IRDA regulations.

The examinations also focus on the adequacy of the insurers' system to support the investment operations and protection of data.

The regulations have been designed not only to ascertain that the funds are safely parked but also to ensure that they provide the insuring and investing public with optimal returns.

Conclusion

While the off-site inspections focus mainly on the quantum and quality of investments and adherence to the pattern as prescribed in the regulation, the on-site inspection focus is on systems, controls and quality of scrips.

The policyholders' liabilities are certified by appointed actuaries whereas the asset portfolio held in the name of the insurer is certified by principal officer and counter vouched by custodians (to the extent held by them), declaring that assets are free from hypothecation and lien, thus bringing the picture of adequate assets to back up policyholders' liabilities.

The author is Assistant Director, IRDA. The views expressed here are his own.

Report Card:LIFE

Premiums Rise 38%

First Year Premium Underwritten by Life Insurers for the Period Ended October, 2005

Sl	Insurer	Premium					No. of Policies / Schemes					No. of lives covered under Group Schemes				
		Oct, 05	Upto Oct, 05	Upto Oct, 04	Growth	Market Share	Oct, 05	Upto Oct, 05	Upto Oct, 04	Growth	Market Share	Oct, 05	Upto Oct, 05	Upto Oct, 04	Growth	Market Share
1	**Bajaj Allianz**	**17,394.55**	**81,753.80**	**23,538.03**	**247.33**	**5.94**	**49,937**	**249,314**	**119,704**	**108.28**	**1.97**	**9,319**	**114,383**	**93,971**	**21.72**	**1.16**
	Individual Single Premium	10,467.33	43,937.87	8,534.34			9,334	36,478	9,130							
	Individual Non-Single Premium	6,849.10	36,540.27	14,790.54			40,589	212,738	110,517							
	Group Single Premium	22.13	58.52					1				65	142			
	Group Non-Single Premium	56.00	1,217.14	213.15			14	97	57			9,254	114,241	93,971		
2	**ING Vysya**	**2,060.06**	**8,819.04**	**4,425.54**	**99.28**	**0.64**	**9,708**	**49,501**	**51,172**	**-3.27**	**0.39**	**2,253**	**13,811**	**8,582**	**60.93**	**0.14**
	Individual Single Premium	0.01	2.38	32.51			1	350	4,781							
	Individual Non-Single Premium	1,893.49	8,010.78	4,084.32			9,698	49,109	46,369							
	Group Single Premium	94.59	585.30	283.87					3			271	1,582	674		
	Group Non-Single Premium	71.98	220.58	24.83			9	42	19			1,982	12,229	7,908		
3	**AMP Sanmar**	**1,810.91**	**7,369.99**	**3,290.91**	**123.95**	**0.54**	**4,387**	**29,840**	**17,571**	**69.83**	**0.24**	**42,550**	**87,909**	**51,830**	**69.61**	**0.89**
	Individual Single Premium	1,499.66	5,317.11	1,893.97			1,976	8,024	3,476							
	Individual Non-Single Premium	245.74	1,620.61	1,221.71			2,406	21,756	14,056							
	Group Single Premium	7.67	76.48	41.12					1					190		
	Group Non-Single Premium	57.83	355.79	134.10			5	60	38			42,550	87,909	51,640		
4	**SBI Life**	**3,619.55**	**20,500.67**	**21,974.01**	**-6.70**	**1.49**	**16,016**	**91,543**	**51,930**	**76.28**	**0.72**	**81,236**	**456,889**	**516,312**	**-11.51**	**4.65**
	Individual Single Premium	405.59	2,336.46	3,803.10			761	3,865	2,580							
	Individual Non-Single Premium	1,137.32	6,149.09	3,061.99			15,100	86,677	47,465							
	Group Single Premium	2,048.42	10,425.99	12,035.35				2	3			16,368	117,997	124,012		
	Group Non-Single Premium	28.22	1,589.13	3,073.57			155	999	1,882			64,868	338,892	392,300		
5	**Tata AIG**	**3,498.29**	**22,423.08**	**13,814.43**	**62.32**	**1.63**	**20,967**	**152,853**	**117,708**	**29.86**	**1.21**	**67,788**	**419,081**	**165,108**	**153.82**	**4.27**
	Individual Single Premium	66.95	282.46													
	Individual Non-Single Premium	2,699.12	19,273.11	11,550.44			20,942	152,679	117,574							
	Group Single Premium	239.09	1,168.09	335.93								12,843	87,006	54,288		
	Group Non-Single Premium	493.14	1,699.42	1,928.05			25	174	134			54,945	332,075	110,820		
6	**HDFC Standard**	**7,570.11**	**42,785.07**	**15,713.28**	**172.29**	**3.11**	**34,324**	**160,988**	**73,075**	**120.31**	**1.27**	**10,759**	**67,498**	**86,985**	**-22.40**	**0.69**
	Individual Single Premium	809.86	5,758.36	4,065.73			20,618	46,901	15,402							
	Individual Non-Single Premium	5,496.84	31,523.31	10,834.75			13,696	114,009	57,572							

	Individual Non-Single Premium	5,496.84	31,523.31	10,834.75			13,696	114,009	57,572							
	Group Single Premium	894.00	3,416.84	636.88			8	61	94			4,978	53,487	78,665		
	Group Non-Single Premium	369.41	2,086.56	175.92			2	17	7			5,781	14,011	8,320		
7	**ICICI Prudential**	**17,914.30**	**99,889.36**	**56,838.20**	**75.74**	**7.26**	**61,655**	**342,755**	**251,860**	**36.09**	**2.70**	**16,490**	**155,264**	**42,188**	**268.03**	**1.58**
	Individual Single Premium	615.46	3,618.81	7,799.66			3,104	16,990	4,965							
	Individual Non-Single Premium	15,900.64	86,330.26	44,352.29			58,534	325,642	246,834							
	Group Single Premium	361.04	917.65	32.25			16	63	9			16,454	127,218	5,339		
	Group Non-Single Premium	1,037.16	9,022.64	4,654.01			1	60	52			36	28,046	36,849		
8	**Birla Sunlife**	**5,436.20**	**26,230.08**	**28,607.78**	**-8.31**	**1.91**	**18,708**	**108,057**	**77,980**	**38.57**	**0.85**	**999**	**8,760**	**51,312**	**-82.93**	**0.09**
	Individual Single Premium	226.23	979.37	729.94			4,465	30,579	19,690							
	Individual Non-Single Premium	4,918.43	23,958.04	22,404.18			14,243	77,456	58,238							
	Group Single Premium	155.52	452.52	262.25								923	3,449	2,272		
	Group Non-Single Premium	136.01	840.16	5,211.41				22	52			76	5,311	49,040		
9	**Aviva**	**2,762.61**	**15,572.62**	**8,287.37**	**87.91**	**1.13**	**12,398**	**61,306**	**42,212**	**45.23**	**0.48**	**17,384**	**113,506**	**70,319**	**61.42**	**1.16**
	Individual Single Premium	92.49	350.60	199.20			464	1,980	400							
	Individual Non-Single Premium	2,645.84	15,005.04	7,950.77			11,933	59,317	41,793							
	Group Single Premium	8.35	73.99	22.58					1			57	478	202		
	Group Non-Single Premium	15.93	142.99	114.82			1	9	18			17,327	113,028	70,117		
10	**Kotak Mahindra Old Mutual**	**1,758.41**	**9,970.61**	**6,186.49**	**61.17**	**0.72**	**6,536**	**38,940**	**26,372**	**47.66**	**0.31**	**6,985**	**42,274**	**47,592**	**-11.17**	**0.43**
	Individual Single Premium	232.57	1,092.62	1,360.25			335	1,615	831							
	Individual Non-Single Premium	1,434.47	8,459.71	4,113.67			6,193	37,283	25,508							
	Group Single Premium	24.88	86.03					2				1,790	5,789			
	Group Non-Single Premium	66.49	332.25	712.58			8	40	33			5,195	36,485	47,592		
11	**Max New York**	**3,531.79**	**18,616.23**	**9,604.32**	**93.83**	**1.35**	**46,334**	**217,312**	**103,482**	**110.00**	**1.71**	**1,891**	**24,695**	**49,454**	**-50.06**	**0.25**
	Individual Single Premium	6.86	88.93	145.48			23	132	148							
	Individual Non-Single Premium	3,520.13	18,462.97	9,381.62			46,303	217,140	103,285							
	Group Single Premium															
	Group Non-Single Premium	4.80	64.33	77.22			8	40	49			1,891	24,695	49,454		
12	**Met Life**	**1,240.08**	**5,572.13**	**2,349.84**	**137.13**	**0.40**	**8,958**	**45,023**	**18,135**	**148.27**	**0.36**	**47,622**	**170,478**	**107,247**	**58.96**	**1.74**
	Individual Single Premium	60.03	319.80	80.46			172	694	231							
	Individual Non-Single Premium	981.06	4,792.17	1,922.45			8,764	44,213	17,838							
	Group Single Premium															
	Group Non-Single Premium	198.99	460.16	346.93			22	116	66			47,622	170,478	107,247		
13	**Sahara Life**	**239.44**	**753.74**			**0.05**	**1,225**	**14,180**			**0.11**	**84**	**573**			**0.01**
	Individual Single Premium	220.45	445.90				555	1,164								
	Individual Non-Single Premium	18.91	307.26				669	13,009								
	Group Single Premium	0.08	0.57				1	7				84	573			
	Group Non-Single Premium															
	Private Total	**68,836.30**	**360,256.43**	**194,630.20**	**85.10**	**26.18**	**291,153**	**1,561,612**	**951,201**	**64.17**	**12.32**	**305,360**	**1,675,121**	**1,290,900**	**29.76**	**17.05**
14	**LIC**	**175,130.42**	**1,016,040.05**	**800,575.66**	**26.91**	**73.82**	**1,486,448**	**11,115,941**	**9,516,018**	**16.81**	**87.68**	**5,332,960**	**8,150,022**	**2,347,302**	**247.21**	**82.95**
	Individual Single Premium	62,824.12	378,765.72	142,603.12			156,944	1,051,880	337,691							
	Individual Non-Single Premium	76,673.17	483,153.61	489,044.66			1,328,188	10,055,790	9,170,716							
	Group Single Premium	35,633.13	154,120.72	168,927.88			1,316	8,271	7,611			5,332,960	8,150,022	2,347,302		
	Group Non-Single Premium															
	Grand Total	**243,966.72**	**1,376,296.48**	**995,205.86**	**38.29**	**100.00**	**1,777,601**	**12,677,553**	**10,467,219**	**21.12**	**100.00**	**5,638,320**	**9,825,143**	**3,638,202**	**170.05**	**100.00**

Note: Cumulative premium upto the month is net of cancellations which may occur during the free look period.

Report Card: GENERAL

G. V. Rao

Accretion Hits New High at 18.4% in October

Performance in October 2005

The month of October 2005 has witnessed the growth rate of the industry hitting a new high at 18.4 per cent. The monthly premium accretion of Rs. 273 crore in October has the established players contributing Rs. 121 crore to it. This has pushed their monthly growth rate to 10.3 per cent a remarkable improvement on their usual five to six per cent growth rate.

New India has been quite aggressive in October with accretion of Rs. 88 crore (23.2 per cent growth) and leads the rest of the market in both the parameters. United India too seems to have gone into a higher gear with Rs. 34 crore accretion in October (16.5 per cent) bringing its total accretion up to October to Rs. 79 crore (4.4 per cent). Oriental with an accretion of Rs. 38 crore is maintaining its growth momentum. National alone has kept its growth momentum in check by further dropping its premium in October by Rs. 39 crore.

GROSS PREMIUM UNDERWRITTEN FOR AND UPTO THE MONTH OF OCTOBER, 2005

(Rs.in lakhs)

INSURER	PREMIUM 2005-06		PREMIUM 2004-05		MARKET SHARE UPTO OCTOBER, 2005	GROWTH OVER THE CORRESPONDING PERIOD OF PREVIOUS YEAR
	FOR THE MONTH	UPTO THE MONTH	FOR THE MONTH	UPTO THE MONTH		
Royal Sundaram	3,586.51	26,100.09	2,381.01	18,133.21	2.19	43.94
Tata AIG	4,696.82	33,993.50	3,249.75	27,270.19	2.86	24.65
Reliance General	1,245.62	8,855.45	2,278.41	10,411.42	0.74	-14.94
IFFCO-Tokio	6,446.24	49,252.33	3,972.05	25,803.28	4.14	90.88
ICICI Lombard	14,299.03	96,590.25	9,231.80	50,015.84	8.11	93.12
Bajaj Allianz	12,798.35	75,564.84	7,316.69	46,799.74	6.35	61.46
HDFC Chubb	1,551.75	10,831.02	1,682.33	9,762.53	0.91	10.94
Cholamandalam	2,265.58	14,552.18	1,591.68	10,254.86	1.22	41.91
New India	46,672.00	275,082.00	37,872.00	244,210.00	23.11	12.64
National	27,813.00	205,864.00	31,715.00	221,719.00	17.29	-7.15
United India	24,038.00	186,908.00	20,630.00	178,974.00	15.70	4.43
Oriental	30,627.00	206,782.00	26,819.00	183,258.00	17.37	12.84
TOTAL	**176,039.91**	**1,190,375.66**	**148,739.73**	**1,026,612.07**	**100.00**	**15.95**
SPECIALISED INSTITUTION						
ECGC	4,645.09	32,052.80	4,153.40	28,240.92		13.50

Note: Effective October, 2005 the mode of presentation of non life premium numbers stands modified. Since ECGC is providing cover exclusively for credit insurance, inclusion of the business underwritten by it with that of other insurance companies was reflecting an inaccurate position with respect to the industry as a whole. Henceforth premium underwritten by ECGC would be indicated separately.

Among the new players, the growth in October premiums is led Bajaj with Rs. 55 crore, ICICI with Rs. 51 crore and IFFCO with Rs. 24 crore. The contribution of the new players to the monthly growth has dipped from the usual 75 per cent or more to about 56 per cent, due to the pick up the established players have been able to assert particularly New India and United India. Whether these two players will sustain this growth momentum in the next few months will be interesting to watch.

Three new players, ICICI, Bajaj and IFFCO have contributed Rs. 130 crore to the total accretion of Rs. 152 crore of the eight new players representing a share of 85.5 per cent of the monthly accretion recorded.

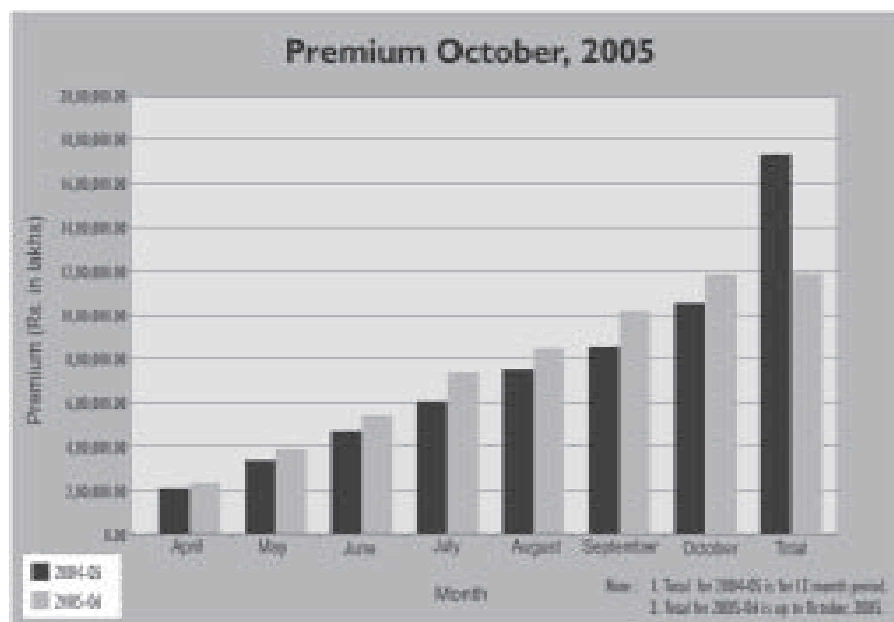
Just three companies, New India, ICICI and Bajaj, out of the 12 have chipped in Rs. 194 crore (71 per cent) to the total market monthly accretion of Rs. 273 crore.

The market share of the new players that was 21.3 per cent in October 2004 has gone up to 26.6 per cent in October 2005.

Performance up to October 2005

The strong industry performance in October 2005 has pushed the overall growth rate up to October 2005 to 15.95 per cent. The market accretion of Rs. 1,628 crore is split with new players contributing Rs. 1,173 crore and the established players Rs. 465 crore.

The top five insurers in terms of market accretion ranking are: ICICI with Rs. 466 crore, New India with Rs. 309 crore, Bajaj Rs. 287 crore and Oriental and IFFCO with 235 crore each. Their combined share of Rs. 1,532 crore out of the total accretion of Rs. 1,638 crore of the market shows them up as dominating the market to the extent of 93 per cent in its growth momentum.



ICICI is poised to cross Rs. 1,000 crore-premium mark in November 2005 and will be the first among the new players to win this recognition. Its domination of the market with an accretion of Rs. 466 crore out of the total Rs. 1,638 crore as at October 2005 is indeed remarkable.

The market share of the new players has climbed to 26.5 per cent at the end October 2005 against 19.3 per cent at the end of October 2004.

The market growth rate of 16 per cent, the bouncing back of New India and United India in to the race of for premium growth and the domination of ICICI and Bajaj among the new players are then highlights so far. With Bajaj sure to enter the Rs. 1,000 crore-premium club in the next few moths and with detariffing creating frenzy in the market with speculations rife of how the market behaviour will change for all the stakeholders, with the insurance Act likely to be amended and the discussions on FDI inconclusive the industry is entering into an exciting area of unknown and unlikely changes.

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

Bypass Operation?

The chronic loss making nature of the Motor Third Party Liability insurance portfolio calls for drastic and innovative solutions, and they are not lacking from within the industry, says *K. Nitya Kalyani.*

Motor Third Party Liability (TP) insurance is the cholesterol in the arteries of the general insurance industry, clogging up its insides, destroying health and threatening its very life.

According to the 2004-05 business figures of the general insurance industry, Rs. 2,114 crore of Rs. 18,000 crore premium income was from TP. The portfolio accounts for just about 12 per cent of premiums but about 70 per cent of all claims of the industry.

The ills of Motor insurance, and specially TP, are many. Compulsory cover which is binding on the insurer to provide, a tight leash on the tariffed premium levels, unlimited liability and the lack of time and geographical limits on filing cases. Slow court processes, vested interests in various parts of the system, companies' own contribution to the delays and inefficiencies and, of course, fraud add to the problem. And causing it in the first place are the rising motor vehicle population and accidents, poor administration of the process of issuing driving licences and monitoring registered vehicles.

According to statistics, in 2003 over one lakh persons died in the reported road accidents in India and another four lakh were injured. All this makes the social obligation of TP insurance only more important. However, the fact that it has been eroding the bottom line of the general insurance industry calls for equally compassionate measures!

The Motor insurance conundrum has challenged many an insurance market and many ways have been found out of it all the way from market determined premiums that make driving prohibitively costly to pools.

Motor Third Party Liability (TP) insurance is the cholesterol in the arteries of the general insurance industry, clogging up its insides, destroying health and threatening its very life.

And now there is one more variable that will add to the deepening dread and that is detariffing. The general insurance industry could just be facing the loss of cushion in its profit making portfolios which were protecting its loss making portfolios.

Of course the situation could be better, and of course that is easier said than done.

IRDA has been studying the situation both in itself and in the larger context of detariffing the general insurance market. Through the various Motor tariff revisions and the various expert committees appointed by the Tariff Advisory Committee (TAC) and the IRDA much discussion has taken place and plenty of wise suggestions put forth.

Today the industry is at a stage where the best course of action has to be quickly determined and implemented. It is to examine it from all angles that the next issue of IRDA Journal will focus on Motor Third Party Liability insurance, and the legal cases in particular. We hope to see the true nature and extent of the problem and see what can best be done to solve the problem and how.

This is one topic that will be ever close to the heart of our readers representing the industry and so we are likely to return to it in the future too. But for now, it is a first look at the weakest link in a chain whose strength is sorely being tested. On the outcome of this struggle for survival will depend the birth of a newer, stronger general insurance industry that has both the obligation and the opportunity in the future to develop a robust portfolio of personal lines products.

Knowledge is Power

While the legal framework may codify customer protection and institutional mechanisms execute its intent after the interests of the policyholder are affected, true protection lies within the informed and circumspect customer. Enabling customer education and information is primary in the quest for protecting his interests, says *K. Nitya Kalyani.*

Unkind jokes about industries abound. Many of those about the insurance industry involve 'fine print.' As with all jokes, there is a germ of truth. Very few people actually understand all the parameters of an insurance policy and so there are many occasions when they are disenchanted with what they face when they make a claim.

It could be the scope of the policy they misunderstood or the very nature of it. Perhaps they could have been sold a different policy that addresses their needs. Insurance is not a simple product and so the information needs before and during a sale are paramount to taking care of customer interests.

If that is not a compelling enough argument for the industry to increase efforts to educate the customer, look at it this way. A proper appreciation of the power of insurance can only be wrought through information and education, and once that is achieved the demand for insurance will soar. Once people realise that insurance will protect what they have already earned and saved, they cannot but seek cover!

But the nature of the product and the stage at which the industry today is points to a considerable information mismatch between the seller and the buyer. This gap needs to be filled effectively and constantly through the efforts of the Regulator, the collective efforts of the industry participants like insurers and their intermediaries and the media.

The efforts of the Regulator and the provisions of its regulations also have to be constantly reached to the insuring public. For example the IRDA Protection of Policyholders' Interest Regulation lays down detailed information, service and conduct parameters for insurers and intermediaries. But without sufficient dissemination of the provisions of these regulations customers are not in a position to know where they stand when they buy a policy or prefer a claim. But with enough information they can demand what is due to them or solve their problems should that be the case.

There are other Regulations of the Authority that are directly aimed at consumer protection too. The regulations on advertisements for example seek to prevent misleading or unfair advertisements and promotional material.

A proper appreciation of the power of insurance can only be wrought through information and education, and once that is achieved the demand for insurance will soar.

Institutions like the Insurance Ombudsman and of course the consumer courts exist to help consumers with their problems and there too information on what they can do and how to use their services need to be constantly and systematically made available in suitable form to the insuring public.

Insurance awareness is also an important area that requires concerted effort for information spread as the value of the product itself needs still to reach large parts of the population.

The insurance councils are ideally placed to take on the job of spreading awareness of the product and the concept itself and presenting the companies, old and new, in the light of the products they sell and the regulatory and legal environment they operate in.

With the spate of publicity that the new insurance companies have undertaken in the last three to four years, curiosity has grown among the insuring public about what insurance can do for them. With it questions about the safety of their investment, doubts about what policies offer and mean, interest in the new companies and their reliability, staying power and background, all are looming large in the minds of the potential insurance buyer. Carefully studying their doubts and the nature of their questions will help us address their underlying fears and disseminate information suitably to win them over.

This is all the more critical because a hint of failure or misdemeanour in the insurance industry – which will have a cascading effect within it – is the abiding fear of a society that has seen failure once and is still haunted by it. Whether or not there is a history to it, it is true that reputation never sticks as securely to any other industry like it does financial services, specially insurance which is a promise for the future. All the more reason for the industry to strive towards more and accurate information to the public and more transparency in its dealings with its customers.

Once that is done, this initial wave of customers will act as ambassadors to the next wave of customers. That then is the beauty of information as consumer protection – it is self propagating and can lead to snowballing growth. In that light it is possible to take the old adage 'Knowledge is Power' as applying to the customer to mean that customers' knowledge is really power for the insurance industry.

IAIS on Consumer Protection

International Association of Insurance Supervisors (IAIS), which has as members the insurance supervisors of the world, has set out Core Principles for Insurance Supervision. Here is what it says on Consumer Protection in its Insurance Core Principle (ICP) 25.

The supervisory authority sets minimum requirements for insurers and intermediaries in dealing with consumers in its jurisdiction, including foreign insurers selling products on a cross-border basis. The requirements include provision of timely, complete and relevant information to consumers both before a contract is entered into through to the point at which all obligations under a contract have been satisfied.

Explanatory note

25.1. Requirements for the conduct of insurance business help to strengthen consumer confidence in the insurance market.

25.2. The supervisory authority requires insurers and intermediaries to treat their customers fairly, paying attention to their information needs. With respect to consumers in their own jurisdiction, the supervisory authority should set requirements with which insurers and intermediaries must comply. The requirements applicable to cross-border sales should also be clear.

25.3. A good claim resolution process is essential for the fair treatment of consumers. For this purpose, some jurisdictions have established extra judicial claim resolution mechanisms, such as independent panels or arbitrators.

25.4. For a large number of consumers, insurance products are difficult to understand and evaluate. Insurers and intermediaries have a greater knowledge of insurance issues than the consumers.

Arrangements should therefore exist for potential policyholders:

- to have access to information needed to make an informed decision before entering into a contract
- to be informed about their rights and obligations for the duration of the contract

25.5. These requirements should distinguish between particular types of customers. In particular, detailed conduct of business rules may not be appropriate for reinsurance transactions or in respect of professional customers. Nonetheless this does not relieve reinsurers of their duty to provide complete and accurate information to the insurers with whom they deal.insurance industry.

Essential criteria

a. The supervisory authority requires insurers and intermediaries to act with due skill, care and diligence in their dealing with consumers.

> The supervisory authority requires insurers and intermediaries to treat their customers fairly, paying attention to their information needs.

b. The supervisory authority requires insurers and intermediaries to have policies on how to treat consumers fairly and to have systems and provide training to ensure compliance with those policies by their employees and other sales collaborators.

c. The supervisory authority requires insurers and intermediaries to seek the information from their consumers that is appropriate in order to assess their insurance needs, before giving advice or concluding a contract.

d. The supervisory authority sets requirements for insurers and intermediaries with regard to the content and timing of provision of information:

- on the product, including the associated risks, benefits, obligations, and charges
- on other matters related to the sale, including possible conflict of interest to existing or potential policyholders.

e. The supervisory authority requires insurers and intermediaries to deal with claims and complaints effectively and fairly through a simple, easily accessible and equitable process.

Advanced criteria

f. The supervisory authority requires insurers and intermediaries to set rules on the handling of customer information paying due regard to the protection of private information of customers.

g. The supervisory authority gives information to the public about whether and how local legislation applies to the cross-border offering of insurance, such as e-commerce. The supervisor issues warning notices to consumers when necessary in order to avoid transactions with unsupervised entities.

h. The supervisory authority promotes the consumers' understanding of the insurance contracts.

Elsewhere IAIS Core Principles state that the supervisory approach to insurance activities on the Internet should be consistent with that applied to insurance activities through other media and that isurance supervisors should seek to apply standards of consumer protection to Internet related activities of insurers and intermediaries equivalent to those applied to the provision of services off-line. They should not constrain the legitimate use of the Internet.

Insurance supervisors should also require insurers and intermediaries over which they exercise jurisdiction to ensure that the principles of transparency and disclosure applied to Internet insurance activities are equivalent to those applied to insurance activities through other media.

The level of consumer protection should not be dependent on the medium used for insurance activities. The same basic principles of transparency and disclosure should apply for the Internet as for other media.

To Protect, To Serve

— Consumer protection assumes an all-important role

All stakeholders are duty-bound to uphold consumer rights, from the government and industry to the consumer himself, writes *Gnanasundaram Krishnamurthy*.

It is quite easy to define a consumer. It is one who, for a paid or promised consideration and for a non-commercial purpose, acquires goods, uses goods, hires or avails of any services. What is rather tricky to answer is why consumers worldwide have traditionally been viewed as objects marked by simplicity, timidity, innocence and selective ignorance. It is the preponderance of these features that has led to their exploitation, ultimately reducing them to helpless simpletons at the hands of powerful business doers.

This, in turn, has paved the way for the evolution of the consumer protection movement in developed countries like the US and the UK. The movement later spread to other countries, including India. Ultimately, it befell on the state to become duty bound to protect consumers through appropriate legislations from time to time.

In India, the Consumer Protection Act passed in 1986 was the result of consumer activism that sought to protect consumers from unfair trade practices and deficiency of service. Like in the US and the UK, it was preceded by several legislations that were passed to take care of consumer interests in different spheres of activity. However, it is this Act that was hailed as a milestone in the history of socio economic legislation in the country, and as one of the most progressive and comprehensive pieces of legislations enacted for the protection of consumers.

Milestone Act

It was the first enactment in India that recognised consumers as a class in themselves and provided for setting up Consumer Protection Councils at the central, state and district levels. The objective was to promote and protect the rights of consumers, such as the right to safety, right to information, right to choose, right to be heard, right to seek redressal and right to consumer education. It also set up Consumer Dispute Redressal Agencies at the district, state and national levels to adjudicate upon consumer disputes, ensuring simple, speedy, inexpensive and compensatory redressal of grievances.

> The Consumer Protection Act is hailed as a milestone in the history of socio economic legislation in the country.

In the words of SCDRC Haryana, “the Act is a beneficent statute, specially enacted to confer additional consumer rights and to preserve and guard the existing ones under the law…” and an “extraordinary jurisdiction”.

While the consumer protection extended by the Act encompassed the goods and services defined therein, to protect sectoral interests more speedily, the Reserve Bank Of India introduced the Banking Ombudsman Scheme in 1995, which was amended later in 2002.The scheme placed commercial banks, regional rural banks and scheduled primary cooperative banks under the jurisdiction of the Ombudsman with the objects of resolving and settling complaints relating to banking services and resolving disputes between a bank and its constituents as well as between one bank and another.

This scheme was followed by the Redressal Of Public Grievances Rules, 1998, notified by the Centre on November 11, 1998. This provided for the appointment of the Insurance Ombudsman under sub sec (1) of Sec 114 of the Insurance Act, 1938.However, the subject matters of disputes before the Ombudsman were restricted to total or partial repudiation of claims, delay in settlement of claims, legal construction of the policies in so far as such disputes related to claims, and premium paid or payable in terms of the policy and non-issue of any insurance document after receipt of premium. But the award is binding on the company and there is no provision for review within the rules, unlike in the Banking Ombudsman Scheme.

The legal framework with regard to consumer grievances is slightly different in the capital markets and mutual funds. There is no extraordinary jurisdictional authority in this sector for consumer protection within the industry. Intervention by the regulator SEBI, the Company Law Board, the Arbitrator, the Consumer Dispute Redressal Agencies or the Judiciary is the only available recourse to the investors. In fact, long ago, SEBI notified the establishment of the institution of Ombudsman for this sector, but the implementation of this notification, for reasons best known to the Regulator, is stalled.

In-house machineries

Independently of the existence of legal structure in Banking, Insurance and CapitalMarkets for resolving consumer disputes and grievances, in-house redressal mechanisms do exist in these sectors. High-ranking executives attend to consumer grievances. At LIC,

anex-member of the judiciary is inducted into the claims review committee, which lends credibility and transparency to the operations. As per IRDA regulations, all insurers need to set up grievance redressal machineries.

However, grievance redressal is not the ultimate goal of consumer protection, which is a much wider phenomenon, omnipresent in the commercial markets, with the grievance redressal machinery occupying a place only at the end of the tunnel.

A business enterprise needs to take care of consumer protection in every sphere of its activity, right from formulating its objectives, mission and values to dealing with services and the 4Ps of marketing – Products, Pricing, Promotion and Placement. Further, protection of the interests of existing customers cannot take a backseat during the pursuit for new customers.

The United Nations Guidelines* (Law of Consumer Protection by Dr. G. B. Reddy) for consumer protection have as objectives, achieving and maintaining adequate protection to consumers, by facilitating production and distribution patterns responsive to the needs and desires of consumers; encouraging high levels of ethical conduct for those engaged in business; curbing abusive business practices; developing independent consumer groups and providing consumers with greater choice at lower prices.

The agenda of Consumer Protection Councils in India flows from the general principles enunciated in the UN guidelines. Looking from this point of view, while the legal framework under the Consumer Protection Act addresses these objectives selectively, much depends on the commercial market in this regard. Facilitating the production and distribution patterns to be responsive to the needs and desires of the consumers, encouraging ethical conduct, organising consumer education, making available greater choice at lower costs, etc. are areas which have to be taken care of by the industry. Further, protection of consumers against reckless dealing of their funds and instilling public confidence is a primary concern of any business enterprise. It is here that the Regulator, industry and consumer groups play a vital role.

The Regulator seeks to achieve these objectives through its mandated functions of promulgating appropriate regulations, superintendence and guidance. IRDA's Protection of Policyholders Interests Regulations, RBI's restrictions on acceptance of deposits by NBFCs and guidelines on unsolicited credit cards and SEBI's Advertisement Code for mutual funds are a few examples of regulatory interventions for consumer protection.

Grievance redressal is not the ultimate goal of consumer protection, which is a much wider phenomenon, with the grievance redressal machinery occupying a place only at the end of the tunnel.

The industry is managed by Board managed companies, both in the public and private sectors. Policy decisions, including the approval of product design, are taken at the Board level. The Board, apart from complying with regulatory diktats, charts the course of the company after analysing the entire gamut of the performance and cannot, therefore, be oblivious to its obligation of protecting consumer interests. Corporate governance, today's buzzword, is all about the ethical conduct of business by the company.

Coupled with this is the responsibility of the self-regulatory organisations who also have a duty towards consumer protection. Their relationship with the government and the Regulator enhances the industry's involvement in matters relating to marketing with an eye on consumer protection. The Association of Mutual Funds and Insurance Councils under IRDA (though constituted under the Insurance Act) for example, perform the role of self-regulatory organisations in promoting consumer protection.

Consumer groups, both statutory and non-statutory, do contribute a lot for the welfare of consumers in their own way. The statutory councils, constituted under the Consumer Protection Act, influence the policies of the concerned governments through their working groups. The adoption of Citizens Charters in 1997 by government departments and public sector undertakings, which was hailed as a milestone in the history of consumer protection in India, was the result of the work of these councils.

Non-statutory consumer organisations generally take care of individual grievances and try to resolve them through interaction with the industry. However, some of them, like Shri Manubhai Shah's CERC at Ahmedabad, do exemplary service in bringing to light the dangers that consumers are exposed to while buying or hiring goods and services.

The interest groups can take various steps to ensure consumer protection in the country. Some of these are:

The Central Government

1. To revive and review the Citizens Charter and take it down to the private sector insurance companies.
2. To strengthen the institution of Insurance Ombudsman by enlarging the scope of subject matters of dispute that can be adjudicated by him. It has come to notice that recently, the Governing Body of Insurance Council directed all the Ombudsmen not to entertain complaints against refusal by insurance companies to renew non-life policies, particularly Mediclaim, despite the fact that

under Cl. (12) (3) of the RPG Rules 1998, it is the Ombudsman who is empowered to decide whether a complaint is fit and proper for being considered by him. Such interventions militate against the very purpose of establishing this institution for consumer protection.

3. To entrust the Ombudsman with appropriate authority to ensure compliance of directives and awards.
4. To provide for appeals against awards to a reviewing authority, say, a Chief Ombudsman.

IRDA

1. To strengthen and streamline product approval by doing away with the 'file and use' system. While freedom of product differentiation is the *sine qua non* in a competitive scenario, certain basic principles need to be in common for the players, which has to be ensured by the Regulator. Take for example the Accident benefit clause in LIC's policies, which originally stated that the death should have occurred within 90 days of the accident. Due to the intervention of consumer groups and law makers, it was subsequently modified to 120 days and later to 180 days. The PSU non-life insurers' policies allow up to 12 months. But some private sector policies maintain it at 90 days. Again, the PSU mediclaim policies, viewed more as products to fulfill a social need of healthcare rather than as a business proposition, allow continuity with the other. PSU policies for purposes of determining pre-existence of diseases, whereas private sector policies deny this benefit to the policyholders.
2. To ensure that the Boards of Insurance Companies have at least one member from a consumer group, as is there in some PSUs.
3. To organise consumer education programmes through the media regularly and effectively and set apart funds for this purpose. Less effective phone-in programmes to be replaced by panel discussions for optimum utilisation of the time slot and better clarity.
4. To strengthen the Ombudsmen's offices with adequate staff and appoint additional Ombudsmen at pressure centres. To ensure quick replacements of exits.

With consumers becoming better informed and demanding individuals, it is obligatory on their part to be above board when they seek protection.

5. To introduce rating of companies by reputed rating agencies.
6. To review training and licensing parameters for intermediaries keeping in mind the needs of consumer protection.
7. To ensure disclosure of adequate information in product literature and the annual reports of the companies.

Companies

1. To constitute Board-level Consumer Affairs Committees, associating consumer activists, to periodically review the functioning, with particular reference to consumer protection. LIC's example is noteworthy in this regard.
2. To undertake product development and redesign with reference to judgments delivered by statutory, quasi judicial and judicial authorities in consumer protection cases. Amendments to the terms and conditions of the products to be given effect to only prospectively, where they adversely affect the existing customers
3. To give utmost attention to corporate governance.

Self-regulatory organisations

1. To keep a check on non-tariff product pricing and build a reliable database for this purpose. The setting up of MMIB by the Life Insurance Council is a welcome step in this direction.
2. To raise a consumer protection fund and manage it to finance and support consumer protection activities of the companies and the consumer groups.

Consumers

While consumer power is undergoing changes in equations, with the consumers shedding their personality of being simpletons and becoming better informed,demanding and wise individuals, it is also obligatory on their part to be above board,when they seek protection.

In the words of SCDRC Haryana, "the hallowed rule of our jurisprudence has long been that those seeking relief in equitable extraordinary jurisdictions (other than the ordinary and formal one at law) must do so with utmost candour and without any covert or overt suppression of facts or making of any misleading averments. That principle is epitomised in the dictum that the petitioner therein must come into the portals of such jurisdictions with clean hands."

The author is retired Chairman, Life Insurance Corporation of India and served as Insurance Ombudsman for the regions of Maharashtra and Goa.

Betwixt the Claim and the Settlement

— Consumer protection in Non-Life insurance

Insurers can do a lot to protect their consumers as part of their contractual obligations, writes *G. V. Rao,* adding that it is not only their duty but also a huge differentiator in a competitive market.

The personality of insurance business is quite different from all other professions, trades and occupations. Insurance is a futuristic cover; it is contingent on the occurrence of a fortuitous event covered under the contract; it is a written promise to financially compensate at a future date, if contractual conditions are complied with.

Nothing but a paper containing the written promise is exchanged at the time of sale. Insurers expect customers to regard them as credible parties based on contract wordings, trust and utmost good faith. The power to redeem the promise when called upon to do so, however, is entirely on the insurer. The insured is powerless in his negotiation and is totally dependent on the insurer to get his dues.

Dispute resolution

Disputes arise quite often on the content of the promises made and these put consumers in a tight spot. Resolving the issue through a legal process is costly and time-consuming. While the insurer has the corporate financial power to fight out its stand to the very end, the consumer, particularly the retail one, has limited financial resources to do so.

Since insurance is an economic safety net, meant to benefit the society, the authorities have intervened to ensure that disputes are settled amicably by reference to independent adjudicators for speedy redressal. Alternate dispute redressal mechanisms have been introduced by the government, recognising that consumers need protection from the misuse of corporate power.

What are these mechanisms in place and how effectively are they functioning?

1. The insurers themselves have set up internal cells to deal with consumer complaints in their self-interest.

While the insurer has the financial power to fight out its stand, the consumer, particularly the retail one, has limited financial resources to do so.

2. The government has a Directorate of Public Grievances, which deals with consumer complaints.
3. Forums have been established under the Consumer Protection Act, 1986, to deal with delays in consumer service. These have powers to issue summary judgments that are binding on the providers.
4. The government has set up a chain of ombudsmen to examine claims of individuals up to Rs. 20 lakh to mediate and conciliate between the insurers and the insured.
5. The IRDA has issued binding regulations directing insurers to attend to consumer complaints in a prescribed manner. In fact, one of the main functions of IRDA is to protect the interests of consumers in their dealings with insurers.
6. Where liability has been admitted and the quantum of payable claim is disputed, the policy usually provides for arbitration.
7. If the liability itself is disputed, the option of going to civil courts is available to the insured.
8. There are separate MACT tribunals to deal with Motor TP claims.
9. Lok Adalats act as another mechanism to settle Motor TP disputes.

With such a large number of mechanisms in place for the settlement of disputes, consumers yet complain that the insurers often look for loopholes to deny or delay their rightful claims. Consumers are generally reluctant to go to civil courts due to the length of time it takes to get a decision and the known cussedness of insurers to challenge judicial awards that favour the insured in higher forums.

How good are the ADR resources?-

- Grievance redressal cells set up at operating offices have failed to build credibility among consumers; the operating offices are the ones against whom the complaints are made. To expect them or the wings controlled by them to see reason and change their stand on any issue is a rather tall order. Brotherhood in insurance at the level of operating offices is another factor.
- The Directorate of Public Grievances is a bureaucracy and has not delivered any meaningful value in a time frame except for those who know how the

bureaucracy functions. This is of no use to a lay retail consumer.

- The consumer forums deal with issues of delay in decision-making and do not usually deal with issues of liability. But they have served retail consumers well. However, as corporate consumers too are allowed to go to Consumer Forums, there are delays in getting justice. Retail consumers are hit hard. Also, insurers indulge in going to the very top of the National Forum irrespective of the principles involved. This acts as a set back to the process.
- The ombudsmen, though set up through the intermediation of insurers, do not seem to enjoy the support of the industry to the extent they can be more effective. They have no powers to arbitrate and their decisions are challengeable. They can only mediate and conciliate between disputing parties. This has made them less than effective in bridging the differences between the parties.
- The IRDA has issued strict and binding regulations that offer hope for promptness in the claim settlement process for consumers, if not on the decision itself. But insurers have no internal systems to monitor compliance within a time frame. There is a need for insurers to be more serious in attending to IRDA complaints referred to them.
- Arbitration mechanisms also take time, as parties engage advocates and court procedures have to be followed. As advocates are injected into the system, arbitrators are asked to sit on weekends so that their court work is not disrupted. Continuous sittings become difficult, leading to delays.
- Insurers' resorting to rejection of claims on flimsy grounds to drive consumers to civil courts is seen as a growing trend. Often, no grounds are given. Mere statement that the claim is not sustainable is enough to reject the claim.

With the exception of consumer forums, and to some extent the ombudsmen, the ADR mechanisms have proved inadequate to protect the interests of consumers.

Role of Ombudsman in banks

The Ombudsman scheme was amended in 2002 and now empowers him to act as a sole Arbitrator in specified disputes. In such an event the parties to the dispute have to file affidavits duly notarised seeking the services of Ombudsman as sole arbitrator. If in a dispute the issues need to be examined by examining witnesses in addition to documents furnished, the Ombudsman may advise the disputing parties to seek other forums for its resolution. He will apply the provisions of the Arbitration and Conciliation Act, 1996.

> The ombudsmen do not seem to enjoy the support of the industry to the extent they can be more effective.

There is also a clear policy laid down for enforcement of Awards under conciliation and mediation. If the bank is aggrieved by the decision that there has been wrong appreciation of facts, or it creates a bad precedent for the banking system, the bank through its chief executive may file a review petition before the RBI which is the Reviewing Authority. The Reviewing Authority may then, if it is satisfied that it is a fit case for a review, ask the opposing party and the Ombudsman to send their comments. The Reviewing Authority may then direct the Ombudsman suitably with its own final views.

It would seem that the above equitable and fair procedures could be implemented both in the internal grievance systems as well as the awards now handed over by ombudsmen in the insurance industry as well. The Ombudsman scheme in insurance has not been amended since its inception, as was done in the case of the banking sector.

Making it compulsory that a reference either to the grievance redressal cells of insurers or to the Ombudsman should be done first before consumers rush to lodge complaints with the IRDA may help it to focus on the actions of insurers taken rather than on the delays insurers cause. IRDA needs to distinguish the two sets of dissatisfaction among the consumers.

What ails insurers

Claims handling is the moment of truth for the insurance industry. The monopolistic power and the inbred culture of the past three decades have ingrained favour-dispensing attitudes in the staff, even if they were merely performing their ordinary duties. Neither the forces of liberalisation nor the regulatory compulsions have significantly changed their work ethic or attitudes towards consumers.

Feedback from customers and the decisions of dispute resolving entities are rarely read, analysed and absorbed by the insurers. Their persistence with old standards in spite of several judicial illuminations continues unabated, so that there are hardly any improvements in their underwriting and claims handling processes.

It is this annoying refusal to learn from past mistakes, even if independently pointed out, which is responsible for their poor image. Insurers ought to know why they persist in doing so. It is time they trued up with the public of their motivations.

There are about 15 lakh claims remaining unsettled in the industry, locking up over Rs. 18,000 crore as at the end of 2004-5. About 80 percent of them are outstanding for more than six months of their notification.The industry has paid out approximately Rs.

10,000 crore towards claims. Its gross premium collection was about Rs. 18,000 crore.

Dealing with consumer expectations

Consumers expect from insurers promptness, fairness in evaluation of claims and that they should be made aware of why their claims are settled for particular amounts or why their claims are rejected with reasons that make sense to them. The claims handling process must be aligned to the requirements of consumers from their perspective.

Consumers must be provided with adequate and clear information to manage their expectations — explain the process, name the person who will deal with the claim, the timescales involved in processing and provide consumers with reasons for the amount settled or for its rejection. Empathetic communication is the medium through which expectations are managed and insurers have made little effort to improve their communication skills and processes.

The biggest differentiator among insures is in the effectiveness of fair and speedy claims' settlement and not in price or coverage. Insurers refuse to face reality on this front.

Insurers should be doing a lot more to overcome the consumer apathy that is blared out against them through several ADR mechanisms. A few of these suggestions may be considered:

- Encourage consumers to complain more; they are the only ones who will tell you what is wrong with you.
- Reorganise claims handling processes to be responsive to what consumers want as priority.
- Audit regularly your grievance redressal cells and processes to bring in improvements.
- Reorganise the cells to bring in credibility and independence of judgment to bear for consumers to believe in you.
- Bring in a work culture that your claims handling department works for the consumers and from their perspective.
- Ensure fairness, promptness and consistency in decisions.
- Work out costs involved in fighting cases in higher judicial forums. It must be principle based and not for punishing the consumer.
- Learn from your mistakes from decisions made against you in various forums of courts, etc. It is expensive to continue indulging in repeating mistakes.

It is not so much the quality of their decision-making that is questioned but the reckless and callous attitudes at lower levels that hurts consumers.

- Review customer disputed claims as a part of MIS.
- Monitor how the complaint systems are working and evaluate the performance of cells set up.

The FSA's masterplan

The UK's Financial Services Authority (FDSA) has recently expressed concern with UK insurers' claim handling processes and behaviour towards retail consumers. It has decided to conduct a study to gain an understanding of, and an insight into, insurers' claims handling of retail consumers to tighten future supervision.

It proposes initially to send out a questionnaire to insurers to obtain an idea of the internal service standards, to be followed up with focused visits to their offices to look in more detail at the systems and internal controls they have in place to ensure compliance. They want evidence that insurers are using MIS to analyse and improve their claims handling services: that senior management has access to and is acting on the information. The FSA has also expressed concern on fraud as an area that should receive serious attention from insurers. Their inspections will also cover the anti-fraud strategies in place and check that these are balanced with customer focused internal claim handling standards. Such standards should be regularly reviewed to ensure that the staff is meeting them.

There is evidence enough from the judgments of various ADR resources that insurers can do a lot more to protect their consumers as a part of fulfilling their contractual obligations. Managing consumer expectations is strictly their business. It is a huge differentiator of opportunity at the market place.

When disputes do arise, more focused involvement of insurers to reexamine their stand is necessary to convince the ADR resources of the justness of their decisions and decision-making. Losing cases must rouse a sense of outrage and repeated losses must make them review their systems and attitudes and practices.

It is not so much the quality of their decision-making that is questioned but the reckless and callous attitudes at lower levels in dealing with consumer complaints that hurts consumers. Admitting mistakes should not be seen as surrender of ego or prestige.

But when procuring business is at the top of the agenda and the consumer and his problems are at the bottom, it is more a question of hope than expectation that things will change.

The author is retired CMD, The Oriental Insurance Company Limited.

To Bring That Smile

— Consumer care as a competitive tool

The consumer is King and it pays for the insurer to treat him as such, observes *V. Ramakrishna,* providing guidelines to achieve customer satisfaction.

Consumer Protection. The very phrase implies an adversarial relationship between the producer and the consumer – as if the former is a voracious predator and the latter, a feeble, helpless victim. It does not at all convey the symbiotic relationship that ought to exist between the two. Why is this so?

The need for consumer protection' stems from the unequal bargaining power of the two sides – while the producer is typically a large organisation, fully aware and informed, the consumer is equally typically an individual, with little or no awareness of his rights. Be that as it may, there is a need to correct this sub-conscious positioning – maybe by re-christening it as 'consumer care' (or ''consumer sensitivity', if you will!)

Consumer care is a recent concept in India. After all, it is only recently that we started the journey from a controlled to a liberalised economy. Consumer care is all about choices and the need to keep the consumer happy – both of which were absent in the pre-liberalised economy.

Consumer care in insurance industry

The Indian insurance industry has been a monopoly/ oligopoly for several decades. It has, however, undergone a metamorphosis in recent years. With the IRDA coming into existence in 1999, the private players entering the field in the year 2000 and insurance intermediaries in the year 2002-2003, we are finally looking at multiple choices for the consumer.

With all this, have we been able to bring a smile on the consumer's face? Is it too early to aspire for best practices in the insurance industry? Is the premium-paying customer getting all that has been promised to him? Is he getting a fair deal? What happens to him in the unfortunate event of a claim? Is he left running from pillar to post? Do insurers give him a patient hearing or do they turn a deaf ear and get away with it? Does the consumer know his rights?

> Consumer care is all about choices and the need to keep the consumer happy – both of which were absent in the pre-liberalised economy.

Before we answer the above questions and more, it may be a good idea to define what we believe is being fair to the consumer or taking adequate "care" of him.

Give him what he has paid for: Ensure that the product provided is exactly what he has applied for. As insurance is not a tangible product, ensure that *his understanding* of what he has purchased and *the reality* of the product he is buying are the same. It would be appropriate for the insurer to clearly explain policy coverage and exclusions, and either ensure that the customer has understood and accepted their implications or offer an alternative policy better suited to his needs.

Do not take advantage of the customer: Avoid 'pushy' sales tactics. Avoid selling products which, due to lack of understanding on the consumer's part, are either not what he needs or is in some way inappropriate to his needs or expectations.

Offer the customer the best product you can: The 'best product' in this instance is the best product that the insurer has available in its current range.

Do your best to resolve mistakes as quickly as possible: Whether the mistake is the insurer's or the customer's, every effort should be made to resolve it; greater willingness is required on the part of insurers to acknowledge mistakes or errors and, where appropriate, to compensate the customer.

Show flexibility, empathy and consideration in dealing with customers: Where customers have made 'honest' mistakes, a degree of discretion should be used and each situation judged separately; the provider should err on the side of generosity, giving the customer the benefit of the doubt.

Exhibit clarity in all customer dealings: Terms and conditions should be as clear and easy to understand as possible; changes or new features should be spelt out and explained; messages should be consistent across all channels; and language which could potentially mislead should be avoided.

Possible hurdles

1) The client holding an insurance policy is certainly not in the driver's seat today, thanks to these factors: The complicated language used in the policy makes it impossible for him to understand the policy wordings – most customers would not be able to explain what exactly they are covered for and what is excluded.
2) Style and presentation make it difficult for the customer to read and comprehend the policy. Significant and unusual exclusions are not mentioned prominently in the policy.
3) An insurance policy is typically an off-the-shelf product and not client specific.
4) There are barely any new products in the market.

Each of us can take steps to improve the consumer care scenario. These include:

Consumer education and empowerment

All the stakeholders – IRDA, insurers, intermediaries, surveyors and TPAs – should first appreciate that consumer education and empowerment is what drives consumer care. We should launch industry-wide programmes to educate consumers.

Undoing the complicated policy wordings

Insurers and the Regulator could get together and overhaul policy wordings in line with the Plain English movement. Provide summaries with every policy document, with coverages and exclusions clearly spelt out in simple language.

Recourse in case of dissatisfaction in claim settlement

Make it mandatory to attach a document to each policy giving tips on what to look for in a policy, how to approach the Insurance Ombudsman / Consumer Protection Cell in case of any injustice meted out to them (similar to a statutory warning in the tobacco industry).

IRDA's role in consumer awareness

IRDA, which has already taken the lead in consumer awareness programmes, could follow the UK model, where the Financial Services Authority (FSA), the umbrella regulator, carries out a full-fledged consumer information campaign on its web site. Consumers will feel comfortable reading insurance jargon, simple concepts, FAQs, guide to insurance buyers, etc. on a neutral platform like IRDA.

> As insurance is not a tangible product, ensure that *his understanding* of what he has purchased and *the reality* of the product he is buying are the same.

Insurers to enhance their roles: Insurance players could form self-regulatory bodies (like the Insurance Brokers Association of India and the Third Party Administrators Association of India) to exchange ideas and implement best-practices.

Training in customer sensitivity

Insurers, both public and private, and brokers/ TPAs should train their staff in customer sensitivity.

Clarity in escalation mechanism

The escalation mechanism should be clearly defined – all issues should not land up at the Ombudsman's door. Most should be resolved at the insurer level itself.

Clarity of products

Provide consumers with simple, clear and understandable information about products

Develop customer-specific products

Develop customer specific, world class products.

Entering into Service Level Agreements

Enter into Service Level Agreement with the client on inception of policy, giving timelines to be met with regard to the various servicing aspects including claims and renewals.

Standardise formats

IRDA should move to standardise all formats related to policy servicing, including claim forms, TPA enrolment forms, etc. When a claim is partially disallowed or repudiated, the consumer should be given clear, written reasons for the same.

Customer seminars

Brokers and agents should educate their clients through seminars and workshops.

Non-renewal notice to customers

In case the customer fails to renew a policy, he/of she should be given sufficient notice about it.

Risk warnings

Introduce some new pre- and post-sale information requirements and risk warnings to help consumers make informed choices about the type of product and amount of cover they need.

Customer feedback

To collect feedback from consumers on their changing needs and grievances, if any.

Reinsurer rating

In case of reinsurance driven policies, the client may be informed of the rating of the reinsurer.

Customer protection against intermediary / agent fraud

In case of intermediary / agent driven policies, where the premium amount is not deposited, the protection for the customer is to be specified.

Customer protection against insurer insolvency

A separate fund can be set up by the Regulator to take care of an eventuality like the insolvency of any of the insurers.

Clarity in penalty

Penalty to the insurer to be spelt out clearly in case of non-compliance of service levels / delayed claim settlement.

Examples from across the world

A look at how consumer protection has shaped up in various countries will provide guidelines on how the Indian industry can go about it.

United Kingdom

The FSA is the independent watchdog set up by the government under the Financial Services and Markets Act, 2000 to regulate financial services in the UK, and protect the rights of retail customers. It aims to promote efficient, orderly and fair markets and help retail consumers achieve a fair deal.

United States

The National Association of Insurance Commissioners has been set up to assist all the state insurance regulators, individually and collectively, in serving the public interest and achieving insurance regulatory goals. It facilitates the fair and equitable treatment of insurance consumers.

South East Asia

The South East Asian countries have consumer protection laws that are the only course of redressal for aggrieved customers.

In India, the Consumer Protection Act, which came into existence in 1986, and the creation of the Insurance Ombudsman by the Regulator are the only sources of recourse for a consumer who has faced injustice by an insurer.

Consumer protection is like corporate governance – regulation or policing can only set the tone and agenda; practising it in spirit has to come from within. Treating customers fairly needs to be embedded into the culture of a firm at all levels, so that over time it becomes business as usual.

In the final analysis, it is clear that firms will only practise what they believe is crucial for their survival and growth. Therefore, the best way to ensure that consumer protection becomes a rule and not an exception is to open up the market fully to competition – let the consumer vote with his feet and teach the errant companies a lesson; the survivors will be twice as careful with their "kings".

The author is Managing Director, India Insure Risk Management Services Pvt. Ltd. The views expressed in here are his own.

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प्रकाशक का संदेश

किसी भी नियंत्रण प्राधिकारी के लिए ग्राहक सुरक्षा एक वांछित लक्ष्य है तथा इस लक्ष्य पर पहुँचने के लिए विभिन्न रास्ते मार्केट के विकास के स्तर पर, उसमें पडे व्यक्तियों तथा आम जनता की जागरूकता पर निर्भर करके भिन्न होता है। सीधे सुरक्षा प्रदान करनेवाले प्रो–एक्टिव नियंत्रणों द्वारा या कंपनी शोधन क्षमता की सुदृढ अनुवीक्षण द्वारा, जो यह सुनिश्चित करता है कि कंपनी मे अपनी दायित्व को वहन करने के लिए सदा पर्याप्त संसाधन है, कंपनी के व्यवहार्यता को सुनिश्चित करते हुए ग्राहक को सुरक्षा प्रदान करता है। भारत में, और अधिकार क्षेत्रों के जैसे, हम दोनों को करने के लिए प्रयत्न करते हैं ।

आईआरडीए पत्रिका की इस अंक में हम ग्राहक सुरक्षा पर पहुँच संबंधित विभिन्न दृष्टि बिन्दुओं को प्रस्तुत करते हैं तथा हमारे लेखक अन्य सेक्टॉरों में उपलब्ध पद्धतियों पर एक नजर दे रहे है ।

हमने जीवन बीमा व्यापार में, चालू वित्त वर्ष के प्रथम भाग से संबंधित विस्तार आंकडे भी आपके लिए दिया है । पहले के जैसे मार्केट के ट्रेंडों को देखने में तथा जोखिमों से सुरक्षा के शर्तों में क्या संकत मिलता है इसे देखने में बहुत दिलचस्पी रहता है । यूनिट लिंकड पालिसियों के विकसित प्रसिद्धता का जो ट्रेंड पिछले वर्ष प्रकट हुआ, इस वर्ष में और भी मार्कड है ।

प्राधिकरण द्वारा निर्माण किये किये विभिन्न नियंत्रणों पर अनियत सीरीज को इस अंक से हम शुरू कर रहे है। उस फ्रेमवर्क को हाइलैट करना, जिससे बीमा उद्योग के विभिन्न अस्तित्वों का चालन अपेक्षित है और कुछ प्रावधानों के पीछे सोच तथा मुख्यता पर वार्तालाप करना इसका उद्देश्य है । उपयुक्त रूप से, इस महीने में हम उन निवेश नियंत्रणों को देखते हैं, जो पॉलिसीधारक की ओर वचनबद्धता को वहन करने के संबंध में बीमा कंपनी की क्षमता का अंतर्भागीय निर्णायकों का कोडिफाई तथा नियंत्रित करता है।

अगले अंक मोटर लायबिलिटी पोर्टफोलियो की पैरामीटरों को अन्वेषण करेगा जो बीमाकर्ताओं तथा नियंत्रकों, दोनों के लिए चुनौती भरा, सभी अधिकार क्षेत्रों में प्रधान पोर्टफोलियो है।

सी. एस. राव

सी. एस. राव

"कुछ तो लोग कहेंगे"

आज लायड्स के इतिहास में एक मुख्य दिन है। चाइना को विश्व के द्वितीय बडे एकानमी बनने तथा विश्व के बडे तथा बहुमुख्य बीमा मार्केटों के रूप में विकसित होने का पूर्वानुमान किया गया है।

लार्ड पीटर लेविन, अध्यक्ष, लंडन के लायड । चाइना द्वारा क्षेत्रीय करेन्सी व्यापार को पुनःबीमाकृत करने अनुमति दिये जाने तथा लाय्डस मार्केट से चाइनीज बीमाकर्ताओं का पूर्ण अक्सेस प्रदान किये जाने पर

पूँजी को लंडन या यूरोप में किसी क्षेत्र या और आगे किसी क्षेत्र में जाने के लिए आसान है। इस पर्यावरण में, किसी को भी अस्तित्व रहने के लिए भगवान से दिये गये हक नहीं है।

श्री जुलियन जेम्स, निदेशक, वर्ल्ड वाइड मार्केट, लायड् ऑफ लंडन – व्यापार करने के लिए एक समर्थ जगह के रूप में बनाने के लिए तथा विरवोधी क्षेत्रों द्वारा मार्केट अंश पाये जाने को रोकने के लिए लायड के तीन वर्षीय योजना पर टीका देते हुए

.... साधारण विकास होने पर भी मार्केट का प्रशस्त विकास.. प्रीमियम में तुरंत लाभ पाने की पीट में मार्केट की दीर्घावधि लाभों को हम बलि नहीं देना चाहते हैं ।

डीटैरिफिग से रोडमैंप पर टीका देते हुए श्री सी. एस. रॉव, अध्यक्ष, आरआरडीए

बीमा मध्यवर्तीयों के व्यापार में मुख्य तथ्य है संघर्षों का प्रबंधन तथा विश्वभर के, मुख्यतः युनाइटेड स्टेट्स के नियंत्रकों से ज्यादा दृष्टिकोण दिये जानेवाले विषय, रह चुका है। अब स्थित मार्केट पद्धतियों पर हमारा पुनविलोकन यह सुझाव देता है कि संगठनों को यह सुनिश्चित करने के लिए कि वे बहुत प्रभारी रूप से संघर्षों को पहचान कर, कम कर सकते है, बहुत ज्यादा काम करना है।

बीमा ब्रोकरों को भेजे गये पत्र में फाइनेन्शियल सेर्विसस अथारिटी ;एफएसए द्ध, यू के

डीटैरिफड् युग में ब्रोकर पारिश्रमिक एक क्षेत्र है जिसपर हमें कुछ निर्णय लेना है। हम, इसलिए यह पुष्टि नहीं कर सकते है कि डीटैरिफड युग में सामान्य बीमा ब्रोकरों के लिए 17.5 प्रतिशत का फ्लेट ऊपरी सीमा रहेगा।

डीटैरिफिग से रोडमैंप पर टीका देते हुए श्री सी.एस. रॉव, अध्यक्ष, आरआरडीए

इस सेक्टॉर में संगठन चलानवाले प्रभावी व्यक्तियों में, क्षमता तथा निर्णय लेने से संबंधित प्रक्रियाओं पर विकास लाने पर तथा अपने जोखिमों को जिस तरह से पहचानते तथा प्रबंधन करते है उन तरीकों को सुदृढ करने पर ये सुधार लक्षित है ।

प्रस्तावित कार्पोरेट गवर्नेन्स नियमों पर डॉ. जॉन लेकर, अध्यक्ष, आस्ट्रेलियन प्रुडेन्शियल रेगुलेशन अथारिटी (एपीआरए)

यह आपका भविष्य है. उसकी सुरक्षा करें.

बीमा से सम्बन्धित कुछ शंकाओं का समाधान !

बीमा विनियामक और विकास प्राधिकरण

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

आप इस विज्ञापन को अपने आंतरिक प्रकाशन मैं बेहियक मुद्रित कर सकते हैं

शुल्कदर मुक्त वातावरण में बीमा करना

– 'तकनीकी' और 'गैर–तकनीकी' कौशल की आवश्यकता

ए.एस. चाउबल के अनुसार शुल्कदर प्रणाली से बीमा कंपनियों और पुनर्बीमाकर्ताओं के संचलन स्तर पर बीमा करने का कौशल विकसित करने को बढ़ावा मिलना चाहिए।

दुनिया भर में बीमा कंपनियों द्वारा ली जाने वाली प्रीमियम दरों की उपयुक्तता को निर्धारित करना उनके लिए सबसे बड़ी दुविधा रही है। दुनिया भर में बाज़ार का 'गिरता' और 'उठता' स्तर बीमा उद्योग में बीमा करने के चक्र को तय करता है। 'शुल्कदरें' नियंत्रण तथा 'शुल्कमुक्त' की शुरुआत इन घटनाक्रमों का ही स्पष्ट परिणाम हैं जिनकी स्थिति स्थानीय बाज़ार स्तर से तय होती है।

लाभ कमाने वाले अग्नि और इंजीनियरिंग क्षेत्र सहित भारत मे गैर–जीवन बीमा के बड़े क्षेत्र पिछले अनेक दशकों से शुल्कदर के अधीन रहे हैं। इन शुल्कदरों ने सीमित उद्देश्यों के माध्यम से राष्ट्रीयकृत ढांचे में काफी महत्वपूर्ण भूमिका निभाई है। उदारीकरण की प्रक्रिया और निजी क्षेत्रों के लिए बाज़ार खोलने, बिचौलियों के आने आदि से बीमा उद्योग में द्रुत गति से विकास हुआ है, जिससे बीमाकर्ताओं और बीमा कराने वालों की सोच में बदलाव आया है।

इस तथ्य को देखते हुए कि उदारीकृत बाज़ार के एक अनिवार्य भाग के रूप में बाज़ारु ताकतों को उन्मुक्त रूप से कार्य करने की अनुमति प्रदान करने के लिए शुल्कदर प्रणाली जल्द से जल्द समाप्त होनी चाहिए, आई.आर.डी.ए. ने श्री ए.सी. मुखर्जी की अध्यक्षता में एक विशेषज्ञ समिति का गठन किया। समिति को बीमा दलालों, एजेंटों आदि के लिए पारिश्रमिक प्रणाली की जांच करने का आदेश दिया गया था। इसने शुल्कदर प्रणाली से "पूर्ण जोखिम दर प्रणाली" में तथा उसके बाद पूर्ण शुल्कदर मुक्त खुले बाज़ार में चरणबद्ध ढंग से परिवर्तन करने के लिए दिसम्बर 2003 में विशिष्ट सिफारिशें की थीं।

हालांकि विशेषज्ञ समिति की सिफारिशों पर अनेक विचार व्यक्त किए गए थे, किंतु समिति के अधिकांश सदस्य मोटर, अग्नि और इंजीनियरिंग सहित सभी क्षेत्रों को "शुल्कदर मुक्त" बनाने के पक्ष में एकमत थे। अब बाज़ार की विचारधारा निम्नलिखित प्रश्नों के उत्तर पर केन्द्रित है:–

> अग्नि और इंजीनियरिंग गैर–जीवन संपत्ति बीमा के दो प्रमुख और महत्वपूर्ण क्षेत्र हैं जहॉं अत्यधिक बारीकियां और जटिलताएं यह तय करने में अहम भूमिका निभाती हैं कि पूर्ण जोखिम दर क्या हो सकती है। इन दोनों क्षेत्रों में काफी अधिक एकतरफा हानि होने का खतरा बना रहता है और एकतरफा हानि अनुमान व्यक्तिगत बीमा कंपनियों द्वारा ली गई सकल प्रत्यक्ष प्रीमियम जिम्मेदारी से कहीं अधिक बढ़ सकता है।

- "पूर्ण जोखिम" क्या है ?
- तथाकथित पूर्ण जोखिम दर क्या है ?
- विशेषकर किन्हीं विश्वसनीय आंकड़ों के अभाव में इसे कैसे निर्धारित किया जा सकता है ?
- वे अन्य तथ्य (अर्जन लागत, प्रशासनिक लागत, भावी आपात हानि आदि के लिए आरक्षित निधि आदि) क्या होंगे, जो एक बीमाकर्ता उपभोक्ता को उद्धृत करने से पहले 'पूर्ण जोखिम दर' को भारित करेंगे ?
- क्या विचार करने के लिए दर एकमात्र घटक है या कवरेज के विभिन्न संयोजनों के लिए दरें, अवधि और स्थिति अन्य घटक हो सकते हैं ?
- क्या टी.ए.सी. इसका निर्धारण करेगी या इसे दरों और कटौतियों की अपनी व्यक्तिगत तालिका तैयार करने के लिए प्रत्येक बीमाकर्ता पर छोड़ दिया जाएगा ?
- इसे बाज़ार स्तर पर कैसे लागू किया जा सकता है ?
- यह किस पर लागू होगी ? बोर्ड के सभी उपभोक्ताओं पर या उपभोक्ताओं के चयनित समूह पर।
- निगरानी और नियंत्रण नीति/तंत्र क्या होगा ?
- उद्योग की आय तथा व्यक्तिगत प्लेयर्स के तुलन पत्रकों के अनुसार 'पूर्ण जोखिम दर प्रणाली' मे ऐसा परिवर्तन करने के क्या प्रभाव होंगे ?
- पूर्ण जोखिम दर प्रणाली की जीवन प्रत्याशा क्या है ?
- यह पुनर्बीमा व्यवस्थाओं और संबंधों को कैसे प्रभावित करेगा।
- बाज़ार स्तर पर विश्वसनीय सांख्यिकीय डॉटा तैयार करने का ढांचा क्या हो सकता है ?
- उदारीकृत मूल्य ढांचे में स्वस्थ बाज़ार विकास कैसे सुनिश्चित किया जाए ?

शुल्कदर सलाहकार समिति (टी.ए.सी.) के स्तर पर पहले प्रयास का उद्देश्य मोटर वर्ग के व्यवसाय क्षेत्र

को शुल्कदर मुक्त करना है। एक आंतरिक विशेषज्ञ समिति मोटर को शुल्कमुक्त करने के विभिन्न पहलुओं की जांच कर रही है। यह प्रक्रिया सक्रिय रूप से चल रही है और ऐसी माना जाता है कि चरणबद्ध ढंग में बदलाव लाने के लिए जल्दी ही विशेष विचार उभरकर सामने आएंगे।

अग्नि और इंजीनियरिंग गैर–जीवन संपत्ति बीमा के दो प्रमुख और महत्वपूर्ण क्षेत्र हैं जहॉं अत्यधिक बारीकियां और जटिलताएं यह तय करने में अहम भूमिका निभाती हैं कि पूर्ण जोखिम दर क्या हो सकती है। यहां यह नोट करना प्रासंगिक होगा कि इन दोनों क्षेत्रों में काफी अधिक एकतरफा हानि होने का खतरा बना रहता है और यह असंभव नही है कि एकतरफा हानि अनुमान व्यक्तिगत बीमा कंपनियों द्वारा अपने संबंधित विभागों में ली गई सकल प्रत्यक्ष प्रीमियम जिम्मेदारी से कहीं अधिक बढ़ सकता है। इसलिए बाद के पैराओं में चर्चा गैर–जीवन बीमा व्यवसाय के दो प्रमुख क्षेत्रों पर केन्द्रित होगी।

तकनीकी रूप से ठोस या सही दर (वर्तमान बाज़ार स्थिति में संभवतः "वास्तविक दर") को तय करने की नीति के पहलुओं पर विचार करने से पहले यह देखना प्रासंगिक होगा कि बीमा अधिनियम 1938 क्या कहता है ?

बीमा अधिनियम की धारा 64 यू.सी.

"किसी जोखिम से संबंधित किसी दर लाभ, निबंधन या शर्तों को निर्धारित करने, संशोधित करने या आशोधित करने के लिए सलाहकार समिति यह सुनिश्चित करने का प्रयास करेगी कि समान खतरों वाले व्यवसाय के बीच अनिवार्य रूप से कोई अनुचित भेदभाव न हो तथा पिछली और भावी हानि पर विचार किया जाए।"

"बशर्ते सलाहकार समिति पिछले अनुभवों के आधार पर विश्वसनीयता के परिमाण पर उपयुक्त भत्ता दे सकती है जिसमें अचानक उतार–चढ़ाव होने पर भत्ते देना तथा अग्निकांड या आपदा या दोनों के खतरों सहित अप्रत्याशित भावी आकस्मिकता के लिए उपयुक्त भत्ता देना शामिल है।"

आइए, अब अग्नि और इंजीनियरिंग बीमा शुल्क के ऐतिहासिक विकास तथा भारत में इससे संबद्ध विनियमों, वर्तमान स्थिति तथा तकनीकी आधारित मानदण्डों पर दर तय करने के संभावित समाधानों पर विचार करें।

अग्नि

31 दिसम्बर, 1978 से अखिल भारत अग्नि शुल्क लगाए जाने से पूर्व मुंबई, कोलकाता, दिल्ली और चेन्नै के टी.ए.सी. क्षेत्रों में चार क्षेत्रीय अग्नि शुल्कदर प्रचलन में थे। संबंधित क्षेत्रीय समितियों द्वारा इन शुल्कों का संचालन, निगरानी और नियंत्रण किया जाता था जिनकी सहायता विभिन्न उप समितियों और तकनीकी समूहों द्वारा की जाती थी जो विशिष्ट विषयों के बारीक पहलुओं पर विचार करती थीं।

शुल्कदर बही खाता सैंकड़ों पृष्ठों का होता है और इसे उठाना मुश्किल होता है, इसीलिए समय के साथ–साथ इन बही खातों को आसानी से लाने–ले जाने के लिए छोटे आकार का और कम वजनी बनाने की मांग की जाती रही है। जैसे–तैसे यह अवधारणा लोकप्रिय हुई और इसे कुछ स्तरों पर अपनाया गया। यही संभवतः शुल्कदरों के तकनीकी आधार के घटने का शुरुआती कदम था।

टी.ए.सी. किसी बीमाकृत ग्राहक से नहीं बल्कि बीमाकर्ताओं से सीधे बात करती थी। शुल्क और विनियम 'केवल बीमाकर्ताओं के प्रयोग तक गोपनीय' थे। प्रत्येक क्षेत्रीय समिति में अग्नि रोकथाम/सुरक्षा प्रणाली, बिजली के उपकरण लगाने, विनियम बनाने आदि से संबंधित टी.ए.सी. विनियमों के अनुपालन को पूर्ण रूप से ध्यान में रखते हुए जोखिम निरीक्षण कराने के लिए योग्य इंजीनियरों का अपना निजी दल था। इसमें "विशेष दर" की एक विशिष्ट प्रणाली विद्यमान थी जिसके अंतर्गत अनेक जांच सूचियों (सामान्य और उद्योग विशिष्ट प्रकृति के भौतिक पहलुओं के परिमाण निर्धारित करने के लिए विशेष रूप से तैयार) की मदद से मूल शुल्क दरों में संशोधन किया गया था ताकि एक विशिष्ट व्यापक मूल्य खाते के लिए एक प्रभावी "गुणावगुण आधारित" दर प्राप्त की जा सके।

जैसी कि किसी विनियम से अपेक्षा की जाती है, इस प्रणाली ने भी कुल मिलाकर बड़ी संख्या में छोटे ग्राहकों की जरूरतों को सामान्य तौर पर पूरा किया तथा ग्राहकों द्वारा कार्यान्वित विशिष्ट भौतिक जोखिम पहलुओं पर विचार करते हुए बड़े ग्राहकों के साथ समान रूप से विशेष व्यवहार किया। यह पूरी प्रणाली संशोधित शुल्क दरों को निर्धारित करने के लिए व्यक्तिगत उद्योग जोखिम पहलुओं को मान्यता देने के लिए काफी कारगर साबित हुई। अग्नि उप समिति (जिसकी साप्ताहिक बैठकें होती थीं) तथा अन्य उच्च स्तरीय समितियों में विचार–विमर्श के जरिए समीक्षा ओर संशोधन करना एक सतत् प्रक्रिया थी।

इन प्रत्येक क्षेत्रीय शुल्क का तकनीकी रूप से ब्यौरा विस्तृत था और इनमें अग्नि दर, "हार्डवेयर" दखलकारी तत्वों, निर्माण, स्थल, अग्नि रोकथाम/सुरक्षा प्रणाली आदि को पूरी तरह ध्यान में रखा जाता था। इसमें प्रबंध प्रणाली जैसे कार्य परमिट, धूम्रपान निषेध नियमों, स्टाफ (गुणवत्ता और प्रशिक्षण), आपातकाल प्रतिक्रिया और नियंत्रण प्रणाली के वस्तुपरक "साफ्टवेयर" मुद्दों को ध्यान में नहीं रखा जाता था।

प्राकृतिक जोखिम की दरें और शर्तों को संबंधित पृष्ठांकित शब्दों, और जहां–कहीं संभव हो, विश्वसनीय अनुसंधानों से उपलब्ध तकनीकी आधार सहित अलग

से निर्धारित किया गया था। उदाहरण के लिए, अग्नि शुल्क के प्रयोजनार्थ भारत का भूकंप संभावित क्षेत्र भारतीय मानक ब्यूरो द्वारा प्रकाशित प्रासंगिक भारतीय मानक का कड़ाई से पालन करता है।

तर्कसंगत बनाने की दिशा में

टी.ए.सी. द्वारा इन क्षेत्रीय शुल्कों को तर्कसंगत बनाने की पहली बड़ी प्रक्रिया 1977 में शुरू की गई थी ताकि तुलनात्मक जोखिम में क्षेत्रीय असमानताओं को दूर किया जा सके। परिणामस्वरूप, अखिल भारत अग्नि शुल्क 31 दिसम्बर, 1978 से पूरे देश मे समान रूप से अस्तित्व में आया। इस शुल्कदर में वही ठोस तकनीकी आधार अपनाए गए जिनके आधार पर क्षेत्रीय शुल्कदर बने। 'विशेष मूल्यांकन' की प्रणाली भी अनवरत जारी रही। तर्कसंगत प्रक्रिया के कारण सकल प्रत्यक्ष बाज़ार अग्नि प्रीमियम में लगभग 25 प्रतिशत की कमी आई। व्यवहार्य समाधानों के लिए कठिन मामलों पर व्यक्तिगत रूप से विचार किया गया।

टी.ए.सी. के पेट्रोरसायन शुल्क, जो पेट्रोलियम रिफाइनरियों, पेट्रोरसायन संयंत्रों और उर्वरक संयंत्रों की जरूरतों को पूरा करते हैं, का ठोस तकनीकी आधार हैं जिसके द्वारा जोखिम परिमाप के लिए डो कैमिकल मैनुअल का इस्तेमाल किया जाता है। ठोस तकनीकी आधार के बावजूद इस पूरी प्रणाली को अनेक तथ्यों के आधार पर बीमाकृत ग्राहकों द्वारा कभी भी पूरी तरह नहीं अपनाया गया – इसके सबसे मुख्य कारण दस्तावेजों को गोपनीय रखना और विलंब थे।

कंपनियों से सांख्यिकीय विवरणियां एकत्र करना भी टी.ए.सी. की जिम्मेदारी थी। हालांकि सांख्यिकीय आंकड़े कभी भी 100 प्रतिशत प्राप्त नहीं किए जा सके, लेकिन जितने भी प्राप्त होते थे उससे टी.ए.सी. को निर्णय लेने में पर्याप्त प्रतिनिधित्व मिला। आंकड़ों का संग्रह 'दखलकारी' संहिता पर आधारित था। कम्प्यूटरों के अभाव में आंकड़ों को प्रोसेस करने की पूरी प्रक्रिया मैनुअली की जाती थी।

अग्नि शुल्कदर आधारित संविभाग के अनुभवों से प्राप्त ठोस अनुकूल दावों से उद्योग (अर्थात् जी.आई. सी. और तत्पश्चात् एक साथ चार सहायक कंपनियां) के पुनर्बीमा कार्यक्रमों के अंतर्राष्ट्रीय खिलाड़ियों का समर्थन वर्षों तक आसानी से उपलब्ध था। फिर भी उद्योग को पुनर्बीमा कार्यक्रम में अंतर्राष्ट्रीय बीमा और पर्यटन बीमा जैसे कठिन मुद्दों पर पुनर्बीमा बाज़ार स्थितियों पर प्रतिक्रिया व्यक्त करनी पड़ी थी तथा टी.ए.सी. ने भारतीय बाज़ार की दरों और शर्तों का एक समुच्चय प्रस्तुत किया

पिछले दशक में ग्राहकों की बीमा आवश्यकताओं विशेषकर "सीमित प्रतिभूति" आधार पर निजी–वित्त पोषण सहित अनेक ढांचागत परियोजनाओं में आमूल–चूल परिवर्तन हुए हैं, जिनके लिए एक अलग प्रकार और स्तर के बीमे की जरूरत होती है। आज शुल्क–दरें परियोजना विशिष्ट बीमा आवश्यकताओं के प्रति पूरी तरह जबावदेह बनने के लिए बीमा कार्यक्रम तैयार करने में बीमाकर्ताओं की इन जरूरतों को पूरा करने में सक्षम नहीं हो सकतीं।

शुल्कदर बही खाता सैंकड़ों पृष्ठों का होता है और इसे उठाना मुश्किल होता है, इसीलिए समय के साथ–साथ इन बही खातों को आसानी से लाने–ले जाने के लिए छोटे आकार का और कम वजनी बनाने की मांग की जाती रही है। जैसे–तैसे यह अवधारणा लोकप्रिय हुई और इसे कुछ स्तरों पर अपनाया गया। यही संभवतः शुल्कोंदरों के तकनीकी आधार के घटने का शुरुआती कदम था। इसके बाद, 'एक उद्योग एक दर' तथा एक पासपोर्ट आकार की शुल्क बही की अवधारणा विकसित हुई। सांख्यिकीय आंकड़े समान उद्योग में विभिन्न प्रक्रियाओं पर लागू 'दखलकारी संहिता' की बजाय उद्योगों के समूह पर लागू 'दर संहिता' में परिवर्तित हो गए। हालांकि शैली के गुणावगुणों पर विचार करने का इरादा नहीं है, लेकिन वास्तविकता यह है कि उपलब्ध अधूरे आंकड़ों की, विश्वसनीयता "पूर्ण जोखिम दर" निकालने की प्रक्रिया के लिए आधार बनाने में संदिग्ध हैं।

इन हालात में अग्नि व्यवसाय से संबंधित मुद्दों से निपटने के लिए प्रथम उपाय के रूप में क्या किया जा सकता है ? इस मुद्दे के अंतर्गत विभिन्न तथ्यों पर विचार किए जाने की जरूरत है जो न केवल प्रत्यक्ष व्यवसाय से बल्कि निजी कंपनियों के पुनर्बीमा कार्यक्रमों से भी संबंधित हैं। इनमें से सबसे महत्वपूर्ण बात यह सुनिश्चित करना है कि–

(i) उद्योग के प्रीमियम आधार में कोई महत्वपूर्ण गिरावट न आए, और

(ii) पुनर्बीमा समर्थन जारी रखना जो अत्यधिक प्रतिकूल शर्तों पर न हो।

प्रथम उपाय के रूप में समग्र अग्नि संभाग की विभिन्न स्तरों पर प्रीमियम अंशदायी समूहों की पहचान करने के लिए विश्लेषण किए जाने की जरूरत है। बीमा कंपनियों द्वारा व्यापक तौर पर मान्यताप्राप्त तीन समूहों पर आज विचार किया जा सकता है। ये समूह हैं:–

क) कम जोखिम या एन.आर.बी. जोखिम – बीमाकृत धनराशि 5 करोड रुपए तक,

ख) मध्यम आकार के जोखिम – बीमाकृत धनराशि 5 करोड़ रुपए से अधिक तथा पी.एम.एल. 26 करोड़ रुपए तक,

ग) बड़े जोखिम – पी.एम.एल. 26 करोड़ रुपए से अधिक (इसमें वृहत जोखिम भी शामिल है)।

वर्षों से उद्योग स्तर पर सामान्य प्रीमियम वितरण प्रतिमान क्रमशः 30 प्रतिशत, 35 प्रतिशत और 35

प्रतिशत रहा है।

छोटे जोखिम बाज़ार में पूरी तरह से समाहित हो जाते हैं क्योंकि वे बीमा कंपनियों के शुद्ध धारण क्षमताओं में होते हैं, इसकी अपवाद कुछ निजी कंपनियां हैं जिनका शुद्ध धारण पर अधिशेष जी.आई.सी. कार्यक्रम से पूर्णतः समर्थित रहता है।

मध्यम आकार के जोखिम, बाज़ार समाहित जोखिमों तथा कुछ जी.आई.सी. द्वारा सुरक्षित अधिशेष समझौतों में आंशिक समर्थन चाहने वालों एवं कुछ अंतर्राष्ट्रीय पुनः बीमा बाज़ारों के मिश्रण होते हैं।

बड़े जोखिम कुल मिलाकर बड़े बीमा होते हैं जो कुछ अंतर्राष्ट्रीय पुनः बीमा बाज़ारों के साथ जी.आई.सी के अधिकतम समर्थ से प्रेरित होते हैं। इस समूह में जोखिमों की संख्या अपेक्षाकृत कम (1000 से अधिक नहीं) होती है। इस समूह में श्रृंखला जोखिम का शीर्ष, बिजली एवं पेट्रोरसायन क्षेत्र (पेट्रोरसायन क्षेत्र में 70 सहित लगभग 100) में होता है। इस समूह के प्रीमियम का लगभग 40 प्रतिशत, 70 फुटकर पेट्रोरसायन जोखिमों से आता है, जिनका मूल्यांकन या तो तकनीकी रूप से मजबूत "पेट्रोरसायन शुल्क" के रूप में किया जाता है या पुनः बीमाकर्ताओं द्वारा वैकल्पिक समर्थन देकर किया जाता है।

अब हम इन समूहों तक कैसे पहुंचें ? पहुंच इस प्रकार हो सकती हैः

प्रथम पग पहुंच

- पुनः बीमा प्रेरित बड़े जोखिमों को न छेड़े जो पहले से ही शुल्कदर से परे हैं, उसी तरह पेट्रोरसायन जोखिमों में कोई परिवर्तन न करें।
- छोटे जोखिमों के लिए कोई परिवर्तन न करें जो संख्या में बहुत बड़े हैं, व्यक्तिगत आधार पर दर निर्धारण का कोई विशेष कार्य प्रशासनिक रूप से लाभदायक नहीं होगा। परिभाषा का मूल्य थोड़ा सा यथा 10 से 20 करोड़ बढ़ाकर शायद मध्यम आकार से जोखिमों का एक छोटा हिस्सा इस समूह में डाला जा सकता है। यह पूरे पोर्टफोलियो के लिए एक स्थिर प्रीमियम आधार सुनिश्चित करेगा। बीमाकर्ताओं और जी.आई.सी. के पास आज इस समूह के आंकड़े होने चाहिए।
- मध्यम आकार के जोखिम समूह का निर्णय, अग्नि शुल्कदर मुक्तिकरण के प्रथम प्रभाव के साथ जी.आई.सी. और/या अन्य अंतर्राष्ट्रीय पुनः बीमाकर्ताओं के अप्रत्यक्ष मूल्यनिर्धारण नियंत्रण के साथ करना चाहिए। इस समूह में हम व्यक्तिगत जोखिमों के पर्याप्त दरों के स्तर का निर्णय कैसे करें ?

> शुल्कदर मुक्त करने का एक व्यावहारिक दृष्टिकोण यह होना चाहिए कि छोटे जोखिम, जिनकी संख्या अधिक होती है, में कोई बदलाव न किया जाए, तथा व्यक्तिगत आधार पर किसी विशेष दर को तय करना प्रशासनिक तौर पर किफायती न हो। संभवतः परिभाषा में कुछ अधिक मूल्य का बदलाव लाकर मध्यम समूह से कुछ जोखिम को इस समूह में परिवर्तित किया जा सकता है।

क्या ऐसा बीमाकर्ताओं के प्रशासनिक और अधिग्रहण लागतों का ध्यान रखने के लिए सीधे कुछ प्रतिशत शुल्क दर घटाकर और अनुभव आधार को स्पर्श करने के लिए एक 'बोनस मैलस' (ठवदने डंसने) प्रारंभ करके किया जा सकता है, जो संबंधित बीमाकर्ताओं के पास, यहां तक कि वर्तमान बाज़ार की दशाओं में भी उपलब्ध हो सकता है ?

या, क्या ऐसा पुराने अखिल भारतीय अग्नि शुल्कदरों या क्षेत्रीय शुल्कों की अवधारणा को पुनः अपनाकर किया जा सकता है ? यह कहना बेकार है कि प्रणाली में कार्य की सरलता होनी चाहिए और इसलिए पुरानी प्रणाली को यथा रूप में अपनाने की सलाह नहीं दी जा सकती।

तीसरा विकल्प यह हो सकता है कि बीमाकर्ताओं को जो दरें और निबंधन समुचित लगें उसका निर्णय लेने के लिए मुक्त और खुला छोड़ दिया जाए। यद्यपि यह कदम कठोर लग सकता है, मगर 'मूल्य प्रेरित आक्रामक विपणन' की आपाती गिरावट को समग्र पोर्टफोलियो प्रीमियम के लगभग एक तिहाई तक सीमित किया जा सकता है और यह प्रीमियम आधार की वृद्धि भी कर सकता है।

सामान्य सॉफ्टवेयर प्रोग्रामों से शुल्क सलाहकार समिति (टी.ए.सी.) के पास आंकड़ों की विवरणी दाखिल करने की विस्तृत प्रणाली शुरू की जा सकती है जिसके प्रयोग की सभी बीमाकर्ताओं से सिफारिश की जा सकती है।

इन विकल्पों में से किसी को भी लागू करने के लिए निगरानी एवं नियंत्रण के बारीक मुद्दों के लिए समुचित स्तर पर विस्तृत विचार–विमर्श की जरूरत होगी।

इंजीनियरिंग

अग्नि की तुलना में इंजीनियरिंग वर्ग के बीमा में बहुत तरह के उत्पाद शामिल होते हैं तथा इसमें दीर्घ अवधि की परियोजना बीमा नीतियां (यथा समुद्री–सह निर्माण बीमा, निर्माण सकल जोखिम, ठेकेदार सकल जोखिम, ठेकेदार निर्माण बीमा एवं अग्रिम लाभ की हानि बीमा) तथा वार्षिक प्रचालनात्मक बीमा नीतियां (यथा मशीनरी ब्रेकडॉउन, ब्बायलर फटना, इलेक्ट्रॉनिक उपस्कर बीमा, ठेकेदार का संयंत्र एवं मशीनरी बीमा, सिविल इंजीनियरिंग परिपूर्ण जोखिम बीमा, स्टॉक–ह्रास बीमा के साथ लाभ की मशीनरी हानि बीमा) शामिल हैं।

इंजीनियरिंग विभागों में सभी वर्गों के संपत्ति क्षति बीमा के लिए शुल्कदर निर्धारित करने के लिए शुल्क सलाहकार समिति स्तर पर प्रथम प्रयास 1977 में प्रारंभ हुआ। तकनीकी सलाहकार समूह (इंजीनियरिंग) द्वारा व्यावहारिक रूप से सभी वर्गों के लिए तैयार की गई शुल्क दरें पांच वर्षों के भीतर आ गईं, जिसका प्राथमिक उद्देश्य लघु मूल्य जोखिमों (पांच करोड़ रुपए) के मूल्यांकन में बाज़ार स्तरीय पहुंच की एकरूपता प्राप्त करना था। संख्या में कम होने के कारण सभी वर्गों मे अधिक मूल्यों वाली सभी व्यक्तिगत नीतियों का मूल्यांकन तकनीकी सहायता समूह (इंजीनियरिंग) द्वारा किया गया।

किसी भी स्तर पर यह इरादा नहीं था कि हाई एक्सपोज़र, अधिक मूल्यों का दीर्घावधिक व्यापार छोटे जोखिमों के लिए सामान्यीकृत शुल्क दरों के लिए छोड़ा जाए। इसने इस उद्योग को शुल्क दर एवं पुनः बीमा प्रेरित जोखिमों, दोनों पर प्रभावी नियंत्रण बनाने में सक्षम बनाया। पांच करोड़ रुपए की सीमा धीरे–धीरे बढ़कर 100 करोड़ रुपए हो गई। परियोजनाओं की शुल्कदर प्रयोज्यता सीमा बढ़कर 1500 करोड़ रुपए हो जाने तक बड़े उच्च मूल्य जोखिम नियंत्रित अधिकार–क्षेत्र मे बने रहे। इसने ऐसे उच्च एक्सपोज़र जोखिम संपोषणीयता पर जिम्मा लेने के नियंत्रण को खोखला कर दिया।

आइए, अब हम इंजीनियरिंग के दो प्रमुख वर्गों, नामशः निर्माण सकल जोखिम (ई.ए.आर.)/ठेकेदार सकल जोखिम (सी.ए.आर.) और मशीनरी ब्रेकडॉउन बीमा के मूल्यांकन कारकों को देखें:

निर्माण सकल जोखिम/ठेकेदार सकल जोखिम (ई.ए.आर./सी.ए.आर.) ठेके/निर्माण की प्रकृति और प्रकार

अवधि – समग्र एवं परीक्षण संचालन रखरखाव निर्माण की पद्धति भण्डारण व्यवस्था एवं अवधि

अवस्थिति – मिट्टी/भूगोल/मौसम विज्ञान, भूकंप विज्ञान एवं अन्य

डिजाइन – सिद्ध या आदिरूप

ठेकेदार का अनुभव

विस्तार – टी.पी.एल., आसपास की संपत्ति, मलवों का निस्तारण, सीमा शुल्क कटौतियां

मशीनरी ब्रेकडाउन दर के कारक

M – स्वयं मशीन, प्रकार/प्रयोग

I – हानि की घटनाएं/ब्रेकडाउन

C – निर्माण (सरल/जटिल)

आज की शुल्कदरें के बीमाकर्ताओं की परियोजना विनिर्दिष्ट बीमा जरूरतों को पूरा करने के लिए बीमा कार्यक्रम तैयार करने की जरूरत पूरी करने में सक्षम नहीं हो सकतीं।

A – उपलब्धता : मरम्मत/अनुरक्षण/पुर्जे

S – स्थल की दशाएं

H – मानव अवयव

Le – हानि के अनुभव

पिछले दशक में ग्राहकों की बीमा संबंधी जरूरतों में, विशेषकर सीमित प्रतिभूति के आधार पर निजी वित्त–पोषण वाले बड़ी संख्या मे अवसंरचना परियोजनाओं में, जिन्हें विभिन्न प्रकार और स्तर के बीमा प्रत्युत्तर चाहिए, बहुत परिवर्तन हुए हैं । आज की शुल्कदरें के बीमाकर्ताओं की परियोजना विनिर्दिष्ट बीमा जरूरतों को पूरा करने के लिए बीमा कार्यक्रम तैयार करने की जरूरत पूरी करने में सक्षम नहीं हो सकतीं।

प्रभावी सुधारात्मक उपाय यही हो सकता है कि शुल्क दरों को 50 से 100 करोड़ रुपए तक की कम मूल्य वाली पॉलिसी तक सीमित रखा जाए और शेष को पुनः बीमा प्रेरित के लिए छोड़ दिया जाए। इस पोर्टफोलियो की दीर्घावधिक उत्तरजीविता जी.आई.सी. सहित पुनः बीमा बाज़ारों पर निर्भर करेगी।

शुल्कदर प्रणाली सामान्य रूप से प्रत्येक और सभी परिस्थितियों में कारगर नहीं हो सकती और केवल छोटे जोखिमों के लिए उपयोगी हो सकती है, जो व्यक्तिगत पोर्टफोलियों के वृहत्तर आधार हैं।

इस प्रणाली को बीमा कंपनियों तथा जी.आई.सी. दोनों मे प्रचालनात्मक स्तरों पर बीमा कौशलों के विकास को प्रोत्साहित करना चाहिए। ब्रोकरों की व्यावसायिक सेवाओं का और प्रभावी रूप से इस्तेमाल करने की जरूरत है और विशेषीकृत सेवाओं की आउटसोर्सिंग का स्वागत किया जाना चाहिए। पूरी दुनिया और भारतीय अर्थव्यवस्था से कदम मिलाकर चलते हुए एवं ग्राहकों की विनिर्दिष्ट जरूरतों के अनुरूप बीमा कार्यक्रम तैयार करने की बीमाकर्ता के लचीलेपन की जरूरत को प्रभुत्व मिलना चाहिए।

यद्यपि बाज़ार में स्थिरता के लिए नियंत्रित मूल्य प्रणाली मुक्त बाज़ार में परिवर्तन का अंतरिम चरण आवश्यक है, लेकिन ऐसे उपायों के अल्पकालिक एवं दीर्घकालिक प्रभावों पर विचार–विमर्श करने के लिए सभी प्लेयर्स को विश्वास में लेना आवश्यक होगा। इस पूरे कवायद से अंततः बाज़ार का स्वस्थ दिशा में विकास होगा, कौशल विकसित होगा एवं उद्योग के लिए एक ठोस डॉटाबेस तैयार होगा।

लेखक, जो पूर्व में सार्वजनिक क्षेत्र के सामान्य बीमा उद्योग में सेवा कर चुके हैं, अब बी.एम.एस. इंडिया इंटरमीडियरीज प्रा. लि. में प्रबंध निदेशक हैं। इसमे व्यक्त किए गए विचार उनके निजी विचार हैं।

First Quarter - 2005-06

INDIVIDUAL NEW BUSINESS FIGURES (INCLUDING RURAL & SOCIAL) FOR AND UPTO THE MONTH OF JUNE, 2005

SINGLE PREMIUM

(Rs lakh)

S.No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		For the month	Upto the month	For the month	Upto the month	For the month	Upto the month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	*Non linked**						
1	*Life*						
	with profit	2,648.82	4,793.73	2,770	6,346	3,365.64	7,260.26
	without profit	4,219.98	10,273.93	13,455	29,359	21,833.44	60,421.19
2	General Annuity						
	with profit	396.43	685.31	434	1,059		6.22
	without profit	811.02	2,197.34	327	850		
3	Pension						
	with profit	108.00	292.10	93	270	11.25	47.69
	without profit	13.00	36.50	3	12	13.00	36.50
4	Health						
	with profit						
	without profit						
A.	**Sub total**	**8,197.25**	**18,278.92**	**17,082**	**37,896**	**25,223.33**	**67,771.85**
	*Linked**						
1	*Life*						
	with profit	0.70	0.95	1	2	0.51	0.76
	without profit	6,811.17	15,959.17	9,575	25,150	8,445.73	20,630.00

NON-SINGLE PREMIUM

(Rs lakh)

S.No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		For the month	Upto the month	For the month	Upto the month	For the month	Upto the month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	*Non linked**						
1	*Life*						
	with profit	73,722.93	177,813.88	1,416,138	3,123,170	1,120,310.77	2,652,958.79
	without profit	3,528.53	9,181.95	76,244	185,055	174,359.48	297,728.99
2	General Annuity						
	with profit	14.29	37.88	119	407	281.10	780.77
	without profit						
3	Pension						
	with profit	729.91	1,948.65	4,653	15,935	2,983.88	7,974.45
	without profit						
4	Health						
	with profit						
	without profit	25.39	92.58	919	3,771	2,047.31	6,759.81
A.	**Sub total**	**78,021.06**	**189,074.93**	**1,498,073**	**3,328,338**	**1,299,982.53**	**2,966,202.81**
	*Linked**						
1	*Life*						
	with profit	12.78	33.53	46	117	95.11	231.94
	without profit	25,171.60	57,894.94	79,831	178,926	244,400.99	557,135.35

2	**General Annuity**						
	with profit						
	without profit						
3	**Pension**						
	with profit						
	without profit	30,655.89	82,411.74	99,544	274,962	63.31	151.42
4	**Health**						
	with profit						
	without profit						
B.	**Sub total**	**37,467.77**	**98,371.86**	**109,120**	**300,114**	**8,509.55**	**20,782.17**
C.	Total (A+B)	**45,665.01**	**116,650.77**	**126,202**	**338,010**	**33,732.88**	**88,554.03**
	Riders:						
	Non linked						
1	Health#		0.76		4		20.00
2	Accident##	1.10	4.49	129	374	90.92	301.69
3	Term	0.38	0.81	15	36	9.72	23.11
4	Others						
D.	**Sub total**	**1.48**	**6.05**	**144**	**414**	**100.64**	**344.80**
	Linked						
1	Health#		0.05		1		1.00
2	Accident##	0.02	0.14	2	7	1.75	8.50
3	Term						
4	Others						
E.	**Sub total**	**0.02**	**0.19**	**2**	**8**	**1.75**	**9.50**
F.	**Total (D+E)**	**1.50**	**6.24**	**146**	**422**	**102.39**	**354.30**
G.	****Grand Total (C+F)**	**45,666.51**	**116,657.01**	**126,202**	**338,010**	**33,835.27**	**88,908.33**

* 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.

2	**General Annuity**						
	with profit						
	without profit	467.43	1,291.27	3,836	10,289	1,258.49	3,673.89
3	**Pension**						
	with profit	3.16	8.97	6	23		
	without profit	1,877.99	4,451.72	7,925	22,567	314.05	905.46
4	**Health**						
	with profit						
	without profit						
B.	**Sub total**	**27,532.95**	**63,680.44**	**91,644**	**211,922**	**246,068.63**	**561,946.64**
C.	Total (A+B)	**105,554.01**	**252,755.37**	**1,589,717**	**3,540,260**	**1,546,051.17**	**3,528,149.45**
	Riders:						
	Non linked						
1	Health#	26.39	81.71	2,350	7,242	2,957.87	8,821.42
2	Accident##	84.89	274.57	31,938	86,309	50,490.71	128,640.46
3	Term	8.72	25.33	1,952	8,065	1,421.99	3,890.64
4	Others	39.99	93.54	777	2,836	2,878.63	7,152.12
D.	**Sub total**	**159.99**	**475.16**	**37,017**	**104,452**	**57,749.19**	**148,504.63**
	Linked						
1	Health#	19.50	55.70	747	1,789	5,226.02	12,980.81
2	Accident##	19.24	48.37	3,993	8,635	7,404.23	15,979.01
3	Term	5.85	14.20	540	1,331	1,044.76	2,667.92
4	Others	5.80	14.33	1,211	2,925	131.25	310.67
E.	**Sub total**	50.39	132.60	6,491	14,680	13,806.26	31,938.42
F.	**Total (D+E)**	210.38	607.76	43,508	119,132	71,555.45	180,443.05
G.	****Grand Total (C+F)**	**105,764.40**	**253,363.13**	**1,589,717**	**3,540,260**	**1,617,606.62**	**3,708,592.50**

First Quarter - 2005-06

GROUP NEW BUSINESS FIGURES (INCLUDING RURAL & SOCIAL) FOR AND UPTO THE MONTH OF JUNE, 2005

SINGLE PREMIUM

S.No.	PARTICULARS	PREMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED	
		For the month	Upto the month	For the month	Upto the month	For the month	Upto the month	For the month	Upto the month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	*Non linked**								
1	*Life*								
a)	*Group Gratuity Schemes*								
	with profit								
	without profit	8,567.10	9,681.43	111	249	34,648	54,377	18,706.66	24,408.21
b)	*Group Savings Linked - Schemes*								
	with profit								
	without profit	-28.37	56.61	62	123	15,002	25,294	6,687.75	16,926.98
c)	*EDLI*								
	with profit								
	without profit	117.06	175.69	53	165	82,653	117,435	39,235.97	53,272.71
d)	*Others*								
	with profit								
	without profit	1,989.96	9,940.82	945	2,225	316,900	851,837	150,365.88	432,828.29
2	**General Annuity**								
	with profit								
	without profit	7,733.55	13,727.19	2	3	1,706	2,409		
3	**Pension**								
	with profit								
	without profit	3,179.96	30,671.89	6	16	6,738	10,863		
4	**Health**								
	with profit								
	without profit								
A.	**Sub total**	**21,559.26**	**64,253.63**	**1,179**	**2,781**	**457,647**	**1,062,215**	**214,996.26**	**527,436.19**
	*Linked**								
1	*Life*								
a)	*Group Gratuity Schemes*								
	with profit								

NON- SINGLE PREMIUM

S.No.	PARTICULARS	PREMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED	
		For the month	Upto the month	For the month	Upto the month	For the month	Upto the month	For the month	Upto the month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	*Non linked**								
1	*Life*								
a)	*Group Gratuity Schemes*								
	with profit								
	without profit	182.02	238.03	3	5	2,351	2,488	7,867.61	7,867.61
b)	*Group Savings Linked - Schemes*								
	with profit								
	without profit								
c)	*EDLI*								
	with profit								
	without profit	174.19	240.14	20	66	75,092	136,144	15,503.10	66,689.33
d)	*Others*								
	with profit	0.26	9.15		2		1,020		7,510.95
	without profit	347.01	1,137.09	174	491	71,820	253,375	138,784.87	665,810.23
2	**General Annuity**								
	with profit								
	without profit								
3	**Pension**								
	with profit								
	without profit	9.58	31.08				680		186.50
4	**Health**								
	with profit								
	without profit								
A.	**Sub total**	**713.05**	**1,655.48**	**197**	**564**	**149,263**	**393,707**	**162,155.58**	**748,064.63**
	*Linked**								
1	*Life*								
a)	*Group Gratuity Schemes*								
	with profit								

	with profit								
	without profit	338.50	581.23		1		1,086		10.86
b)	*Group Savings Linked - Schemes*								
	with profit								
	without profit								
c)	*EDLI*								
	with profit								
	without profit								
d)	*Others*								
	with profit								
	without profit	183.00	183.00						
2	**General Annuity**								
	with profit								
	without profit								
3	**Pension**								
	with profit								
	without profit	8.05	24.72						
4	**Health**								
	with profit								
	without profit								
B.	**Sub total**	**529.55**	**788.95**		**1**		**1,086**		**10.86**
C.	**Total (A+B)**	**22,088.81**	**65,042.58**	**1,179**	**2,782**	**457,647**	**1,063,301**	**214,996.26**	**527,447.05**
	Riders:								
	Non linked								
1	Health#	0.03	5.38		8	374	4,309	413.71	5,573.44
2	Accident##	0.89	11.98	1	11	973	3,268	5,564.71	31,428.12
3	Term								
4	Others								
D.	**Sub total**	**0.92**	**17.36**	**1**	**19**	**1,347**	**7,577**	**5,978.42**	**37,001.56**
	Linked								
1	Health#								
2	Accident##								
3	Term								
4	Others								
E.	**Sub total**								
F.	**Total (D+E)**	**0.92**	**17.36**	**1**	**19**	**1,347**	**7,577**	**5,978.42**	**37,001.56**
G.	****Grand Total (C+F)**	**22,089.73**	**65,059.94**	**1,179**	**2,782**	**457,647**	**1,063,301**	**220,974.69**	**564,448.60**

* 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.

	with profit								
	without profit	592.39	1,842.93	14	30	9,224	16,102	631.19	1,304.33
b)	*Group Savings Linked Schemes*								
	with profit								
	without profit								
c)	*EDLI*								
	with profit								
	without profit								
d)	*Others*								
	with profit								
	without profit	7.52	149.75		1	2	12	7.47	23.04
2	**General Annuity**								
	with profit								
	without profit	110.56	157.90	1	3	17	29	110.56	157.90
3	**Pension**								
	with profit								
	without profit	1,154.30	4,844.45	1	37	275	1,550		
4	**Health**								
	with profit								
	without profit								
B.	**Sub total**	**1,864.77**	**6,995.04**	**16**	**71**	**9,518**	**17,693**	**749.22**	**1,485.28**
C.	**Total (A+B)**	**2,577.82**	**8,650.51**	**213**	**635**	**158,781**	**411,400**	**162,904.80**	**749,549.90**
	Riders:								
	Non linked								
1	Health#	9.35	11.02	1	1	547	767	11,366.33	12,595.53
2	Accident##	0.44	2.28	2	6	7,751	11,117	8,031.64	38,163.68
3	Term	0.01	0.02						
4	Others		0.02				2		309.00
D.	**Sub total**	**9.80**	**13.34**	**3**	**7**	**8,298**	**11,886**	**19,397.97**	**51,068.21**
	Linked								
1	Health#								
2	Accident##								
3	Term								
4	Others								
E.	**Sub total**								
F.	**Total (D+E)**	9.80	13.34	3	7	8,298	11,886	19,397.97	51,068.21
G.	****Grand Total (C+F)**	**2,587.63**	**8,663.86**	**213**	**635**	**158,781**	**411,400**	**182,302.77**	**800,618.11**

First Half - 2005-06

INDIVIDUAL NEW BUSINESS FIGURES (INCLUDING RURAL & SOCIAL) FOR AND UPTO THE MONTH OF SEPTEMBER, 2005

SINGLE PREMIUM

(Rs lakh)

S.No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		For the month	Upto the month	For the month	Upto the month	For the month	Upto the month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	*Non linked**						
1	*Life*						
	with profit	1,948.78	11,359.36	2,688	15,147	2,719.21	16,543.19
	without profit	4,384.24	24,345.98	23,621	94,355	27,703.29	139,158.05
2	General Annuity						
	with profit		4.00		4		6.22
	without profit	68.78	68.78	87	87		
3	Pension						
	with profit	373.23	2,203.44	525	2,766	15.25	77.99
	without profit	960.48	5,450.29	281	1,918	3.60	78.85
4	Health						
	with profit						
	without profit						
A.	**Sub total**	**7,735.51**	**43,431.84**	**27,202**	**114,277**	**30,441.35**	**155,864.30**
	*Linked**						
1	*Life*						
	with profit		4.60		3		3.99
	without profit	15,702.21	49,789.22	15,809	60,281	19,642.45	57,822.52
2	General Annuity						
	with profit						
	without profit		13.34				
3	Pension						

NON-SINGLE PREMIUM

(Rs lakh)

S.No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		For the month	Upto the month	For the month	Upto the month	For the month	Upto the month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	*Non linked**						
1	*Life*						
	with profit	73,770.86	409,155.31	1,578,767	7,768,159	1,384,564.82	6,516,468.22
	without profit	4,840.04	34,578.28	108,517	1,523,247	261,238.96	2,620,783.04
2	General Annuity						
	with profit	9.56	58.57	62	562	147.23	1,095.35
	without profit						
3	Pension						
	with profit	245.45	3,246.00	3,029	26,345	2,346.75	15,561.74
	without profit	63.66	387.81	274	1,460		
4	Health						
	with profit						
	without profit	64.67	234.16	3,369	10,475	12,693.36	30,962.04
A.	**Sub total**	**78,994.24**	**447,660.13**	**1,694,018**	**9,330,248**	**1,660,991.12**	**9,184,870.38**
	*Linked**						
1	*Life*						
	with profit	9.65	67.29	38	243	52.06	422.78
	without profit	39,991.04	154,470.44	125,245	492,235	359,176.92	1,450,789.26
2	General Annuity						
	with profit						
	without profit	604.25	2,900.56	3,588	20,158	1,161.07	7,054.99
3	Pension						

	with profit						
	without profit	65,324.78	272,516.77	186,524	828,669	100.77	370.56
4	**Health**						
	with profit						
	without profit						
B.	**Sub total**	**81,027.00**	**322,323.94**	**202,333**	**888,953**	**19,743.21**	**58,197.08**
C.	**Total (A+B)**	**88,762.51**	**365,755.78**	**229,535**	**1,003,230**	**50,184.56**	**214,061.37**
	Riders:						
	Non linked						
1	Health#	0.05	1.08	4	11		25.00
2	Accident##	2.14	9.14	155	807	155.26	683.79
3	Term	0.14	1.47	13	65	6.21	38.86
4	Others						
D.	**Sub total**	2.33	11.69	172	883	161.47	747.65
	Linked						
1	Health#	0.49	0.58	9	11	11.55	13.60
2	Accident##	0.39	0.74	8	30	27.40	63.67
3	Term						
4	Others						
E.	**Sub total**	**0.88**	**1.33**	**17**	**41**	**38.95**	**77.27**
F.	**Total (D+E)**	**3.20**	**13.01**	**189**	**924**	**200.42**	**824.92**
G.	****Grand Total (C+F)**	**88,765.71**	**365,768.79**	**229,535**	**1,003,230**	**50,384.98**	**214,886.29**

	with profit	2.61	15.32	6	40		
	without profit	3,063.09	12,809.92	6,917	48,578	394.50	2,003.98
4	**Health**						
	with profit						
	without profit						
B.	**Sub total**	**43,670.64**	**170,263.54**	**135,794**	**561,254**	**360,784.55**	**1,460,271.01**
C.	**Total (A+B)**	**122,664.88**	**617,923.67**	**1,829,812**	**9,891,502**	**2,021,775.67**	**10,645,141.39**
	Riders:						
	Non linked						
1	Health#	27.17	145.41	2,592	14,749	3,451.53	18,574.05
2	Accident##	68.69	509.39	26,736	187,873	68,157.92	301,322.76
3	Term	8.84	51.69	1,797	15,351	1,569.24	12,770.82
4	Others	53.01	230.50	942	5,433	3,732.82	17,729.24
D.	**Sub total**	**157.71**	**936.98**	**32,067**	**223,406**	**76,911.52**	**350,396.88**
	Linked						
1	Health#	26.87	127.95	1,231	4,837	6,819.84	32,096.61
2	Accident##	24.79	120.54	7,203	29,720	12,503.64	52,049.82
3	Term	5.26	27.84	717	3,127	1,469.14	6,438.95
4	Others	8.73	35.28	1,805	7,376	203.27	801.87
E.	**Sub total**	**65.65**	**311.61**	**10,956**	**45,060**	**20,995.88**	**91,387.25**
F.	**Total (D+E)**	**223.36**	**1,248.60**	**43,023**	**268,466**	**97,907.40**	**441,784.13**
G.	****Grand Total (C+F)**	**122,888.24**	**619,172.26**	**1,829,812**	**9,891,502**	**2,119,683.06**	**11,086,925.52**

* 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 Half - 2005-06

GROUP NEW BUSINESS FIGURES (INCLUDING RURAL & SOCIAL) FOR AND UPTO THE MONTH OF SEPTEMBER, 2005

SINGLE PREMIUM

(Rs lakh)

S.No	PARTICULARS	PREMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED	
		For the month	Upto the month	For the month	Upto the month	For the month	Upto the month	For the month	Upto the month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Non linked*								
1	***Life***								
a)	*Group Gratuity Schemes*								
	with profit								
	without profit	2,278.14	35,268.79	131	650	40,615	196,011	6,186.69	65,309.54
b)	*Group Savings Linked - Schemes*								
	with profit								
	without profit	234.54	712.91	260	958	78,994	346,870	54,199.06	329,054.32
c)	*EDLI*								
	with profit								
	without profit	69.57	289.39	112	486	47,927	300,212	17,607.08	113,967.79
d)	*Others*								
	with profit								
	without profit	5,425.36	20,429.88	787	4,917	444,477	2,287,724	161,136.97	1,098,909.48
2	**General Annuity**								
	with profit	2,878.64	14,581.95		4	844	1,846		
	without profit	1,045.84	20,877.16	1	7	333	4,082		
3	**Pension**								
	with profit								
	without profit	1,280.53	37,352.41	12	38	361	21,909		
4	**Health**								
	with profit								
	without profit								
A.	**Sub total**	**13,212.62**	**129,512.49**	**1,303**	**7,060**	**613,551**	**3,158,654**	**239,129.80**	**1,607,241.13**
	Linked*								
1	***Life***								
a)	*Group Gratuity Schemes*								

NON-SINGLE PREMIUM

(Rs lakh)

S.No	PARTICULARS	PREMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED	
		For the month	Upto the month	For the month	Upto the month	For the month	Upto the month	For the month	Upto the month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Non linked*								
1	***Life***								
a)	*Group Gratuity Schemes*								
	with profit								
	without profit	112.33	375.18	3	9	603	3,122	2.40	7,897.01
b)	*Group Savings Linked Schemes*								
	with profit								
	without profit								
c)	*EDLI*								
	with profit								
	without profit	32.69	320.00	23	125	42,912	221,022	31,106.43	182,817.99
d)	*Others*								
	with profit	1.52	32.05	3	13	123	7,178	783.00	17,442.15
	without profit	579.50	2,853.99	262	1,186	184,720	752,967	155,171.21	1,173,617.14
2	**General Annuity**								
	with profit								
	without profit								
3	**Pension**								
	with profit								
	without profit	13.87	48.59				680		186.50
4	**Health**								
	with profit								
	without profit								
A.	**Sub total**	**739.91**	**3,629.81**	**291**	**1,333**	**228,358**	**984,969**	**187,063.04**	**1,381,960.79**
	Linked*								
1	***Life***								
a)	*Group Gratuity Schemes*								

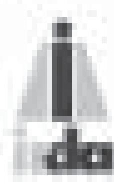
a)	*Group Gratuity Schemes*								
	with profit								
	without profit	549.78	1,857.47	1	4	352	1,867	3.52	18.67
b)	*Group Savings Linked-Schemes*								
	with profit								
	without profit								
c)	*EDLI*								
	with profit								
	without profit								
d)	*Others*								
	with profit								
	without profit	168.55	351.55	1	1	352	352	3.52	3.52
2	**General Annuity**								
	with profit								
	without profit								
3	**Pension**								
	with profit								
	without profit	7.74	49.82						
4	**Health**								
	with profit								
	without profit								
B.	**Sub total**	**726.07**	**2,258.84**	**2**	**5**	**704**	**2,219**	**7.04**	**22.19**
C.	**Total (A+B)**	**13,938.69**	**131,771.32**	**1,305**	**7,065**	**614,255**	**3,160,873**	**239,136.84**	**1,607,263.32**
	Riders:								
	Non linked								
1	Health#	5.17	19.98	1	15	750	8,140	3,753.08	11,611.05
2	Accident##	1.76	66.13		17	2,486	9,733	2,752.23	120,713.15
3	Term								
4	Others								
D.	**Sub total**	**6.94**	**86.11**	**1**	**32**	**3,236**	**17,873**	**6,505.31**	**132,324.20**
	Linked								
1	Health#								
2	Accident##								
3	Term								
4	Others								
E.	**Sub total**								
F.	**Total (D+E)**	6.94	86.11	1	32	3,236	17,873	6,505.31	132,324.20
G.	****Grand Total (C+F)**	**13,945.63**	**131,857.43**	**1,305**	**7,065**	**614,255**	**3,160,873**	**245,642.15**	**1,739,587.52**

* 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.

a)	*Group Gratuity Schemes*								
	with profit								
	without profit	1,233.28	4,741.83	11	73	1,565	37,603	1,681.50	6,399.51
b)	*Group Savings Linked Schemes*								
	with profit								
	without profit								
c)	*EDLI*								
	with profit								
	without profit								
d)	*Others*								
	with profit								
	without profit	5.53	335.75	6	8	95	109	14.04	58.74
2	**General Annuity**								
	with profit								
	without profit	1.50	171.89		3		29	1.50	171.89
3	**Pension**								
	with profit								
	without profit	297.61	6,609.79	1	41	83	3,207		
4	**Health**								
	with profit								
	without profit								
B.	**Sub total**	**1,537.93**	**11,859.27**	**18**	**125**	**1,743**	**40,948**	**1,697.04**	**6,630.15**
C.	**Total (A+B)**	**2,277.84**	**15,489.08**	**309**	**1,458**	**230,101**	**1,025,917**	**188,760.08**	**1,388,590.93**
	Riders:								
	Non linked								
1	Health#	0.65	10.95	2	4	95	986	912.93	9,687.62
2	Accident##	4.18	13.90	8	21	5,582	25,338	6,892.28	98,176.50
3	Term	0.01	0.04	1	1	26	26	13.00	13.00
4	Others	0.19	0.30	1	1	26	28		309.00
D.	**Sub total**	5.03	25.19	12	27	5,729	26,378	7,818.21	108,186.13
	Linked								
1	Health#								
2	Accident##								
3	Term								
4	Others								
E.	**Sub total**								
F.	**Total (D+E)**	**5.03**	**25.19**	**12**	**27**	**5,729**	**26,378**	**7,818.21**	**108,186.13**
G.	****Grand Total (C+F)**	**2,282.87**	**15,514.27**	**309**	**1,458**	**230,101**	**1,025,917**	**196,578.30**	**1,496,777.065**



SPREAD THE WORD...

The above advertisement is issued by IRDA in the public interest.
Those wishing to publish it for spreading consumer awareness of insurance may use this artwork for reproduction.

Government weaves health insurance cover for handloom workers

The Central Government has launched a Health Insurance Scheme for workers of the handloom and allied industries, it has been reported. The scheme, introduced by the Development Commissioner of Handlooms, Ministry of Textiles, will cover the lives of over 1.2 million handloom weavers and allied workers. Medical cover will be effective for the weaver, his spouse and two children.

For a contribution of Rs. 200 by the weaver, he and his family will be covered for Rs. 15,000 while the DC (Handloom) will bear the remaining premium contribution of Rs. 800. The other features of the scheme include OPD treatment up to 50 percent of the sum insured, all pre-existing diseases covered, cashless hospitalisation across the country in more than 2,500 hospitals, express reimbursement/ settlement of claims and other covers like maternity, pre and post-hospitalisation expenses and domiciliary treatment covered.

The scheme is developed and implemented by ICICI Lombard Health Insurance.

Mediclaim covers pre-mature infant's treatment costs: consumer forum

A consumer court has directed Oriental Insurance Company to pay compensation to a policyholder who was refused reimbursement for the treatment of her pre-maturely born baby on the ground that it did not come within the purview of the policy, say media reports.

"The insurance company, by denying the reimbursement in respect of the pre-mature delivery and the treatment of the child, has committed deficiency in service," the District Consumer Disputes Redressal Forum headed by Mr. G. D. Dhanuka reportedly said while directing Oriental Insurance to pay Rs. 86,501 as compensation and Rs. 3,000 as litigation costs.

The complainant, Ms. Shikha Jain, a Mediclaim policy holder with the company, was hospitalised with acute jaundice. She was seven-and-a-half months pregnant at the time. To save the life of the unborn child, her doctors induced labour and a pre-mature male child was born to her. Both the complainant and her baby were discharged after a month's treatment. Their medical bill came to Rs. 86,501. However, the company agreed to pay only for Ms. Jain's treatment and refused to grant the medical expenses of the child on the strength of an 'exclusion clause' mentioned in its prospectus.

Claiming exception under the clause, the company said the policy did not cover "treatment arising from pregnancy, child birth including caesarian". However, the court found that the complainant was not duly informed of the fact, as the prospectus was never supplied to her.

Katrina, Mumbai floods not to maroon insurers

While some private insurers have expressed fears that reinsurers may hike rates for catastrophic cover after being hit by Hurricane Katrina, Mr. R. Beri, Chairman, New India Assurance, has stated that neither Katrina nor the Mumbai floods will impact insurance buyers. He has reportedly opined that there is too much underwriting capacity in the market chasing insurance risks.

The insurance losses caused by Katrina are estimated to cross $35 billion. International reinsurers expect a hit of hundreds of millions of dollars on account of hurricane claims. Mr. Beri's statement comes at a time when there is a fear that reinsurers may push for higher rates in their forthcoming annual event, popularly known as the September Rendezvous at Monte Carlo.

According to Mr. Beri, not much business from the US comes into the international market. He said the Mumbai floods have caused losses of around Rs. 2,377 crore to Indian insurers. Of this, New India has incurred claims of around Rs. 600 crore. He said net claims for New India would be less than Rs. 50 crore because of reinsurance protection. "Even if the entire Rs. 600 crore were to be taken on our own books, we would not be affected, since we have a net worth of over Rs. 4,300 crore," said Mr. Beri.

India Post to get cracking in insurance market

The Directorate of Postal Life Insurance (DPLI) is expected to seek expressions of interest (EoI) from various asset management companies (AMCs) to help manage its investments, it has been reported. The move, which will help DPLI invest in accordance with IRDA guidelines from April 1, 2006, will also allow the organisation to develop more insurance products.

Currently, DPLI, whose investment methodology is guided by the Union Finance Ministry, is allowed to canvass for business from government employees (both central and state), civilian officials of the Defence Ministry, employees of nationalised banks, LIC and both state and central PSUs. DPLI has two products, the Postal Life Insurance (PLI), to cater to the urban audience, and the Rural Postal Life Insurance (RPLI), for the rural segment.

"Over the years, the number of government employees who form our target market for the PLI is shrinking. If we have to generate more business, we have to look at a larger market and this was a point of view which was communicated to the standing committee of Parliament," Ms. Jyotsna Diesh, Member, Postal Services Board, was quoted as saying.

In the interim, DPLI is also expected to launch a children's policy. After April 1, 2006, DPLI may also look at launching new products targeting the rural market, a segment which has seen a high lapse rate. In case of RPLI, it is pegged at around 30 percent. For the current fiscal year, DPLI is projecting the premium income to touch Rs. 1,232 crore for PLI and Rs. 1,071.29 crore for RPLI. The comparable figures for the previous fiscal were Rs. 904 crore and Rs. 698 crore, respectively. The DPLI is rigorously working on increasing its market share in the insurance landscape, with a focus on marketing and after-sales. It expects to use its 1.5 lakh strong postal office network to garner more business.

Rajasthan against centralised processing system

The Rajasthan state government has expressed reservations against the centralised processing system adopted by new private life insurance companies, as it views the system as a threat to its revenues from stamp duty. It has raised objection with several of those companies, asking them to pay stamp duties on policies that are sold in the state, it is reported. At present, private companies centralise their purchase of insurance stamps at the location where they print the policy.

The Life Insurance Council has said that it will lobby on behalf of life insurers, as the law clearly states that stamp duty has to be paid at the place where the policy is issued. Last year, insurance companies paid out close to Rs. 100 crore worth of stamp duty, of which LIC alone accounted for Rs. 70 crore.

At the core of the issue is a technology that enables a company to print policies from the most convenient location, irrespective of where they are ultimately sold. In the past, when LIC had a monopoly over life insurance, policies were issued locally, which meant that stamp duty on these contracts was also paid at the local stamp office. Although the rate of stamp duty on life insurance contracts is uniform across the country, the revenue goes to the state government.

The Rajasthan government's decision raises the greater issue of incidence of stamp duty on financial transactions in a world where geography is made redundant. For instance, equity deals are done across the country through electronic terminals of the Bombay Stock Exchange and the National Stock Exchange. However, the stamp duty flows to the Maharashtra state government because of the centralised processing.

India all set for body parts insurance

The Indian insurance industry is all set for the entry of body parts insurance, according to media reports. "We are all set to offer tailor-made body parts' insurance policies. We have, in the past, provided accidental insurance that offered a sum assured of Rs. 10 crore. This product will be tailored to meet specific individual requirements for body parts cover,"Mr. M. Ramadoss, Chairman, Oriental Insurance Company, has been quoted as saying.

The introduction of body parts policies will mark India's entry into the big league of global insurance, add the reports. Along with Oriental, United India is also "exploring" the prospects. So too are private sector insurance companies like ICICI Lombard. However, almost everybody is waiting for others to make the first move. But all agree on one thing. You need to be pretty successful in your career to be able to afford it. As one insurer said, "Recognition in professional circles is also an eligibility criterion."

IRDA has said the decision will rest with the insurance companies. Oriental Insurance says it can provide "at the most 100-150 times an individual's monthly income" as sum assured for a specific body part insurance. The products are expected to be tailor-made, with premiums calculated based on the client's risk profile. The formula will be similar to the existing accidental insurance chart, but with higher risk weightage. Almost all Indian insurers, however, will prefer to pass on large portion of the risk to reinsurers abroad, where it can be pooled.

Lloyd's to bring piracy under terrorism risk

A new breed of heavily armed, financially astute pirates has forced Lloyd's of London to drastically change its shipping policies that were honed during its 317-year history as a marine insurer, according to media reports. Piracy attacks will be classified as a war risk, rather th an a marine risk, according to new policy documents circulating in the market. The documents require ship owners to notify their insurer every time they enter dangerous waters, such as those off Indonesia, Borneo, Saudi Arabia and Nigeria.

The move by Lloyd's comes as machinegun-toting pirates blew a hole in the side of a Bahamas-registered cruise ship 100 miles off the coast of Somalia recently. The *Seabourn Spirit*, carrying 302 passengers, repelled its attackers with a sonic blast.

The removal of piracy from marine insurance policies — where it has traditionally been covered as a risk to the ship's hull — is expected to help underwriters to price the piracy risk more accurately and to reduce the risk of legal wrangles. By covering piracy in war insurance policies, the attacks will be treated like those by terrorists. As industry insiders point out, pirates nowadays come in combat gear with rocket-propelled grenade-launchers, much akin to terrorists.

Marine cover tends to allow ships to move freely around the world, while war insurance covers most parts of the world but requires policyholders to contact their insurer if they intend to trade in danger areas.

Insurers blame hurricane losses on risk modeling firm

Insurers faced with significant losses from Hurricanes Katrina and Rita are increasingly pointing the finger at catastrophe risk modeling firms, it has been reported. Their argument is that the computer models inaccurately estimated the likelihood of such devastating hurricanes making landfall and provided low estimates on the potential damage insurers may face.

Catastrophe risk models gained increasing popularity over the past decade in helping insurers to determine the level of risks they face in a certain region. Models created by vendors such as Risk Management Solutions (RMS), Eqecat and AIR Worldwide compute data based on past storms and weather patterns, along with the location and construction details of insured property, to provide estimates of the probability a severe storm will hit a certain area and the likely amount of damage that would incur if it does.

While modelers admit that they did not anticipate the levee break in New Orleans, they insist that insurers must be willing to share the blame for not being prudent in their own loss estimates. However, the modelers claim that none, including the insurance industry, had foreseen that New Orleans would completely shut down, resulting in billions of dollars of business interruption claims for insurers. Also, delays in adjustors' abilities to reach devastated properties resulted in additional damages that insurers would now have to pay to policyholders, say the modelers.

It has been pointed out that the past two years of hurricane activity, which are expected to cost the industry $100 billion, need to be used as a learning experience for both insurers and modelers in assessing risk going forward. Modelers need to recalibrate their models to take into account post-hurricane issues, such as significant business interruption and prolonged property damage, and issue estimates that take into account a broader range of possible risk scenarios.

US renews Terrorism Insurance Act, boosts borrowing for flood insurance agency

The US Senate has reportedly voted to renew a post-9/11 Act providing federal safeguards for the insurance industry in the event of a devastating terrorist attack. The voice vote extended for two years the Terrorism Risk Insurance Act, while putting more of the financial burden on the insurance industry.

The terrorist attacks in the US on September 11, 2001 caused vast damage to the economy and particularly hurt the insurance industry. The new bill extends the Terrorism Insurance Act that was to expire on December 31, 2005 while increasing from $5 million to $50 million in 2006 and $100 million in 2007 the amount of property and casualty losses that would trigger federal payments.

Meanwhile, the US Congress has voted to increase the borrowing powers of the National Flood Insurance Program, which is currently broke because of hurricane-related claims. The agency can now resume payments to flood victims. The Senate and the House have both approved by voice vote a bill that raises to $18.5 billion the amount the Program can borrow from the Treasury every year. In September, Congress voted to raise the borrowing authority from $1.5 billion to $3.5 billion.

Current estimates are that there will be $23 billion in claims from hurricanes Katrina, Rita and Wilma. There have been more than 204,000 claims from Katrina, 13,000 from Rita and 12,000 from Wilma.

General Electric Exits Insurance

General Electric (GE) has agreed to sell most of its Insurance Solutions business, including Employers Reinsurance Corp., to Swiss Re for $6.8 billion, it has been reported. GE will, however, retain some life insurance business. The transaction is expected to close in the first half of 2006. The move is part of GE's strategy to redeploy capital to faster-growth and higher-return businesses. It has already completed or announced five insurance divestitures, generating approximately $25 billion in cash.

GE will receive up to $3.7 billion in cash and notes for Insurance Solutions, representing up to 55 percent of the purchase price and shares of Swiss Re common stock equivalent to the remaining 45 percent of the value of the transaction. Swiss Re will assume $1.7 billion of debt. GE will retain the US life reinsurance operations of GE Insurance Solutions, which is being downsized.

Over the past five years, the Insurance Solutions business has reportedly lost $700 million and required the infusion of $3.2 billion of capital. The transaction values the business units sold at approximately 28 times the average of 2003-2005 earnings. Despite this valuation, GE expects to incur an after-tax loss of approximately $2.8 billion from the disposition, which includes loss on Insurance Solutions book value, goodwill write-off and taxes.

US insurance body asks regulators to keep off private sector turf

The American Insurance Association (AIA) is urging insurance regulators to go slow in considering a national catastrophe insurance programme, affirming support for catastrophe modeling technology but discouraging federal and state governments from storming through private sector business practices.

"In the wake of destruction from the 2005 Gulf Coast hurricanes, a discussion about how the private insurance market prepares for, and handles, mega-catastrophes is certainly timely," Ms. Tammy Velasquez, AIA Vice President of State Affairs, reportedly said following a summit of regulators in San Francisco. "In fact, insurance companies and other stakeholders have debated potential market-based solutions to some of the significant challenges presented by natural disasters for many years."

Still, the AIA spokesperson urged regulators and other policymakers to be cautious about a potentially expanded role for the federal government or state governments, specifically with regard to whether catastrophe funds are necessary or appropriate. She observed that private sector insurance comprises many different, and often interconnected, parts that must function smoothly in order to work properly and create a robust market for personal and commercial property insurance consumers. Hastily imposed changes could cause the system to fall apart, she warned.

Based in Washington, D.C., AIA represents more than 435 major insurance companies that provide all lines of property and casualty insurance and write more than $120 billion annually in premiums.

Willis Group to take control of Chinese insurance broker

US-based Willis Group has become the first foreign player to win approval to take control of a fully licensed mainland insurance broker, the *South China Morning Post* reported, citing a statement from Mr. Joe Plumeri, Chairman and Chief Executive of Willis. The newspaper said Willis Group is set to raise its stake in Willis Pudong Insurance Brokers by 1 percentage point to 51 percent after securing approval from the China Insurance Regulatory Commission (CIRC).

In March last year, Willis won the CIRC's endorsement to acquire 50 percent of Pudong Insurance Brokers, then wholly owned by domestic shareholders, and later renamed it Willis Pudong. The joint venture has been licensed to conduct insurance and reinsurance broking activities in China since August last year.

FICCI Meet on Insurance

Federation of Indian Chambers of Commerce and Industry (FICCI) held its **10th Conference on Insurance - Indian Insurance Industry: Towards Achieving Global Competitiveness** at Delhi on November 23 -24.

L to R: Mr. A. K. Shukla, Chairman, LIC, Mr. Onkar S. Kanwar, President, FICCI, Mr. C. S. Rao, Chairman, IRDA, Mr. N. N. Joshi, Special Representative, Ing Insurance International B. V. and Mr. Kamesh Goyal, CEO, Bajaj Allianz General Insurance Company Ltd.

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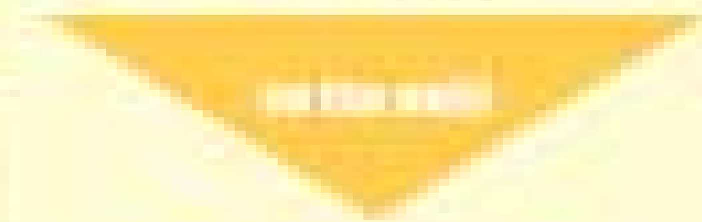

Today marks a very important day in the history of Lloyd's. China is forecast to become the world's second biggest economy and will develop into one of the world's largest and most important insurance markets.

Lord Peter Levene, Chairman, Lloyd's of London on China allowing Lloyd's to reinsure local currency business and allow Chinese insurers full access to the Lloyd's market.

It is easy for capital to move to other markets, either in London, elsewhere in Europe or further afield. In this heady environment, no one has a God-given right to exist.

Mr. Julian James, Director of Worldwide Markets, Lloyd's of London commenting on the three yearplan of Lloyd's to make itself a more "affordable" place to trade and prevent rival regions from gaining market share.

"...a healthy growth of the market even if it means moderate growth. We do not want the long-term interests of the market to be sacrificed at the altar of immediate gains in premium.

Mr. C. S. Rao, Chairman, IRDA commenting on the roadmap to detariffing.

The management of conflicts is an important factor in the business of insurance intermediaries, and has been the subject of greater focus by regulators around the world, particularly in the United States. The outcome of our review into existing market practice suggests that firms have work to do in order to ensure that they identify and mitigate conflicts of interest more effectively.

Financial Services Authority (FSA), the UK in a letter to insurance brokers.

Broker's remuneration in a detariffed era is something that we are yet to decide on. We, therefore, cannot confirm that there will be a flat upper limit of 17.5 per cent for general insurance brokers in a detariffed era.

Mr. C. S. Rao, Chairman, IRDA commenting on the roadmap to detariffing.

The reforms are aimed at enhancing the calibre and the decision-making processes of those who are in charge of running institutions in these sectors, and strengthening the ways in which they identify and manage their risks.

Dr. John Laker, Chairman, Australian Prudential Regulation Authority (APRA) on the proposed corporate governance norms.

RNI No: APBIL/2002/9589

Events

26 - 31, December, 2005
Venue: Pune
Alternate Grievance Redressal Mechanism by National Insurance Academy, (NIA), Pune

2 - 7 January, 2006
Venue: Pune
Harnessing Rural Business Potential (Life) by NIA, Pune

2 - 7 January, 2006
Venue: Pune
Programme for Middle Level Executives (Life) by NIA, Pune

2 - 7 January, 2006
Venue: Pune
Financial Risk Insurance and Insurance Derivatives (Non-Life)by NIA, Pune

9 - 14 January, 2006
Venue: Pune
Management of Strategic Issues for Insurance Executives by NIA, Pune

9 - 11 January, 2006
Venue: Pune
Insurance Regulations (Non-Life)by NIA, Pune

12 - 11 January, 2006
Venue: Pune
Creating Competitive Edge in Non-Tariff Regime by NIA, Pune

13 - 14 January, 2006
Venue: Pune
Wireless Technology & Mobile Computing by NIA, Pune

23 - 24 January, 2006
Venue: Singapore
Myths, Realities and Strategies in Corporate Governance and D&O Today by Asia Insurance Review

20 - 22 February, 2006
Venue: Bangkok
6th CEO Insurance Summit by AIR