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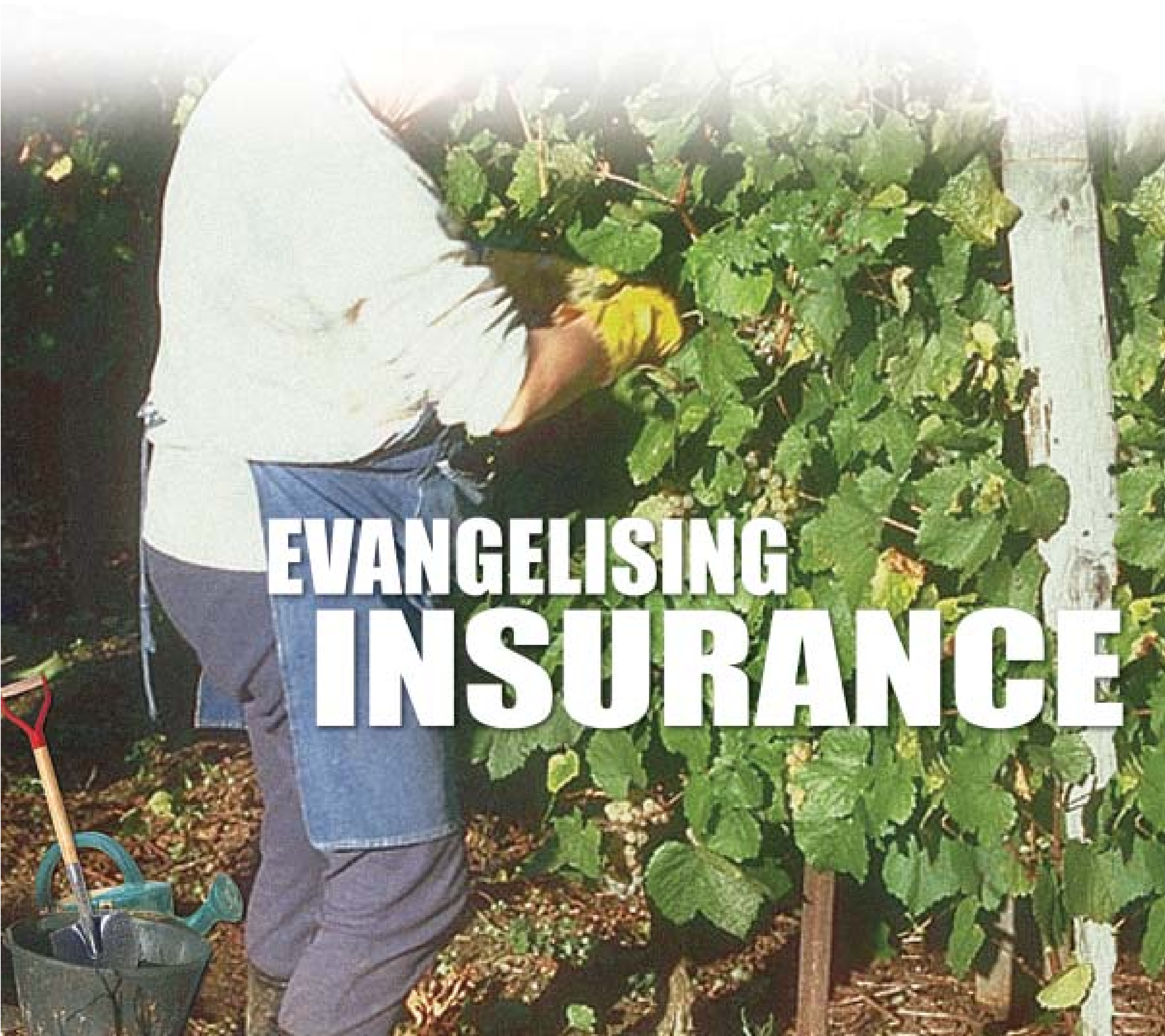

बीमा विनियामक और विकास प्राधिकरण

Journal

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From the Publisher

A developing nation and a growing economy can realise their true potential when the needs of different segments of society are addressed in the face of rapid change. Some portion of the development process has to be steered to ensure that the benefits of progress reach some segments of the population whom the process may bypass if adequate attention is not paid.

In the insurance industry, the regulator has been formally charged with planning ways to spread insurance far and wide and to undertake measures that would ensure a strong foundation for the industry. The most obvious manifestation of this role is in the rural and social obligations mandated in the IRDA regulations. There are other initiatives that the Authority has been undertaking too. They include catalysing the self regulatory role of the insurance councils encouraging the growth of educational and professional institutions related to the industry, coordinating and steering the formation of industry wide initiatives like the earthquake pool and the terrorism pool and encouraging the development of health insurance and micro insurance.

In this issue of **IRDA Journal**, we look at this 'development' role of IRDA through the eyes of different writers. We hope that the articles will throw some light on this aspect of our work and give us some creative ideas for carrying forward the developmental role assigned to the Authority.

The next issue of the Journal will seek to explore the ramifications of detariffing, an exercise that the non-life industry is bound to go through. We at IRDA would like to ensure that it is done properly and goes through smoothly so there are no disruptions in the marketplace and no harm befalls the customers.

C.S. Rao

C.S.RAO

Inside

ISSUE FOCUS

Clearing a path

Under a reforms programme, the role of a government has frequently been seen to be one of a facilitator of business than that of a player. Going one step further, the government's role of regulating and supervising industry is vested in independent regulators with defined powers and duties. These same regulators are also charged with facilitating business, but at a very different level – at administrative and supervisory levels as opposed to at the policy levels which is the government's prerogative.

It is under this broad pattern that the more modern regulators work, and among them IRDA, developing and strengthening the industry in addition to supervising and monitoring its activities.

Exploring this theme of the development role of IRDA are our writers this month starting with Mr. Arup Chatterjee of IRDA who has written about this theme in the past.

Mr. Suresh Mathur, Deputy Director at IRDA elaborates on the work that the Authority has been doing in making the Life and General Insurance Councils come alive and come into their own, in a bid to build effective self regulatory structures in the industry.

Mr. Randip Singh Jagpal, also Deputy Director at IRDA, writes for the first time in the Journal outlining the concept of insurance pools and IRDA's involvement in creating specialised risk pools by bringing together the industry.

Ms. Jessica Feldman who works with Aon Corporation uses her experience with a rural group health insurance project in Maharashtra to delineate the efficiencies and lacunae of the system and makes some suggestions that the industry and the regulator could consider for developing this target segment.

We have statistics and more for you this month, with the detailed numbers for the first half of the current financial year for the life industry.

Mr. G. V. Rao has made a quick study of the state of catastrophe cover following the tsunami hit in late December, and discusses for our benefit what the industry is doing and where it should carry out some repair works of its own.

The next issue is about detariffing. Much has been spoken about the issue on which little clarity has emerged. We shall try to present you with more viewpoints and information in a bid to understand what the industry could look forward to.

K. Nitya Kalyani

Dynamic Equilibrium

Love it, hate it, fear it, ignore it, detariffing is around the corner and, once it arrives, it shall stay. As the general insurance market moves towards a detariffed regime, what does it mean to the various stakeholders, wonders *K. Nitya Kalyani.*

Two years ago, **IRDA Journal** did an industry-wide survey on detariffing the general insurance market. An interesting cross-section of views emerged from the CEOs ranging from confidence to caution and fear of the older, big companies all the way to a fear of the smaller, faster new entrants! On the whole, no one was sure how the dice would fall, but there was little doubt that detariffing would, and should, happen one day.

And that day was set for April 1, 2005 in a General Insurance Council meeting held a few months after this survey.

Two years down the line, there has been a rethink and, last week, IRDA indicated that this schedule was going to be staggered. This followed apprehensions, both from the insurers' side as well as that of the Regulator, that detariffing at this point in time would be disruptive and damaging to the health of the industry.

Issues that need to be addressed for successful detariffing include a consensus on the sequencing and some public assurance on the availability of sufficient data to base rate changes on. The role of the Tariff Advisory Committee (TAC) in a detariffed environment also has to be redefined.

The predominant factor that seems to have pushed back detariffing is its near-term effect on the market. Reading the possibility of volatility in rates, the Regulator has brought up the matter for reconsideration. The counter view to that has been that any volatility would last no more than one year given the annual nature of general insurance contracts and, the sooner detariffing is done the better, So that the markets settle down and start growing.

On the sequencing front, the industry has been tending towards the argument that it is better to detariff all businesses in one stroke rather than piecemeal. It is probably easier to get a consensus on this than on a which-comes-first question, where each company's position would depend on its business composition.

The logic for an across-the-board detariffing is that the co-existence of tariff and non-tariff products has led to unhealthy cross subsidisation and distortions in the market. Partial detariffing, say OD ahead of third party liability, will only create a new set of distortions which we will then have to unravel.

> The imperatives of detariffing continue to bear an appeal that only increase with time.

The other issue through all these is data. The Indian insurance industry could do with an organised database on underwriting and claims to help it forecast probable losses more accurately and hence evolve scientific rates. Even if it is possible to project rates using existing tariff rates and take things forward, customer confidence will be inspired only if the whole issue of a comprehensive and authentic database is resolved transparently.

Meanwhile, the imperatives of detariffing continue to bear an appeal that only increase with time. If not for aligning ourselves with world trade, the Indian insurance customer – specially the business customer – requires to be able to access protection on the same terms as his counterparts around the world.

That may not always spell lower rates or more favourable terms, but detariffing will set free the natural dynamic that will represent the state of the market (capacity) and the quality of the individual risk (claims experience), things that Indian businesses have been getting accustomed to and mastering admirably in other areas like corporate finance.

This freeing up of rates will bring in a level playing field among corporates as well as between them and their insurers. As for personal lines, the broad market agreements that are in place will still guide the consumer, who will be free to shop around for the best rates, with the regulator keeping a watch over incidents of predatory or non-transparent pricing or service levels.

In the next issue of **IRDA Journal** we take a re-look at the entire issue of detariffing, tracking what happened, and did not, over the past few years. We shall also try to bring you in-depth and valuable insights from customers on what detariffing could mean to the market and how they would like to see it handled.

Accredited institutes announced

IRDA has, on December 31, 2004 placed a list of 1,485 accredited agents training institutes and six online institutes including in-house training institutes of insurers on its website (www.irdaindia.org). This followed the Authority issuing Standard Instructions and Guidelines applicable for approval/renewal of agents training institutes.

IRDA has reiterated that the existing agents training institutes who had been granted temporary accreditation shall cease to operate from December 31, 2004 and it would be the responsibility of the insurance companies to check the validity of the accreditation before sponsoring any candidate for training. The names of institutes that have received accreditation are displayed on the website of the Authority and no other institute is to be entrusted with training, says the circular, adding that the accredited training institutes should confine their activities only to the place/city for which it has been given the approval.

The circular states that the Insurance Institute of India and the Indian Institute of Bankers should allow only those candidates trained in accredited institutes to appear for the examination, whether online or offline.

The institutes have been advised to apply for renewal of accreditation two months ahead of time.

TSUNAMI LOSSES

IRDA has requested that it be kept informed about the estimated amount of loss and the measures adopted by the insurance companies to ensure discharge of their policy liabilities under the insurance contracts following the devastation caused by the tsunami on December 26, 2004 and its aftermath, which has been one of the worst natural disasters to have affected the eastern coast of India. Subsequently, it has said, all life and general insurers may keep the Authority apprised about the progress made in settlement of claims on a monthly basis. The format for this has been provided on the website of the Authority. (www.irdaindia.org).

It has noted in a circular that some of the insurers have risen to the occasion by initiating proactive steps to ensure expeditious settlement of claims through the setting up of special cells besides waiving some of the procedural requirements in case of genuine claims and also that they have, in some cases, publicised the measures adopted by inserting advertisements in the national dailies.

It has urged that, since the majority of the lives and assets affected happen to be located in the coastal belt, it would be more desirable if wide publicity be given by all insurers to the population residing in the tsunami affected areas in their local language. This, says the circular, would not only help in sending the message right across to the affected public but also make them conversant about the procedure prescribed for early settlement.

Just Insure Brokers on notice

IRDA has issued a last and final notice to the Delhi based Just Insure Brokers Ltd.on January 10, 2005 asking the latter to show cause in writing within 15 days of issue of the notice on the website of the Authority, why the insurance broking licence granted to them should not be suspended/cancelled for various violations of the provisions of the regulations. Failure to respond within the aforemnetioned period will lead to further necessary action against the broker, without any further notice, says the notice from the Authority.

The IRDA (Insurance Brokers) Regulations, 2002 mandate that every insurance broker shall have a Principal Officer possessing the prescribed educational qualification and who has undergone and passed the prescribed examination.

On getting information that Just Insure Brokers Ltd. was working without a trained Principal Officer, the Authority issued a notice dated December 2, 2004 asking the latter to show cause why the broking licence granted to them should not be suspended for violating Regulation 9 (2) (F), Regulation 34 (1) (k) and (m) of the IRDA (Insurance Brokers) Regulations, 2002.

The broker has also failed to pay the prescribed annual fees within the specified time as mandated by Regulation 18 and Schedule II thereunder, for which a separate notice dated December 6, 2004 advising them to comply with the regulations, was issued by the Authority.

Both these notices, sent to the registered address of the broker as per the records of the Authority have been returned with remarks that the address of the company has changed. Hence the authority has issued a last and final notice and placed it on the website of the authority.

Mortality and Morbidity Data

IRDA has issued the following circular, dated January 25, relating to Mortality & Morbidity Data and analysis, to all Appointed Actuaries of Life Insurers.

1. Application:-

This circular is applicable to all life insurers carrying on life insurance business in India, registered in accordance with section 3 of the Insurance Act, 1938, and is related to pricing and valuation under liabilities of Critical Illness Stand-alone products or Critical Illness Riders-Accelerated or Lump Sum.

2. Purpose:-

2.1: Regulation 5 sub regulation 2 & 3 of IRDA (Assets, Liabilities and Solvency margin of Insurers) Regulations 2000 requires Mortality rates/ Morbidity Rates to be used, shall be by reference to a published table, unless the insurer has constructed a separate table based on his own experience and such table to be made available to the insurance industry by the Actuarial Society of India (ASI), with the concurrence of the Authority.

2.2: Under Regulation 5 sub regulation 2 of IRDA (Assets, Liabilities and Solvency margin of Insurers) Regulations 2000, ASI in concurrence with IRDA had prescribed a mortality table LIC (1994-96) Ult. Table to be used as Base Table for pricing the Life Assurance Products and LIC a(1996-98) Annuitants' Table for pricing the Annuity or Pension Business and for calculating the liabilities under these products. But there was no benchmark table prescribed for pricing or valuing the liabilities of the Health products as regards the critical illnesses under Regulation 5 sub regulation 3 of IRDA (Assets, Liabilities and Solvency margin of Insurers) Regulations 2000.

2.3: With no prescribed Benchmark Morbidity Table, the Life Insurers are using the critical illness rates provided by their Reinsurers based on experience of another country/ region with adjustments as may be necessary. In this process consistency was lacking with attendant issues like rationale for adjustments made and linkage to underwriting standards not being clear.

2.4: IRDA referred the issue to the professional body- Actuarial Society of India (ASI) to examine and recommend reference table which can serve as a Standard reference table until Indian lives morbidity table based on experience of Insurers becomes a possibility.

2.5: ASI after the process of examination by a committee of actuaries has suggested CIBT 93 to be used as the Standard reference Critical Illness rates table to be used under sub regulation 3 of regulation 5 of IRDA (Assets, Liabilities and Solvency margin of Insurers) Regulations 2000 for pricing and valuing the liabilities of Critical Illness Standalone products or Critical Illness Riders-Accelerated or Lump Sum.

2.6: IRDA gave its concurrence to the same which has been communicated to all Life Insurers by ASI.

2.7: Though the prescribed table is not based on the Indian experience, this is an attempt to prescribe the Critical Illness rate table to be used by all the Life Insurers at present in terms of requirement of the Regulations mentioned in Para 2.1. It is necessary to develop in course of time, a table of rates based on Indian experience.

2.8: To meet the purpose stated in para 2.7 above, you are requested to maintain suitable data of policies and claims experience on a continuous basis , analyse the experience periodically at least once in a year at the time of valuation of liabilities and furnish the results to the Authority. Steps may be taken to compile data in suitable format and make available for preparing industry experience table.

2.9: The requirement stated in para 2.8 also applies as regards mortality investigation.

3. The circular comes into force with immediate effect

C.S. Rao
Chairman

Notice about Auditors

The following notice has been issued by the Chairman, IRDA on January 20, 2005:

A The Institute of Chartered Accountants of India (ICAI) vide Lr. No. PD/333/ 2004-05, dt. October 28, 2004 has intimated to the Authority the list of members who have been held guilty of misconduct by the Council of the ICAI. Accordingly the names of the following Chartered Accountants have been removed from the Panel of Auditors maintained with the Authority.

1. K.H. Vachha, M/s Price Waterhouse, Kolkata (M.No. 30798)
2. S. Govindarajan, M/s Venkatesh & Co.(M.No. 18339)

B The ICAI has also forwarded the list of the firms where there is a dispute among the partners with regard to retirement of a partner. Names of these which are also empanelled with the Authority are indicated below:

1. M/s Sri Ravi Varma & Co., New Delhi (FRN 000859 N)
2. M/s Hem Sandeep & Co., New Delhi (FRN 09907 N)
3. M/s Bharakatia & Co., Jaipur (FRN 001637 C)

Insurers are requested to note the same for requisite necessary action at their end.

Dear Editor

Ways & Means

I have read with extra special interest our Journal of January 2005.

I have the following suggestion to make:

Although the insurance is sold at the place of the insured, the psychological pressure on Agents of 'receiving rather than giving' can be tilted substantially only by the Regulator and the insurance companies.

This can be achieved by strict norms of educational and professional qualification stipulated.

General Insurance:

Earlier even on tariff the commission was 15 per cent. It was reduced to 10 per cent from April 1, 2004. It should be immediately raised to 15 per cent at least effective from April 1, 2005 in respect of tariff items also.

While the pay out can remain at 10 per cent, I suggest the balance earned five per cent is kept in Funds as their retirement benefits such as Gratuity and PF and Pension. Necessary Rules for age of entry, age of withdrawal, etc. etc. may be framed by the IRDA.

The insurance companies need not be alarmed, as only the individual Agents' own earnings go into their respective kitties and the IRDA provides the necessary framework of rules for investment and management of such funds. It is not a common pool. Only the performers accumulate and it is not going to be free meals for non performers at the cost of performers.

The companies should spend some money in encouraging the Agents to acquire,

- Skill sets of good inter personal relationship,
- Approved insurance qualifications
- Constantly upgrade technical knowledge and be up to date on developments in insurance sector globally.

General insurance companies should reward Agents who perform a level above a benchmark AND whose business show the best premium / claims amount/ ratio.

IRDA has to highlight through the print and electronic media constantly, what the insureds lose when they ask for rebates.

They should make rules that the Agents are responsible for claim settlement work also, listing the duties of Agents in procurement, servicing during the currency of the policy and in claim settlement also. This will make the insurance sector stronger at the grass root level and there will be pervasive benefits.

By above actions, the benami agents will vanish by themselves and stricter disciplinary rules will make the supervision easier.

This action will create greater awareness of the responsibilities of being an Agent, thus neither the Agent nor the insured will think that there is scope for parting with commission. Orderly, organised responsible and disciplined sales force will emerge in two to five years and many would be willing to take up this self employment channel.

All the above actions will lend dignity to the profession and the whole insurance industry will benefit.

V.S. Sampathkumar
Anna Nagar West
Chennai 600 101

Good Job!

January 2005 issue is indeed a power packed issue and is truly one of the best issues of **IRDA Journal.**

The article ' Wholesome profession' by K. Nitya Kalyani is so well written and words are aptly used to describe the existing agency force and the need to distinguish between the men and boys in it. A very forcefully worded and wonderfully written article indeed.

'Streeet Smart, Market Smart ' by Mr. Apparao Machiraju, "Life of an Insurance Agent' by Mr. Suri Seeta Ram and Readymade Success Formulae by Mr. P. Srinivasan added colour to the issue and articles written by others too made for an interesting reading of this issue.

One word of advice: I have noticed in each and every issue you have very religiously used the sentence : LIC's share has declined by_ _ _percent" . Not a complaint though, I suggest if you could also include the percentage growth in business on all counts. Though the overall share of LIC shows decline, there also is an increase in the overall business which may also be highlighted. And it could be true with private players too.

Hats off to you efforts in making the journal power packed.

Regards
D.V. SURESH
Insurance Consultant
L I C of India
Malkajgiri
Hyderabad

"It's three weeks since I sent all the documents for the claim... I hope they send the money soon."

"Yes, they will. When all the papers are in order, they have to settle within 30 days. It's the rule!"

The Insurance Regulatory and Development Authority (IRDA), the supervisory body of insurance companies in India, protects the interests of policyholders. Here are some of the regulations laid down by IRDA:

- A claim has to be paid or disputed by the insurance company, giving relevant reasons within 30 days of receiving all relevant documents.
- The insurer shall furnish the prospect, a copy of the proposal form, free of charge, within 30 days of the acceptance of a proposal.
- Proposals shall be processed and communicated within 15 days of receipt by the insurer.
- In case of delay in settlement of claim after submission of all necessary documents, the insurance company will be liable to pay a stipulated amount of interest.
- A life insurance policyholder is entitled to a "Free Look Period" of 15 days (from the date of receipt of policy) to cancel the policy.
- An insurance company shall respond within 10 days of receipt of any communication from its policyholders.

Issued in public interest by:

Insurance Regulatory and Development Authority

3rd Floor, Parisrama Bhavanam, Basheerbagh, Hyderabad 500 004.

Website : www.irdaindia.org

SPREAD THE WORD...

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

Report Card:LIFE

Life new business grows 35.41% in December

The life insurance industry underwrote a premium of Rs.1,81,634.52 lakh during the month of December, 2004, taking the cumulative premium underwritten during the current year 2004-05 to Rs.13,15,312.03 lakh, representing a growth of 35.41 per cent.

LIC's first year premiums grew by 20.39 per cent while its market share declined from 88.21 per cent to 78.43 per cent for the period ended December, 2003. The new life insurers' new business put together grew by 147.76 per cent and their market share increased.

LIC underwrote premium of Rs.10,31,565.53 lakh during the period i.e., a market share of 78.43 per cent, followed by ICICI Prudential and Birla Sunlife with premium underwritten (market share) of Rs.82,761.77 lakh (6.29 per cent) and Rs.38,732.76 lakh (2.94 per cent) respectively. The number of lives covered by the industry under the various group schemes was 46,22,555 during the period ended December, 2004. LIC covered 29,34,395 lives under the group schemes accounting for 63.48 per cent of the market, followed by SBI Life with 5,60,489 lives (12.13 per cent), Bajaj Allianz with 2,20,970 lives (4.78 per cent) and Tata AIG with 2,02,459 lives (4.38 per cent).

Cumulatively, the new players underwrote first year premium of Rs.2,83,746.50 lakh. In terms of policies underwritten, the market share of the new players and LIC was 9.66 per cent and 90.34 per cent as against 6.01 per cent and 93.99 per cent respectively in the corresponding period in the year 2003-04.

The total Individual premium and Group premium underwritten was Rs.10,81,404.45 lakh (82.22 per cent) and Rs.2,33,907.58 lakh (17.78 per cent) respectively as against Rs. 7,81,260.48 lakh (80.43 per cent) and Rs.1,90,060.55 lakh (19.57 per cent) written in the corresponding period of the previous year. The premium written by the industry upto December, 2004, towards individual single and non-single policies stood at Rs.2,27,812.52 lakh and Rs.8,53,591.93 lakh respectively accounting for 5,42,953 and 1,34,34,573 policies. The group single and non-single premium accounted for Rs.2,10,426.69 lakh and Rs.23,480.90 lakh.

First Year Premium – December, 2004

(Rs. in lakhs)

Sl No.	Company	Premium u/w		% of Premium	No. of Policies / Schemes		% of No. of Policies	No. of lives covered under Group Schemes		% of lives covered under Group Schemes
		Dec	Upto Dec	Upto Dec	Dec	Upto Dec	Upto Dec	Dec	Upto Dec	Upto Dec
1	**Bajaj Allianz**	**6,198.66**	**34,065.20**	**2.59**	**28,347**	**1,66,461**	**1.19**	**1,26,003**	**2,20,970**	**4.78**
	Individual Single Premium	2,348.62	12,800.31		3,217	13,845				
	Individual Non-Single Premium	3,599.12	20,805.13		25,107	1,52,537				
	Group Single Premium									
	Group Non-Single Premium	250.92	459.76		23	79		1,26,003	2,20,970	
2	**ING Vysya**	**2,109.37**	**7,335.60**	**0.56**	**14,285**	**74,022**	**0.53**	**1,834**	**10,967**	**0.24**
	Individual Single Premium	0.02	32.67		4	6,517				
	Individual Non-Single Premium	1,876.48	6,683.19		14,268	67,464				
	Group Single Premium	89.95	451.42		0	3		211	885	
	Group Non-Single Premium	142.92	168.33		13	38		1,623	10,082	
3	**AMP Sanmar**	**1,620.28**	**6,104.23**	**0.46**	**3,037**	**23,328**	**0.17**	**9,464**	**80,410**	**1.74**
	Individual Single Premium	1,344.40	4,135.92		654	5,172				
	Individual Non-Single Premium	256.36	1,700.11		2,382	18,094				
	Group Single Premium	5.67	52.31		0	1		0	190	
	Group Non-Single Premium	13.84	215.89		1	61		9,464	80,220	
4	**SBI Life**	**4,390.63**	**30,261.75**	**2.30**	**8,007**	**67,481**	**0.48**	**1,06,415**	**5,60,489**	**12.13**
	Individual Single Premium	421.61	4,813.39		528	3,687				
	Individual Non-Single Premium	611.25	4,329.91		7,173	61,315				
	Group Single Premium	3,078.71	17,655.05		2	6		25,218	1,78,455	
	Group Non-Single Premium	279.06	3,463.40		304	2,473		81,197	3,82,034	

(Rs. in lakhs)

Sl No.	Company	Premium u/w		% of Premium	No. of Policies / Schemes		% of No. of Policies	No. of lives covered under Group Schemes		% of lives covered under Group Schemes
		Dec	Upto Dec	Upto Dec	Dec	Upto Dec	Upto Dec	Dec	Upto Dec	Upto Dec
5	**Tata AIG**	**2,551.91**	**20,377.49**	**1.55**	**20,724**	**1,62,986**	**1.16**	**14,082**	**2,02,459**	**4.38**
	Individual Single Premium									
	Individual Non-Single Premium	2,234.36	16,727.60		20,708	1,62,809				
	Group Single Premium	43.84	427.38					7,102	68,437	
	Group Non-Single Premium	273.71	3,222.51		16	177		6,980	1,34,022	
6	**HDFC Standard**	**5,331.30**	**23,906.98**	**1.82**	**29,424**	**1,23,118**	**0.88**	**39,264**	**1,32,412**	**2.86**
	Individual Single Premium	856.68	5,480.82		9,648	32,223				
	Individual Non-Single Premium	3,816.06	16,771.47		19,762	90,765				
	Group Single Premium	280.17	995.61		8	110		22,524	1,05,689	
	Group Non-Single Premium	378.39	659.08		6	20		16,740	26,723	
7	**ICICI Prudential**	**14,568.60**	**82,761.77**	**6.29**	**60,620**	**3,49,823**	**2.50**	**1,450**	**53,360**	**1.15**
	Individual Single Premium	489.19	8,896.15		407	5,763				
	Individual Non-Single Premium	13,244.89	66,444.95		60,210	3,43,994				
	Group Single Premium	10.64	73.87		1	12		1,151	10,464	
	Group Non-Single Premium	823.88	7,346.80		2	54		299	42,896	
8	**Birla Sunlife**	**5,595.80**	**38,732.76**	**2.94**	**21,049**	**1,12,504**	**0.80**	**1,432**	**55,091**	**1.19**
	Individual Single Premium	110.88	912.44		7,649	31,425				
	Individual Non-Single Premium	4,836.40	31,420.67		13,396	81,021				
	Group Single Premium	47.74	346.48					393	2,995	
	Group Non-Single Premium	600.77	6,053.18		4	58		1,039	52,096	
9	**Aviva**	**1,693.89**	**11,259.93**	**0.86**	**6,711**	**53,869**	**0.39**	**17,762**	**1,19,632**	**2.59**
	Individual Single Premium	85.11	315.12		219	645				
	Individual Non-Single Premium	1,576.04	10,737.19		6,490	53,200				
	Group Single Premium	19.07	51.27			1		156	423	
	Group Non-Single Premium	13.67	156.35		2	23		17,606	1,19,209	
10	**Kotak Mahindra Old Mutual**	**2,210.23**	**10,100.27**	**0.77**	**5,974**	**36,356**	**0.26**	**1,169**	**55,549**	**1.20**
	Individual Single Premium	316.12	1,817.68		216	1,192				
	Individual Non-Single Premium	1,810.70	7,430.24		5,755	35,123				
	Group Single Premium									
	Group Non-Single Premium	83.40	852.34		3	41		1,169	55,549	
11	**Max New York**	**3,870.92**	**15,379.82**	**1.17**	**29,904**	**1,54,064**	**1.10**	**4,369**	**58,857**	**1.27**
	Individual Single Premium	23.61	195.45		26	191				
	Individual Non-Single Premium	3,485.73	14,739.33		29,859	1,53,792				
	Group Single Premium									
	Group Non-Single Premium	361.58	445.04		19	81		4,369	58,857	
12	**Met Life**	**650.76**	**3,458.10**	**0.26**	**6,116**	**27,835**	**0.20**	**10,436**	**1,37,964**	**2.98**
	Individual Single Premium	19.33	113.11		78	352				
	Individual Non-Single Premium	605.09	2,906.76		6,025	27,393				
	Group Single Premium									
	Group Non-Single Premium	26.34	438.23		13	90		10,436	1,37,964	
13	**Sahara Life**	**1.27**	**2.61**	**0.0002**	**83**	**95**	**0.001**			
	Individual Single Premium									
	Individual Non-Single Premium	1.27	2.61		83	95				
	Group Single Premium									
	Group Non-Single Premium									
14	**LIC**	**1,30,840.90**	**10,31,565.53**	**78.43**	**17,72,934**	**1,26,39,317**	**90.34**	**3,08,999**	**29,34,395**	**63.48**
	Individual Single Premium	25,338.73	1,88,299.47		59,248	4,41,941				
	Individual Non-Single Premium	92,234.70	6,52,892.76		17,11,964	1,21,86,971				
	Group Single Premium	13,267.47	1,90,373.30		1,722	10,405		3,08,999	29,34,395	
	Group Non-Single Premium									
	Total	**1,81,634.52**	**13,15,312.03**	**100.00**	**20,07,215**	**1,39,91,259**	**100.00**	**6,42,679**	**46,22,555**	**100.00**

Note: The totals for the life statistics publisthed in January, 2005 (November, 2004 No.s) may be read as under.

	Total	**1,38,577.72**	**11,33,758.83**	**100.00**	**15,15,099**	**1,19,82,887**	**100.00**	**7,14,648.00**	**43,54,826.00**	**100.00**

Report Card:GENERAL

Dull December for Non-life insurers

G. V. Rao

Performance for December 2004

The end of December 2004, the closure of the third quarter in the fiscal, is a good time to measure the premium performance of the non-life insurers. How has the industry fared? How has it done in the month of December?

Till the end of November 2004, the insurers were on a course of spectacular and impressive monthly premium increases. And the progress in the tide of growth in the non-life industry seemed almost unstoppable. Both the established players and the new ones have had no occasion or reason to look back in the current year.

Come December 2004, the situation has vastly changed, with the growth rate in the premium for the month of December plunging to an unbelievable low of 3.7% (a mere Rs. 54 crore accretion in the monthly renewal premium of Rs. 1450 crore). The four established players, for the first time in several months, have cumulatively recorded a fall in their monthly premium of Rs. 78 crore (-6.3%) from Rs. 1236 crore. The new players, however, in total contrast have done even better in December than at any time in the recent past; and have even stepped up their monthly growth rate to 71% (Rs124 crore increase).

The two major contending parties battling for the top slot in the industry, New India and National, have recorded a surprising fall in their monthly business by large margins of Rs. 64 crore (-16%) and Rs. 28 crore (-8%) respectively. UIIC has barely managed to retain its monthly premium by improving its performance by Rs. two crore. Oriental is the one with the highest accretion of Rs. 8 crore (five per cent).

The cumulative December monthly performance of the established players, and the deceleration in the growth rates of New India and National that have been in the forefront as growth engines, should cause serious concern to the established players of how their next quarter's performance will shape up. ECGC with an accretion of Rs. 8 crore (22%) has done the best among the established players.

The new players have, in comparison, turned in a remarkable performance of an accretion of Rs. 124

GROSS DIRECT PREMIUM (within India) DECEMBER, 2004

(Rs.in lakhs)

INSURER	PREMIUM 2004-05 FOR DEC '04	PREMIUM 2004-05 UPTO DEC '04	PREMIUM 2003-04 FOR DEC '03	PREMIUM 2003-04 UPTO DEC '03	MARKET SHARE UPTO DEC, 2004	GROWTH % YEAR ON YEAR
Royal Sundaram	2,833.99	24,002.87	1,995.91	18,668.74	1.77	28.57
Tata-AIG	3,913.93	34,922.16	2,733.52	26,903.05	2.57	29.81
Reliance General	1,158.48	13,707.08	1,350.03	13,700.03	1.01	0.05
IFFCO-Tokio	3,748.06	35,658.35	1,996.67	23,695.11	2.63	50.49
ICICI Lombard	8,273.79	64,892.24	3,275.60	35,004.43	4.78	85.38
Bajaj Allianz	7,310.08	60,907.61	4,338.22	33,757.46	4.49	80.43
HDFC Chubb	1,507.31	12,842.86	1,140.89	7,149.66	0.95	79.63
Cholamandalam	1,309.01	13,184.01	785.54	6,746.71	0.97	95.41
New India	33,816.00	3,08,023.00	40,221.00	2,92,028.00	22.70	5.48
National	32,334.00	2,95,816.00	35,061.00	2,47,069.00	21.80	19.73
United India	23,339.00	2,24,767.00	23,059.00	2,33,150.00	16.56	-3.60
Oriental	26,387.00	2,31,237.00	25,225.00	2,12,860.00	17.04	8.63
ECGC	4,400.41	37,028.81	3,686.23	30,974.29	2.73	19.55
TOTAL	1,50,331.07	13,56,988.99	1,44,868.61	11,81,706.49	100.00	14.83

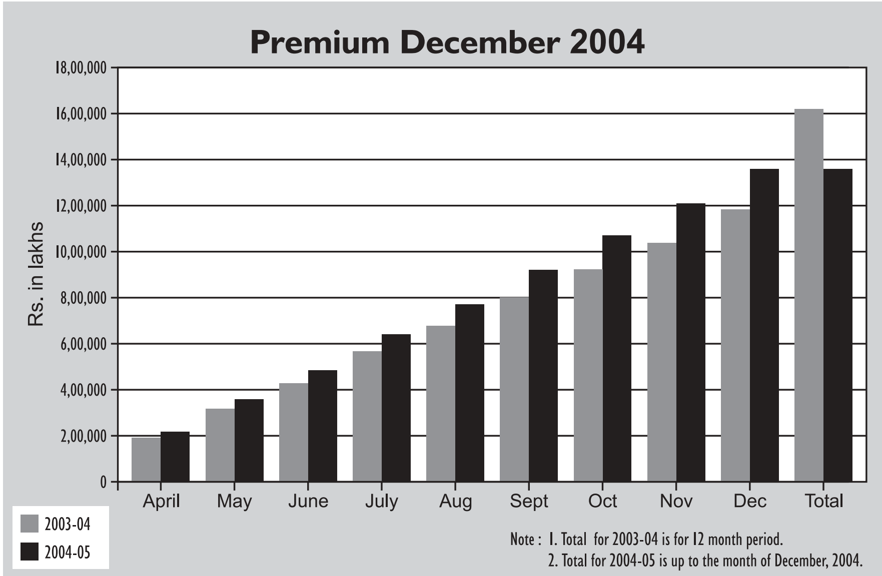
crore (71%): and it stands in stark contrast to that of the established players' drop of Rs. 78 crore (-6.3%). ICICI leads the charge with an accretion of Rs. 50 crore, with Bajaj at Rs. 30 crore, IFFCO at Rs. 18 crore and Tata at Rs. 12 crore. Reliance is the only private player that has recorded a fall of Rs. two crore in December.

Thus while there are good reasons for the private players to be vastly pleased, and for the established ones to feel extremely disappointed, the market as a whole has a cause for serious concern due to the unprecedented low the growth rate of 3.7 per cent in December. Has this situation emerged due to the past accounting aberrations: or have the established players suddenly lost momentum and motivation? Or have the private players gained a Midas touch at the expense of their seniors? Or is it due to all the three reasons? The last quarter's performance, therefore, now assumes even more importance to the end result, when the annual race will end in March 2005.

Performance up to end of December 2004

The industry in touching a premium level of Rs. 13,570 crore at the end of the third quarter has recorded an increase of Rs. 1753 crore (14.8%), despite the set back it received in December; and this situation still looks good at this point of time. The new players have contributed Rs. 945 crore (57%): the established players Rs. 748 crore (8%) and ECGC about Rs. 60 crore.

Of this Rs. 748 crore, National alone has chipped in an impressive Rs. 487 crore (20 per cent), New India Rs. 160 crore (5.5 per cent), Oriental Rs. 83 crore (3.6 per cent) and UIIC a loss of Rs. 84 crore. These contrasting performances of substantially differing accretions among the established players, with almost everything remaining identical, are as remarkable as puzzling to any observer. How does their single investor perceive this unique phenomenon in its units?



The performance accretions of the private players throw up interesting points. ICICI has an accretion of Rs. 300 crore (ranking next only to National among the thirteen insurers), Bajaj has Rs. 272 crore, IFFCO Rs. 120 crore, Tata Rs. 80 crore, Royal Sundaram Rs. 53 crore, Cholamandalam Rs. 65 crore and HDFC Chubb Rs. 57 crore. The lone insurer who has only retained its previous premium is Reliance, with a slight increase of a few thousands.

The new players now enjoy a market share of 19% and it is almost certain that they will exceed 20% when the fiscal ends. In retrospect, not many expected that they will have such a relatively easy time to make the kind of progress they have made in strong traditional fields of Fire, Marine and Engineering, particularly when the playing field is uneven in terms of their low capital, lack of infrastructure, trained manpower, building teams with an identity of purpose and vision, gaining acceptance by the hardnosed public of their security offer, arranging reinsurance etc. The market terrain for them indeed was not only rough but tough as well.

The five private players with their Head Offices in the West have recorded Rs. 700 crore increase, the two South based companies Rs. 120 crore and the lone North based insurer Rs. 120 crore. It would seem that these results are indicative of the pressures New India has to contend with and where management drive for business is at its professional best and where the mining and farming for business is at its competitive point.

Outlook

The change of guard in the established players means they will need time to settle down. They have to solve legacy problems of yesteryears even while drawing up plans to meet the challenges thrown up by the rapidly growing but powerful competition from the private players. The odds seem loaded against them, but it is not an unwinnable situation.

The author is retired CMD, The Oriental Insurance Company.

A Wave of Challenges

— Tsunami throws up new issues for insurance sector

How far, how much, and how? It is time the insurance industry re-examined its policies on natural disasters, observes *G. V. Rao*.

It was as if the Gods wanted to wage a sudden and undeclared war with those that inhabited this portion of the globe. The impact of the tsunami can hardly be forgotten easily – the fury and ferocity of the sea waves that caused the destruction were till then unimaginable. The resultant losses of property and lives will take a long time, and immense resources, to be mended.

The international insurance community described the calamity as 'very serious' but also dismissed it as of low financial consequence to insurers and reinsurers. While the economic losses could be very huge, the insured losses are currently estimated at less than $500 million across the nations that bore the brunt of the destruction.

While there has been a general lack of risk awareness, on their own, among the small community of the insured, particularly of catastrophic perils, the activism of the insurers in India too has done little to educate the public about their serious consequences: be it floods, earthquakes or tsunamis.

Challenges before insurers

Insurers in India have always been aware that the sub-continent is prone to serious social disturbances and natural calamities. The specific insurance cover that provides protection for the social and nature-inspired risks is the fire policy controlled by the Tariff Advisory Committee (TAC). It not only fixes the premium rates to be charged but defines the terms and conditions of the coverage as well.

Riot, strike and terrorism perils are the usual high-profile social risks. The risks of flood, earthquake and other convulsions of nature are the high-risk exposures induced by nature. But insurers' initiatives and responses to making insurance protection available for these risks have been regretfully piecemeal, ad-hoc and inadequate.

How have the insurers in India dealt with these perils in recent times? How will they now deal with these tsunami losses? What future obligations does the industry consider it owes to its insured — and those uninsured? Here is an analysis of how the industry has responded to these risk exposures.

Insurers' responses

Those that have long memories of insurance developments in India will recollect that the risk of riot and strikes (R&S) was an add-on cover at additional premium to the fire policy. Many insured would not buy it, as insurance was regarded more as an imposed cost than as a means of financial security.

Following frequent riots in the country causing losses to insured shops and residences, and finding that many had not opted for riot cover, insurers began rejecting claims. The Government then recommended to insurers, under it monopolistic control, that the R&S cover be offered as a part of the basic fire cover. The basic fire policy was then amended accordingly with cover for R&S.

> While there has been a general lack of risk awareness among the small community of the insured, particularly of catastrophic perils, the activism of the insurers in India too has done little to educate the public about their serious consequences: be it floods, earthquakes or tsunamis.

Terrorism cover

When terrorist acts became rampant in Punjab and the North-Eastern states, the Government supported the insurers' initiative to offer cover for terrorism as part of R&S cover without additional premium.

Post 9/11, the cover for terrorism was hastily and uncharacteristically withdrawn in the midst of the policy period, with a suddenness that was unprecedented. The insured were asked to pay additional premium if the cover was to be restored even during the policy period. Such knee-jerk reactions caused concern among the insured — that the sanctity of insurance contracts can be so easily violated by insurers, on pretexts that do not stand on sound principles but on expedient and opportunistic contract wordings that are always a part of an insurance policy. It is now offered on a limited scale on a 'first loss basis' subject to additional premium.

Cover for floods

Till March 2001 cover for floods and cyclones was offered as an add-on cover subject to payment of additional premium to the fire policy. In March 2001, it became a part of the basic fire policy without additional premium. Those who chose to opt out of it were given a discount in the rate. Here again, the insurers were inspired in consumer interests to offer full protection to their insured, so that those that had a low perception of their risk awareness did not suffer financial losses because of a wrong judgment in their selection.

Thus the flood portions of their premiums were equitably shared by the entire insured community irrespective of their location and risk exposures. Insurance cover for natural disasters thus became a community-oriented concept, which in India is an absolute necessity, due to low risk awareness amongst the public.

Restrictive coverage

The flood cover, however, states that the policy would indemnify the damages caused to the insured property due to: "Loss, destruction or damage *directly caused by* storm, cyclone, typhoon, tempest, hurricane, tornado, flood or inundation *excluding those resulting from earthquake, volcanic eruption or other convulsions of nature.*"

The fire policy further contains a General Exclusion clause 12 stating that the *policy does not cover "any loss or damage occasioned by or through or in consequence of directly or indirectly due to earthquake, volcanic eruption or* *consequence of nature*". Insurers, however, do provide an add-on cover only for earthquake at an additional premium; but not for volcanic eruption or convulsions of nature.

As an add-on cover, insurance for earthquake peril that is now offered covers flood losses as well due to an earthquake (provided the insured has not opted out of cover for floods); *but as yet there is no coverage on offer for damages due to perils of volcanic eruption or other convulsions of nature and their consequences*. The insurers, it would seem, did not go far enough in providing automatic cover for natural disasters but limited it only to earthquake. The exclusion seems deliberate.

Are the tsunami claims payable?

The recent tsunami has brought to the fore the important question on whether the insurers would pay the flood claims of those insured if they had not taken the earthquake cover; or would they deny them on the ostensible grounds that these flood losses were as a result of an earthquake, volcanic eruption or a convulsion of nature. That flood claims would only be considered if flood and earthquake covers were together in place and it was also proved that the flood losses are due to an earthquake. The onus to proof that the flood losses are due to an earthquake is on the insured as a policy condition.

There is a significant and strong opinion that is emerging in insurance circles that the affected insured should have had an earthquake cover — that is available as an optional cover subject to payment of additional premium — if the resultant flood claims are to be considered. They have also to prove that the floods were due to earthquake as a proximate cause and the onus of proof is on them.

There is yet another opinion emerging, based on the current wordings used both in the flood and earthquake covers, that even if an insured had opted for and bought a cover for earthquake, the flood claims may not be payable if it is determined that their 'proximate cause' is a volcanic eruption or convulsion of nature, and not an earthquake. . The crucial decision is likely to depend on how the Indian Meteorological Department would eventually term the recent calamity.

A few issues of future concern can now be considered.

Why did the TAC choose to exclude flood losses due to volcanic eruption or convulsion of nature in the endorsement wording for the flood losses due to earthquake? Why did it not provide suitable optional cover for flood losses due to tsunami or volcanic eruption or convulsion of nature separately? Is tsunami a volcanic eruption under the sea? Or is it a convulsion of nature? Or is it due to an earthquake?

Course of action for TAC

Does the insured public, or for that matter even the insurers themselves, know the subtle but significant differences in the specific terms of weather used in the policy? How does the public protect itself in future from such natural calamities that India is so exposed to? Will the TAC explore providing full cover for any future eventualities; and how quickly?

Insurance cover for natural disasters has thus become a community-oriented concept, which in India is an absolute necessity, due to low risk awareness amongst the public.

These are issues of immediate concern that should be addressed when memories of unpayable losses are still fresh. As in the case of flood cover, the TAC must make sure that *all* natural disasters are covered in the basic fire policy itself, and give a choice to the insured to opt out of them. The onus of selection to opt out is then on the insured and a deliberate choice at that.

Dealing with the present

From the point of view of the insured, a reasonable case can be made out for special consideration of insurers. It is evident to all that the fire rates charged for a majority of risks under the tariff have continued to be quite high. The claims experience for the preceding last two years for the fire portfolio has been a low 47 per cent and 30 per cent.

In view of these factors — the high rates and favourable loss ratio developments — will the insurers now take a more considerate view of flood claims, on the basis that the current high fire rates charged do indeed already contain a measure of probable increase for natural perils? Hence, should all flood claims be paid, irrespective of whether the earthquake cover is taken or not? Could this argument be made a legal or moral basis for claim payments?

If insurers were to become too technical and reject a number of flood claims, would not the affected insured be justified in clamouring for a reduction in rates at renewals? Should not such glaring inequalities in insurance rating end?

As yet, there does not appear to be any concerted action on the part of the insurers to address these basic issues and come up with assurances to set the minds of several claimants of flood losses at rest. The market has to respond; and the sooner it is done the better for the insured community and for the insurers themselves.

Many claimants are hoping that the Government, as in the monopolistic days of the past, would come to their rescue. Since the market is now liberalised, with private players too in the race, the present situation is different. This is the first big challenge that the insurers are confronted with since the market was liberalised. Which route will they collectively take?

The faith and trust of many insured in insurance buying and in the insurers themselves is linked to the ultimate decisions the latter will make on this issue. While the tsunami has posed a threat to the public for its survival and rehabilitation, it does indeed provide a huge opportunity for insurers to enhance risk awareness of nature and natural calamities in the public, and for the public to regard insurance as the most suitable instrument of financial protection.

Who will lead this worthy campaign of creating the risk awareness movement before the impact of tsunami fades from the public memory that is notoriously short?

The author is retired CMD, The Oriental Insurance Company. Comments may be sent to: gvrao70@hotmail.com

Common Good

— Taking insurance beyond premiums and profits

Development work benefits all, but is most effective when done by the regulator in conjunction with enlightened industry participants, says *K. Nitya Kalyani*

Somebody has to do the work that everybody is supposed to do but, in reality, nobody does. If that is a light-hearted, or even sceptical, way to look at everything but non-core, non-commercial activities of an industry, it is still not a bad way to define 'development.' When it's not about fashioning products, it is not about selling them, and it is not about doing all this profitably, but enables all this at some point, then it is about development.

It could be creating infrastructure for the industry – educational and self regulatory institutions – it could be anchoring and directing common user resources or joint efforts that all stakeholders can then benefit from. It can also be taking care that growth and progress gather up into their large arms, people from different strata of society and the economy so that growth is not at loggerheads with social fairness and stability.

IRDA's development role has been taking shape based on the needs of this industry which is reinventing itself under very different terms after a few decades.

Initially, after laying the foundation for its supervisory role by writing regulations, the Authority dealt with problems in the market that cropped up with regard to denial of Motor insurance cover and set in motion various studies by expert committees to advice it on the future path to pursue to strengthen the working of this class of business. While detariffing would be the destination, there is still a lot of debate on the right path to that nirvana, and the debate is yet to reach a happy conclusion.

Then came the issues about brokers' remuneration and their market conduct, which again was gone into thoroughly by a specially appointed committee. While changes were made, the brokers' terms of operations promises to take a while to resolve.

Other work that IRDA has been doing to develop the industry follows from priorities before the Government. One of them is the wider spread of individual health insurance.

It has been fairly evident that health insurance is seeing consistent and growing demand from the consumers. But insurers have not been as enthusiastic about developing this portfolio. After all, it's hard to be happy about a loss making business! IRDA's working group that deliberated on developing the Health insurance portfolio had a special focus on data capturing and data mining for scientific rating of the business and its commercial sustainability.

> IRDA's development role has been taking shape based on the needs of the industry.

It has also been considering the need for reducing entry capital levels for standalone health insurance companies in order to encourage their creation.

Industry wide efforts also include spearheding the formation of pools – for terrorism following the drying up of capacity following 9/11 and for earthquake losses later on. A Motor pool has also been mooted, but would probably be as complicated as the issues that class of business is grappling with.

One major initiative that the IRDA has undertaken for strengthening the industry is to nurture the concept of self regulation among various classes of stakeholders. While in the case of insurers the mechanism already existed in the form of the Insurance Association and the life and general insurance councils, in the case of intermediaries like brokers, it has insisted on their formulating suitable codes of conduct for market discipline and conducting their business in a healthy and responsible way. Code of conduct for individual and corporate agents have been codified in the regulations, presumably given the more fragmented nature of the participants.

In the case of insurers, the recent work undertaken by the Authority is to catalyse the councils into becoming self regulatory organisations (SROs) that consider, determine and maintain market discipline, codes of conduct and best practices. In a way the Authority is shedding some of its authority on the regulatory side in the course of pursuing its development function to ensure that the growth is participatory and to harness the wealth of abilities available from the side of the industry players themselves.

Last but not the least is the regulations it has been developing on microinsurance. While this is an extension of the idea of social and rural sector obligations imposed by IRDA regulations on insurers, these regulations enable the mechanisms and modalities to spread this protection among targeted sections of the population.

Dimensions of the "D" Factor

— The critical 'development' role of the regulator

Arup Chatterjee examines the various aspects of the Indian insurance regulator's role as an agent of industry development.

Development is central to any regulatory reform. Governments often find themselves supporting contradictory policies: some aimed at developing competitiveness; others aimed at regulating business practices. Regulatory powers are increasingly being used to discharge duties, rather than direct government funding or ownership of facilities. More resources need to be spent on understanding the implications of these on the risks and rewards of development.

In the context of the financial sector, the development of stable and strong insurance systems is crucial to sustaining long-term economic growth and efficient resource allocation. To establish a sound insurance market regime, public confidence in the institutions concerned is of prime importance. Confidence can only be strengthened and maintained if the financial institutions deliver reliable and quality services. In this respect, the duty of the regulator assumes significance in that it has to secure the long-term stability of financial services providers through monitoring of their financial soundness and fair treatment of their customers.

Contrary to the general view regarding the capacity of markets to self-regulate, the wide possibility of market failures suggests that markets have an inherent tendency to fail if left unregulated. The need for regulation arises from the anarchic character of markets, which are supposed to register numerous individual consumer preferences upon which producers are supposed to allocate resources for the production of commodities to satisfy these preferences. According to free market ideology, the price mechanism allows markets to co-ordinate consumer preferences and production plans, thus balancing supply and demand and allowing markets to clear. However, the co-ordination of a large number of decentralised decisions is not smooth, as attested by recurring market failures and crises.

Moreover, the co-ordination of supply and demand through the price mechanism presupposes the existence of competition between producers. Left to themselves, markets have a tendency to encourage the concentration and centralisation of capital. Hence, the need for some collective action in the form of state intervention to prevent and compensate for market failures.

Contrary to the general view regarding the capacity of markets to self-regulate, the wide possibility of market failures suggests that markets have an inherent tendency to fail if left unregulated.

The problem is how to bring the behaviours of political and economic agents into some kind of configuration that will keep the market regime functioning. This requires the existence of a materialised regime recognising capitalist accumulation after taking into account the norms, habits, laws, regulating networks that ensure the unity of the process, i.e. the appropriate consistency of individual behaviours with the scheme of reproduction. The body of interiorised rules and social processes is what can be called as the mode of regulation.

Economic Regulation in Recent Times

The 1990s came to be characterised by deregulation and liberalisation of economies as well as privatisation of state-owned enterprises where slow economic growth and the budget and balance of payments disequilibria exacerbated by the energy crisis of 1973 and the debt crisis were attributed to previous state interventions in the economy. In the new climate, government failure was considered to be worse than market failure and state intervention was seen as giving rise to rent-seeking activities inimical to efficient resource allocation.

The antidote was a new regime of accumulation based on largely self-regulating markets. Faced with balance of payment disequilibria, macro-economic imbalances and unpayable debts, most developing countries sought assistance from the Bretton Woods institutions in the early 1980s. The assistance was conditioned upon the adoption of structural adjustment and stabilisation programmes involving the rolling back of the state through the liberalisation of trade in goods and services, the deregulation of investment, labour markets and prices, the removal of subsidies, and the privatisation of state enterprises.

For their part, the Bretton Woods institutions celebrated the virtues of markets. However, by the end of the 1990s they were forced to acknowledge the limitations of market fundamentalism and the role of institutions and good governance in economic regulation. Belatedly, they came to acknowledge that the new regime of accumulation needed a mode of regulation.

Technologically, the past two decades have been characterised by ongoing revolutionary developments in technologies of information processing and communication. Interrelated with but independent from the technological revolution were a number of major changes in industrial organisation as a response by firms to environmental uncertainty. The economic restructuring of the 1990s and the organisational and technological changes have produced a global economy based on a regime of accumulation which is characterised by flexibility with respect to labour processes, labour markets, products and patterns of consumption.

The new international division of labour and the networking logic of flexible accumulation imbue global capitalism with a variegated, uneven and patchwork morphology. Given that flexibility is the defining feature of the new accumulation strategy, capital has become very mobile in search of opportunities for profit. This has diminished the capacity of the state to control the movement of capital and information. Hence governments have been forced to change their traditional regulatory role from one concerned with control to one concerned with facilitating investment and trade.

Multinational corporations are relatively free to shop around for jurisdictions that are market-friendly. They thus engage in what has come to be called regulatory arbitrage. States are forced to compete in offering favourable regulatory regimes. Competitive deregulation may result in a race to the bottom as states compete with each other to offer less restrictive regulatory regimes. One solution to competitive deregulation is the development of internationally accepted regulatory standards.

The Internationalisation of Finance and Regulatory Networks

Today's financial markets have become quintessentially global due to the high mobility of capital around the world. In the context of the new environment, financial institutions responded by promoting three developments in financial markets, globalisation of financial activity; innovations in financial instruments and practices; and speculation. Needless to say the responses of financial institutions have created new risks. A 'double movement' is evident in the sense that as deregulation produced crises and each crisis has produced a regulatory response. Given the removal of exchange controls and the liberalisation of capital accounts, financial markets have become so closely integrated that all the above crises spilled over into other markets. This justifies co-ordination of activities among national regulators.

The supervisory and regulatory system that has emerged features a number of networks covering different sectors of the financial system. The International Association of Insurance Supervisors (IAIS) groups together national insurance supervisors who undertake international insurance regulation and supervision. With two other networks, it has formed another network, the Joint Forum on Financial Conglomerates, to deal with issues arising from the breakdown of sectoral barriers and the emergence of large financial institutions offering a range of services which are traditionally offered by different financial institutions.

> Multinational corporations are relatively free to shop around for jurisdictions that are market-friendly. They thus engage in what has come to be called regulatory arbitrage. Competitive deregulation may result in a race to the bottom.

The regulatory norms that the networks issue do not take the character of hard law. Rather they are standards, guidelines and recommendations of statements of international best practices that can be viewed as different forms of soft law representing good-faith undertakings of participants in the network.

Regulation and Development

There is often a conflict between regulation and development roles. This conflict is sometimes healthy in that it provides the incentives for discussions about the future, it is sometimes debilitating in that different interest groups become entrenched in seemingly irreconcilable positions. Regulation provides sets of rules, standards and codes of practice usually covering the use of tried and tested techniques, whilst development through innovation is concerned with formulating a new set of rules, procedures and standards that are better, or perform different functions than the previous set. Schumpeter used the term 'creative destruction' to describe the development processes. In creating new knowledge, rules and standards, old ones must be dispensed with or adapted. Herein often lies the conflict between development and regulatory processes.

Over the long term, there is usually a lag between spotting the potential and realising the benefits from new economic opportunities, because socio-institutional structures lag behind in their ability to change. Developing new products, processes and services is no easy matter. Firms often need to take large risks to achieve future perceived benefits. They are not helped when old institutional structures such as regulations, insurance and financial regimes are out of kilter with future developments. Moreover, when technology and/or regulations change, firms may find that the things they once excelled at become constraints. Enforcement of regulations therefore shapes the direction of new product and process development by just following or applying a prescriptive routine.

Approaches to Regulation Making

Regulations need to be seen as a "drivers for change to force players to do things in a better way". However, it is also recognised that on their own, mechanisms that attempt to "force" people to act are difficult to implement. The process of development and amendment of regulations is the starting point in terms of understanding how future regulations might relate to innovative behaviour. There are two opposite ends of a spectrum of how regulations can be developed: Pluralist (competitive) vs. Corporatist (partnering) approaches.

The pluralist/competitive approach assumes that government plays a neutral role as arbitrator between groups of competing interests where those best able to mobilise political support and 'justify' their arguments win. The development of regulations within this framework therefore relies upon interpretations by interest groups that are most able to exert pressures to succeed. The corporatist/partnering, consensual approach is more inclusive. It may also lead to long discussions and consultations. Different interests are brought together within the regulatory development process in which government plays an active role in order to construct a common way forward.

The process is usually slow and messy and not conducive to rapid innovation, or risk taking. Whilst this system may not produce the 'right' answers (in many cases there are no single best solutions), it often helps to avoid deeply problematic outcomes.

The form of regulatory policy is important with respect to firms' abilities and incentives to innovate. The traditional, prescriptive approach to regulations is often thought to be too rigid and inhibits innovation. This is one of the reasons for the shift towards performance-based regulations, which often offer greater flexibility to stakeholders in choosing options to meet overall functional requirements. However, there are limitations and contradictions in the new performance-based approach. For example, it is not clear how timescales within which performance criteria need to be met relate to implementation of this approach.

There appears to be a tension between the objectives of some regulations and the mechanisms with which compliance is required to be demonstrated. In some cases this creates additional cost and risks which can detract players from the pursuit of innovative approaches. There is probably a need for better information about flexibility v. rigidity in interpretation of compliance mechanisms.

There is a need for flexibility in compliance mechanisms to provide room for innovation, at the same time, there may be a need for rigidity and certainty to enable practices to comply with insurance requirements.

In creating new knowledge, rules and standards, old ones must be dispensed with or adapted. Herein often lies the conflict between development and regulatory processes.

India- A Unique Example

In India, the regulatory legislation has made a significant departure from the rest of the world by allocating to the insurance regulator the role of development of the industry. This change appears to have been carved out with the intention to ensure that the regulator does not overlook the need of developing and expanding the insurance market and the institutions working within the system so that the benefits of liberalisation and opening up of the sector trickle down to the masses. Such an approach reflects the philosophy that the regulator's intervention would be better manifested in monitoring the operations of the insurance companies rather than an intrusive type of role.

As regulatory reform stimulates structural change, vigorous development of institutions, markets and practices in consonance is needed to prevent private market abuses from reversing the benefits of reform. Development principles and analysis are required to provide the much-needed benchmarks for assessing the quality of economic and social impact of reforms as well as motivate the application of the laws and regulations that protect competition. This would imply that the regulator must emerge as a focal point for all matters concerning insurance with a positive influence on the evaluation of the industry. Initiation of new laws and regulations may be taken up after careful consideration and negotiation with all concerned players.

A Paradigm Shift in Government's Perception

This in itself is a new thinking and a paradigm shift in how the role of the government is generally perceived. Traditionally, development has been the domain of the state and not that of any regulator. By assigning this role to the regulator the Government has demonstrated that if the regulator is allowed to act as the *fulcrum* between the load of prudent supervision on one hand and the efforts of development of the market on the other, perhaps one can strike the right balance most efficiently.

The increased confidence reposed by the Government in regulatory institutions also exhibits the foresight of the legislators and policy makers in developing strong institutions that understand the nuts and bolts of the market place the best, and can enable the Government in providing the necessary impetus for economic growth. At the same time they can understand the various opportunities and inherent risks and exposures arising out of economic policy initiatives and take appropriate steps to ensure growth with stability.

Thus a unique experiment in economic development is being conducted in India, where the growth of insurance is being envisaged as an instrument of socio-economic development. The banking industry provides credit to lubricate the process of socio-economic development, while the insurance industry acts like an umbrella providing cover and security.

Development Initiatives at IRDA

Development means different things to different people. In the insurance context, it would necessarily mean having a prudential supervisory framework, developing capacity in terms of risk pooling, reinsurance and skills and putting in place supporting institutional linkages in the form of self regulatory organisations and market conduct norms and increasing insurance awareness levels. The spin-offs would then be visible in terms of increasing the insurance penetration and insurance density levels and higher saving levels. This would entail making insurance accessible by way of innovative product design and service offerings and introduction of alternate distribution channels, besides ensuring affordability in terms of coverage and premium rates.

One of the priorities for fostering expansion of domestic insurance has been the identification of productive potential and specific insurance needs in areas not yet reached by insurance and enhancing cooperation between insurance and rural credit schemes and institutions. Separate regulations specifying the percentage of life insurance business and general insurance business to be undertaken by insurers in the rural or social sectors are in place. The potential of insurance as a tool to reduce poor households' vulnerability to risk needs to be examined and advanced.

Insurance can play a positive role in meeting the financial services needs of the poor, and one would need to examine the many challenges involved in offering insurance, in areas such as property, personal, accident, health and life.

Insurance companies not only provide risk cover to infrastructure projects, they also contribute long-term funds. In fact, they are an ideal source of long-term debt and equity for infrastructure projects. With long-term liability, they get a good asset-liability match by investing their funds in such projects. Investment in infrastructure and the social sector has been mandated for insurers and as the overall size of the insurance pie expands more funds will be channeled into finance infrastructure and social sector projects. It also holds the promise for development of the bond market in India.

The need to enhance local retention capacity has been of strategic economic priority. Through carefully designed reinsurance programmes administered on a market-wide basis, insurers have been encouraged to retain within the country as large a percentage of the gross direct premium as is desirable consistent with safety. The Terrorism Pool formed jointly by the public and private insurance companies remains a singular example of how the market responded to the post 9/11 events, when the facility of terrorism insurance continued to be enjoyed by policyholders in India.

> The empowerment of the SRO essentially gives greater rights and responsibilities to market participants who must be capable of ensuring effective regulation. It is expected that much of the developmental role currently played by the IRDA will be taken over by the SROs.

Ineffective market discipline is an issue that has to be effectively tackled for the healthy growth of the insurance market. The key to effective market discipline lies in public disclosure and consumer education. Informed and educated consumers are often the most effective means of enforcing commercial discipline. As the market develops, the role of the Self-Regulatory Organisations (SROs) will take on greater significance. The empowerment of the SRO essentially gives greater rights and responsibilities to market participants who, for their part, must be capable of ensuring effective regulation and must be able to meet these challenges. It is expected that, in time, much of the developmental role currently played by the IRDA will be taken over by the SROs.

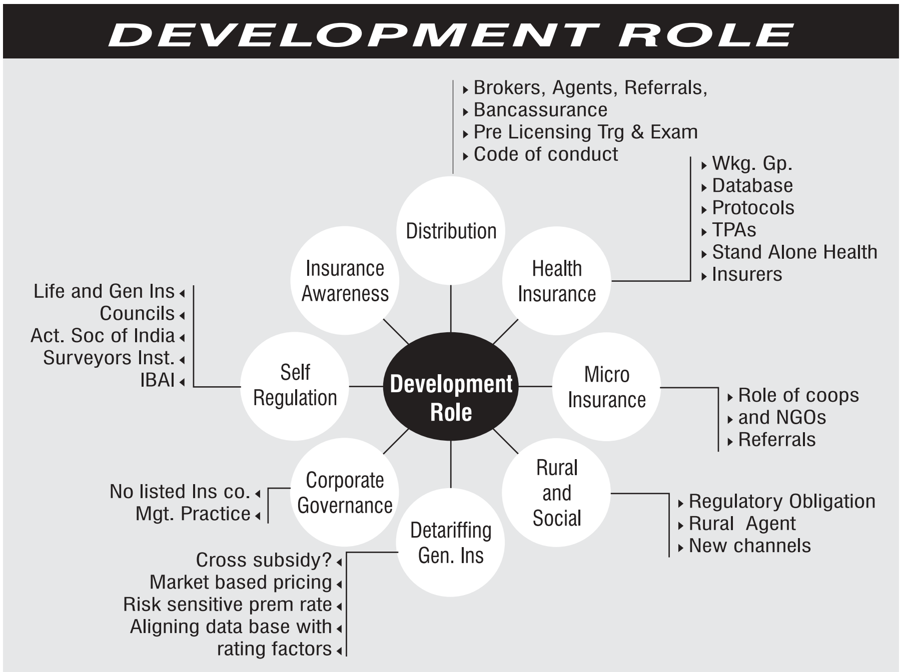
Initiatives have also been taken to foster cooperation with international regulatory bodies and this has helped to enhance market confidence in the local system besides understanding the impact of globalisation of insurance. Active efforts have also been made through the High Level Committee on Capital and Financial Markets to address areas of regulatory overlap between the banking, securities and insurance sectors so as to ensure that market participants do not resort to regulatory arbitrage.

Developing a Strategic Plan

A proper appreciation of the developmental role is not possible without a plan. Whilst elaborate, long-term strategic plans have fallen out of favour because of the unpredictability of the external environment, many regulators have found it useful to undertake a formal planning process in order to set a strategic direction. The planning process for a modern regulatory body should include the following elements:

i. It should be based on the regulator's mandate and objectives, and seek to achieve the objectives within a realistic timeframe.

ii. The plan should be based on a thorough assessment of the challenges faced by the regulator,



including areas in which the regulator is seen to fall short of his mandate and objectives, deficiencies in compliance with standards of best practice, and specific tasks such as the development of the legislation and supervisory methodologies.

iii. Based on the regulator's objectives and self-assessment described above, the plan should set realistic medium-term goals, to be achieved in a three-to-five-year timeframe. The goals should also be ambitious enough to stimulate genuine action but should be few enough in number to permit a concentration of effort.

iv. The plan should then set out the specific actions necessary to achieve the medium-term goals. Often these actions are set out in the form of annual business plans. Reference is often made, however, to the actions to be taken in the years immediately following in order to create a roadmap for achieving the medium-term goals.

v. Where possible the medium-term goals and short-term actions should be measurable. At the very least it should be possible to determine whether the goal has or has not been met.

Performance Measurement

Performance measurement mechanisms enable a regulatory body to measure its own progress and to do so in an honest and objective way. A high degree of public accountability may be desirable to assure the public that the regulator's role is being carried out appropriately and wisely. A system of measuring the regulator's performance that is communicated to the public in a consistent and honest manner will, over time, tend to enhance the public's confidence in the regulator and the regulatory process.

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

SRO Route To Growth

— Insurance Councils have busy days ahead

The Life and General Insurance Councils should take up an expanded role in the changing market scenario and adopt the role of a self-regulatory organisation, says *Suresh Mathur*, with apt examples from other nations.

Even as the Indian insurance industry is growing steadily, typical of all emerging markets, it has its own issues to be resolved.

In certain areas, self-regulation is viewed as a feasible alternative which, amongst other things, would assist in improving market conduct. Section 64A of the Insurance Act, 1938 has a provision for the incorporation of Insurance Association of India. Further, Section 64C refers to two Councils of the Insurance Association of India, namely, Life Insurance Council (LIC) and General Insurance Council (GIC), comprising all registered life insurers and all general insurers, respectively.

At present, all the CEOs of the life and general insurance companies constitute the Executive Committee of the respective Councils. The Authority nominates two officials each to the Councils, one of them as Chairman and the other as Member. These Councils are headed by Member (Life) and Member (Non-Life) of the Authority, respectively.

What the Councils Do

The Act envisages the following functions for the Life Insurance as well as General Insurance Councils:

- It is expected to aid, advice and assist insurers in the matter of setting up standards of conduct, sound practices and rendering efficient service to the policyholders.
- It is also expected to advice the Authority in the matter of controlling the expenses of insurers.
- It should bring to the notice of the Authority the case of any insurer acting in a manner prejudicial to the interest of the policyholders.

In recent times, the Life Insurance Council has moved forwards to play its role:

a. It has already appointed a Secretary-General for its permanent secretariat in line with its objective of becoming a Self-Regulatory Organisation (SRO).

> The Councils need to register themselves as non-profit organisations, finalise their Articles of Association and Corporate By-laws and organise core committees on membership and assessment rules, legislative affairs, consumer relations and enforcement.

b. The standards and practices for sales have been spelt out with illustrations in brochures so that these are unambiguous and the interest rates projected to show return on investments are within the decided range – at the present time between six and 10 per cent.

c. An initiative has also been taken to set up a Mortality and Morbidity Bureau funded by the life insurers to collect, collate and disseminate statistics pertaining to morbidity and mortality experiences of insurers so that these can be used for creating the associated tables.

d. A new business report card is also on the anvil for a more complete and balanced reporting of monthly business statistics.

The issues taken up by the General Insurance Council in recent times include:

- Discussing the feasibility of creating an Earthquake Pool.
- Suggesting amendments in the Motor Vehicle Act, 1988.
- Discussing the feasibility of detariffing the Own Damage (OD) portion of Motor insurance.
- Detariffing of simple risks in the Fire Tariff.
- Contributions to be made in the Solatium Fund by the private insurers.

Taking the recommendations of the Council, the Authority took up matters relating to the payment of premium subsidies in the North-Eastern states and the inclusion of private insurers in the Government War Scheme for Hull business.

Looking Across Nations

- There is vast scope for the councils to expand their functions and activities. For instance, The Insurance Council of Australia has taken up the following functions:
- Represent members' interests in both domestic and international issues.
- Represent the general insurance sector to the government and the community.

- Anticipate and assist the industry to meet the needs of consumers and the community generally.
- Improve the industry's image.
- Promote community awareness of the role and benefits of insurance.
- Encourage improved service standards across the insurance sector and promote appropriate self-regulation.
- To promote private sector provision of insurance services.
- To effectively and efficiently manage ICA resources.

This body represents its members, handles various issues and develops industry positions through government lobby, public affairs, industry forums, issues management and consumer services, all of which are backed up by technical research and resources.

Similarly, in Japan, there exists a General Insurance Association of Japan, currently composed of 23 member companies. The major activities undertaken by this council include:

i. Promotion of a better understanding of non-life insurance and supply of information about non-life insurance amongst the public.

ii. Developing codes of conduct for member companies, strengthening non-life insurance companies' disclosure, developing compliance programmes to observe laws and regulations.

iii. Representing the non-life insurance industry in the presentation of tax reform requests, regulatory reform requests, etc., and of opinions to insurance administration, etc.

iv. Combating automobile theft, taking measures to prevent insurance fraud, etc.

There is also a separate Life Insurance Association in Japan.

The situation in Hong Kong is different, as there is a single association of all authorised insurance companies with a separate secretariat that advises the regulator on various issues including market conduct. It also issues licences to agents and other intermediaries.

Roadmap To The Future

In India, to enhance the role of these councils, the Authority is in the process of preparing a roadmap for building SRO modules for both the Councils. To realise these, the Councils need to strategise their action plan along the following lines:

> These councils can thereafter take on some activities such as licensing of intermediaries, advising the authority and laying down codes of conduct.

1. Independence of the Councils – The Councils should have a separate secretariat headed by a secretary general and should have a chairperson from the elected members rather than the life and non-life members of the Authority.

2. Amendment of the Insurance Act, 1938 to effect changes to bring it in tune with the objective of SRO modelling.

3. Adopt and apply international best practices on self-regulation.

4. Lead and assist in developing and promoting robust growth of the insurance sector ensuring sustained industry credibility by observing prudential and sound standards and practices of business conduct.

5. Promote professionalism and self-discipline within the ranks of the Council membership.

The Councils, in order to move further on these lines, need to register themselves as non-profit organisations, finalise their Articles of Association and Corporate By-laws and organise core committees on membership and assessment rules, legislative affairs, consumer relations and enforcement and also obtain IRDA permission for these committees.

These councils can thereafter take on some activities such as licensing of intermediaries, advising the authority on various issues where its views are sought, laying down code of conduct for member insurance companies, taking action against companies indulging in unethical practices or violating the code of conduct, etc. This would not only help in promoting the growth of the insurance industry but also help in boosting the confidence of the policyholders.

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

United They Write

— Insurance pools mitigate Catastrophic risks

As terrorist attacks and natural disasters can cause unimaginable damage to property, the pooling mechanism is the most viable option for general insurers and reinsurers, and IRDA has taken the lead for the industry to come together says *Randip Singh Jagpal.*

The 9/11 event shook the world, causing political, economic and social turmoil of alarming dimensions. The global insurance and reinsurance industry was among the hardest hit, for it had to come to terms with the event on a different plane altogether. While there were huge claims to cope with due to the terrorist attacks, the industry also had to plan for the future on vastly different, and enlarged, scales. The industry reacted in panic and totally withdrew cover for the risk of terrorism. It was typical of the international reinsurance market to behave in such peremptory manner.

Back home, the treaties of Indian insurers were put on notice that the risk of terrorism will be excluded from the scope of the treaty on renewal on April 1, 2002. Also, the nation's insurers were prevailed upon to charge an additional premium of 10 per cent of the policy premium to maintain cover for terrorism risk on policies already in force, with effect from October 1, 2001.

Some markets reacted to the withdrawal of reinsurance cover for terrorism risk by withdrawing the cover for direct clients. The Indian market first reacted by introducing a surcharge on the premium to maintain cover for terrorism risk, as a short-term solution. Soon after, there was a meeting of all the CEOs of general insurance companies, where IRDA was able to persuade the insurers to work together to provide the cover on the collective strength of the market. Thus the Terrorism Risk Insurance Pool was born with effect from April 1, 2002.

Forming A Pool

A pool is a mechanism for a group of insurers to underwrite business on the combined strength of all its members. A reinsurance pool operates through a typical reinsurance mechanism – each insurer insures 100 per cent of the risk of its client and issues its own policy. So, the client has to deal with only one insurer and that too, an insurer of its choice. The insurance is then reinsured 100 per cent with an insurer or reinsurer acting also as the pool manager. In the present case, GIC acts as the pool manager for which it is remunerated at one per cent of the premium income of the pool. So, the member renders only one account to the pool manager for 100 per cent.

The insurer derives its retention by participating in the pooled business to a defined extent, through "retrocession" of the pooled business. The pool manager is responsible for protecting the pooled business by suitable excess of loss covers to limit exposure. The pool manager will render a quarterly account to each member in respect of its share of the business pooled after protection. When deciding what share of the business pooled should be accepted, an insurer will first decide what exposure to loss it is willing to accept per risk and per event for its own account and translate this into a percentage share in the pooled business. For this purpose, the liability after protection by an excess of loss programme arranged by the pool manager for protection of the business pooled is taken into account.

> Some markets reacted to the withdrawal of reinsurance cover for terrorism risk by withdrawing the cover for direct clients.

As at April 1, 2002, the total underwriting capacity committed by all the general insurers in business at that time came to Rs. 1.75 billion. The pool fixed the limit per location for all insurances at any location at Rs. two billion. It is quite possible that the actual aggregate sums insured at one location exceed Rs. two billion. In such an event, if the aggregate loss by one event at that location exceeded Rs. two billion, the amount payable to each claimant will be reduced on a proportionate basis so as to limit the maximum amount payable to Rs. two billion. The premium rates were fixed on an ad hoc basis in the absence of any claims experience data.

For the first year (2002-03), the pooled business was protected by excess of loss cover in two layers up to Rs. three billion per event over Rs. one billion per event. Since reinsurers on the treaties of the insurers did not wish to provide cover for terrorism risk beyond March 31, 2002, a portfolio transfer on policies in force on March 31, 2002 was made to the pool at the rate determined for terrorism risk from April 1, 2002 till date of expiry of the current policy.

Considering the good experience and the improving position with regard to terrorist action, the members decided to increase the limit of cover per location from Rs. two billion to Rs. three billion with effect from April 1, 2004 and the excess loss covers were revised to Rs. 4.5 billion in excess of Rs. 1.5 billion per event, in two layers.

At a recent meeting of the pool members, a proposal to further increase the cover limit to Rs. five billion per location and reduce premiums by around 40 per cent was considered. The old and new rates are given in the table overleaf.

Earthquake Pool

The Indian sub-continent lies in a seismically active area. Since earthquakes often give rise to large losses, insurers are hesitant to offer policies in an area particularly prone to the hazard. Earthquake risk, with very long-term return periods, is ill-suited to annual underwriting. While reinsurers will have the benefit of the entire premiums as profit, in the years when earthquakes do not occur, they pay the losses without the benefit of continuity of the premiums over the long-term in the year when an earthquake occurs.

Besides, with the concept of "payback" very commonly applied by reinsurers, the insurers are forced to pay back the losses they recover through highly increased excess of loss premiums.

Although insurance does not fully mitigate losses from seismic hazards, it is one of the many policy options that can help reduce losses from earthquakes. The logical solution therefore is to underwrite earthquake business on a long-term basis and recognise profits only after a relatively longer period. The solution is not available to insurers at their individual company level. Several countries have already put in place earthquake insurance pools at the market level and, in many cases, the government also has a role to play. The efforts in India in this matter are as yet at a nascent stage.

The preliminary thinking on the pool is to underwrite earthquake insurance as at present but reinsure into the national pool up to the capacity of the pool with whatever excess of loss protections it is able to arrange, and reinsuring the balance exposure into the conventional commercial market. It is expected that the capacity of the pool will expand, and reduce the need for conventional reinsurance in the commercial markets.

At present, in the Indian insurance market, earthquake cover is an optional one being underwritten as part of the All India Fire Tariff. As such, despite the risk being underwritten for the past so many years, if one wants to study and analyse the risk for effective underwriting or whatever reason, one is sure to get disappointed. Despite huge losses for insurers due to the Gujarat earthquake (approximately Rs. 6.75 billion), the insurers are not ready with an action plan to meet any similar disaster that may occur in future, which can be easily implemented towards pre-disaster mitigation measures.

There is a need to develop new approaches for collecting risk information, accumulating detailed information on the risk profile of customers and creating efficient databases. The main problem being faced by the general insurance industry is the lack of data, which is a big constraint while pricing insurance products. There is an urgent need to build up statistical bases for their own risk acceptances and to be ready for a pure risk regime. The basis of rating needs to be rationalised on more scientific basis.

> The Gujarat earthquake taught no lessons. Despite huge losses amounting to about Rs. 6.75 billion, the insurers are not ready with an action plan to meet any similar disaster that may strike again.

IRDA has constituted a group of experts to submit a report on setting up an earthquake pool. In order to meet the requirements, the pool may be given a legal status by registering it under the Companies Act or creating a special purpose vehicle for underwriting the earthquake risks. The basic structure will therefore be different from that of the terrorism pool. The entity will work out the accumulations of the risks written by the insurers, the amount of reinsurance cover that needs to be bought in from the international market, the role of the stakeholders in meeting their obligations and settling claims in the event of an earthquake, etc. The report of the committee is expected soon.

TERRORISM POOL RATES

PRESENT RATES			PROPOSED RATES		
Total sum Insured	**Rate applied to**	**Rate per mille**	**Total Sum Insured**	**Rate applied to**	**Rate per mille**
Up to Rs. 2 billion	Full S I: Industrial risks Other risks	0.50 0.30	Up to Rs. 5 billion	Full S I Industrial risks Non-industrial Residential	 0.30 0.20 0.10
Over Rs. 2 billion up to Rs. 20 billion	First Rs. 2 billion Balance S I: Industrial risks Other risks	As above 0.375 0.225	Over Rs. 5 billion up to Rs. 20 billion	First Rs. 5 billion Balance S I: Industrial risks Other risks	As above 0.25 0.15
Over Rs. 20 billion	First Rs. 20 billion Balance S I Industrial risks Other risks	As above 0.30 0.18	Over Rs. 20 billion	First Rs. 20 billion Balance S I Industrial risks Other risks	As above 0.20 0.12

Motor Third Party Pool

The Motor Third Party (TP) insurance business in India has been continuously producing negative results for the insurers over several years now. This has induced some of the insurers to curtail their exposure to this business area, or write very selectively.

A number of suggestions have been made to tackle this problem, and one of them is to create a Motor TP pool that will underwrite all the risks. All claims arising out of Motor TP liability will be paid by this pool. Wl claims arising out of Motor Third Party will be paid by this pool.hich is mandatory under the Motor Vehicles Act.

While no formal structure or mechanism has been put in place, there is growing demand for having such an arrangement, as there is a large population of vehicles in the country which are plying without the mandatory TP insurance. This fact has been corroborated by the Justice Rangarajan Committee Report on Motor Detariffing. The S. V. Mony Committee set up by IRDA to prepare the roadmap for Motor detariffing has also recommended the setting up of a pool to provide basic third party cover.

If carried out, the recommendations may see insurance companies flocking back to the Motor TP insurance sphere. Given the number of accidents that occur on an average Indian road on any given day, this indeed would be a blessing.

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

A Roaring Rural Market

— Kick-starting health insurance for the rural poor

Chronicling a health insurance programme in rural Maharashtra, *Jessica Feldman* observes that data tracking is critical to its success.

Sonali Gupta, a 28-year-old mother of three, works as a farmer in Osmanabad, Maharashtra. She earns less than Rs. 15,000 a year. Recently, she had to pay Rs. 7,000 for her son's appendix removal. She borrowed funds at 50 per cent interest to pay for the surgery. This was her choice of option, the other option being selling her assets.

Sonali's story is just one of many that I heard during my initial visit to Osmanabad. On a leave of absence from insurance brokerage and financial services company Aon Corporation, but working closely with my Aon colleagues, I was there on behalf of an NGO called Swayam Shikshan Prayog (SSP). The purpose was to help SSP evaluate the possibility of implementing a health micro-insurance programme for the rural poor.

SSP partners with women's savings and credit groups throughout Maharashtra and Gujarat to help improve the economic, health, education, water supply and sanitation conditions of the rural poor. The organisation is well aware of IRDA's policy pertaining to quotas on insurance for the rural sector and wanted to evaluate the possibility of using IRDA's requirements to work with commercial insurance companies.

Little Means

After speaking with several groups of women and viewing the results of a general health survey conducted by SSP, it became evident that the current methods of coping with unanticipated healthcare expenses were inadequate.

Most of the people surveyed were farmers or labourers and family incomes were mostly in the range of Rs. 15,000-20,000 a year. The most frequent treatments were for gastroenterological conditions arising from poor sanitation and waterborne diseases, malaria and complications resulting from pregnancy. Families often sought treatment at public health centres or used homegrown methods to alleviate the symptoms. The average expenditure for a hospital visit was Rs. 2,000, but the cost of caring for a serious injury or illness often went above Rs. 5,000.

What struck me as significant was that a data repository tracking the ailments and treatment of such ailments faced by the rural segment did not already exist. To truly begin to serve the rural market, insurance companies need the compilation and analysis of such data to perform actuarial analysis and to develop and accurately price new products. IRDA should consider creating a data warehouse to collect, analyse, store and distribute data on health insurance.

> IRDA needs to take additional steps to ensure that the rural population has access to viable, affordable products. This can only be done by creating a standardised data reporting system and requiring insurers and TPAs to report their data on a regular basis.

Furthermore, they should develop a standard coding system for capturing data, such as diagnoses, medical procedures and clinical observations, and require insurers and their third party administrators (TPAs) to report data in this format on a semi-annual basis. This data can be used to better understand the health of India's populace, evaluate the success of new insurance initiatives, and to develop and price new health insurance products to suit the affordability and healthcare needs of the rural poor, as well as the rest of the country's population.

Once sufficient data was gathered, I consulted with my colleagues and together we were able to frame a proposal to be used for initial discussions with insurance providers. Over several weeks, we met with various insurance companies to learn more about their products tailored for the rural poor and to gauge their interest in working with SSP to provide health insurance to their members.

I was struck by the amount of attention being directed towards the rural poor. Every carrier we met with had products tailored for this market and some insurance companies even had departments dedicated to their rural initiatives. It was extremely heartening to see these organisations dedicate such talented resources to this business area. It was clear that the IRDA's regulation requiring insurance companies to provide services to the rural sector would help make SSP's goal of providing insurance to their members a reality.

After initial talks with multiple carriers, we began to have detailed conversations with three insurance companies. SSP, Aon and the insurance carriers all agreed that the best way to make this programme a success would be to provide insurance training to some of the recipients of SSP's services and use them to enrol families into the programme, as well as to process claims.

This structure helps reduce the insurer's costs and consequently helps keep the premiums low. Consequently, it was important to begin involving these potential insurance agents early on in the process so as to improve their understanding of health insurance and get their feedback and buy-in regarding the final insurance product.

Each of the three insurance companies sent representatives to Osmanabad to present and discuss their proposed programme to a group of approximately 20 of SSP's members. The underwriters all had the same comments – they were surprised by how much the women knew about health insurance and were pleased by the interactive dialogue that followed their presentations.

After these meetings, SSP regrouped their members and the women provided feedback regarding coverages, sub-limits and premiums, which SSP and Aon conveyed back to the insurance companies during subsequent meetings held in Mumbai. Although the offerings are still being tweaked, SSP hopes to implement a pilot programme with approximately 5,000 families in 2005.

IRDA's involvement in creating regulations to address the needs of the rural poor has played a tremendous role in getting insurance companies to pay attention and serve this oft-neglected market. I believe IRDA needs to take additional steps to ensure that that section of the population has access to viable, affordable products. This can only be done by creating a standardised data reporting system and requiring insurers and TPA to report their data on a regular basis.

There is a steep learning curve to implementing a micro-insurance programme, but as long as insurance companies continue to dedicate talented resources to these initiatives and IRDA continues its support, I believe micro-insurance will be a win-win situation for all parties involved.

The author is Relationship Specialist, Aon Corporation. She can be contacted at Jessica_Feldman@ars.aon.com

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

प्रकाशक का संदेश

किसी विकासशील देश तथा प्रगतिशील अर्थव्यवस्था की वास्तविक क्षमता को तभी समझा जा सकता है जब समाज के विभिन्न वर्गो की आवश्यकताओं को बदलते परिवर्तनों के साथ सम्बोधित किया जाए। विकास प्रक्रिया का कुछ भाग इस प्रकार ढालना चाहिये जिससे विकास के लाभ उस जनसंख्या तक पहूँच सकें जिस पर अन्यथा घ्यान नहीं दिया जाता अथवा नहीं पहूँचते ।

बीमा उद्योग में विनियामक पर पहले यह कार्य-प्रभारीत था की ऐसे तरीकों की योजना बनायी जाए जिससें बीमा को दूर दूर तक फैलाया जा सके तथा ऐसे कदम उठाना जिससे यह सुनिशसचित किया जा सके कि उद्योग की एक मजबूत आधारशिला रखी जा सके। इस भूमिका कि स्पष्ट घोषणा आईआरडीए विनियमों में ग्रामीण तथा सामाजिक क्षेत्र की बाध्यताएँ हैं। इसके अतिरिक्त कुछ अन्य पहलो को भी प्राधिकरण ने किया हैं जिसमें शामिल हैं मुख्य स्रोत के रूप में बीमा परिषद् का स्वयं विनियमित भूमिका, उद्योग से संबधित शैक्षिणिक तथा व्यवसायिक संस्थानों में प्रगति सुनिशचित करना, उद्योग में समंवय तथा संचालन करते हुए उद्योग में बडी पहलों को लाना जैसे भूकंप पूल तथा आतंकवाद पूल साथ ही साथ हैल्थ तथा माइक्रो इंशुरेन्स को प्रोहत्साहन देना।

आईआरडीए जर्नल के इस अंक में हम आईआरडीए की विकासशील भूमिका पर नजर विभिन्न लेखको के माध्यम से डालेगें। हमें ऐसी आशा है कि यह लेख हमारे कार्य करने के तरीके पर कुछ प्रकाश डालेगें और हमें कुछ रचनात्मक विचार देगें जिससे उस विकास के कार्यक्रम को आगे बढाया जा सके जो प्राधिकरण को दिया गया है।

जर्नल का अगला अंक प्राशूल्क मुक्ति के प्रभावों को जानने का प्रयत्न करेगा एक ऐसी प्रक्रिया जिसे गैर जीवन बीमा उद्योग आवश्यक रूप से जानना चाहेगा। हम आईआरडीए में यह सुनिशचित करना चाहेगें कि यह ठीक प्रकार से और सरलता पूर्वक किया जाए जिससे बाजार मे कोई रूकावट खड़ी न हो तथा ग्राहक को किसी प्रकार की कोई हानि न उठानी पड़े।

सी. एस. राव

“ कुछ तो लोग कहेंगे ”

हाल ही में हुई घटनाओं ने हमारे उद्योग की कार्यप्रणाली में पारदर्शिता की कमी को उजागर किया है। इसने प्रदर्शित किया है कि बीमा कंपनियों की पौरातनिक कार्यप्रणाली ने उन अपेक्षाओं को पीछे छोड दिया है जिनकी अपेक्षा 21 वीं सदी का व्यवसाय वातावरण करता है। इसके लिए गंभीर विचार विमर्श की आवश्यकता है।

लार्ड पीटर लैविन, अध्यक्ष लायड्‌ आफ लंदन

मेरी एक गंभीर चिंता यह है कि हमारे सभी एजेंट यूलिप बेच रहे हैं। जब बाजार बदलेगा तो क्या होगा ? क्या उन्हे ज्ञात है कि परंपरागत उत्पाद कैसे बैचे जाते है, जब ग्राहक को यह ज्ञात होगा कि जोखिम को उनके उपर डाला गया है।

श्री सैम घोष, सीईओ, अलियांज बजाज इंशुरेंस कं. लि.

यूनिट लिंक उत्पादो पर अधिक निर्भरता वांछनीय नहीं है, क्योकि यह वास्तव में मेट्रोपोलेटिन उत्पाद है। आदर्श रूप से हम चाहते है कि अगले वर्ष से यूनिट लिंक उत्पाद हमारे कुल व्यवसाय में 30 प्रतिशत का योगदान दें।

श्री एस. मुरलीधरण, मुख्य विप्पण अधिकारी, एसबीआई लाईफ इंशुरेन्स कंपनी

विपदा कम करने के लिए सबसे महत्वपूर्ण यह है कि हम पुरानी विपदाओं से सबक सीखें तथा उसकी प्रतिक्रिया के रूप में उपाय ले सकते हैं...... दूसरे विश्व युद्ध के बाद इस विनाशकारी और सुभेद्य भूमि में हर बडा तुफान हजारों जीवनों की बलि ले रहा है। जापान ने विपदा प्रबन्धन की प्रणाली को पुनःस्थापित किया है तथा विपदा घटाने में निवेश किया है। आज, तुफान से पीडित होने वाले लोगो कि संख्या तीव्रता से कम हुई है।

जापान के महाराजा अकिहितो, जापान में विपदा कम करने के संयुक्त राष्ट्र सम्मेलन के प्रारंभिक सत्र में उल्लेख किया।

हमें वह सभी सबक सीखने होगे जो हम सीख सकते है। विश्व इस सम्मेलन की तरफ ऐसी मदद के रूप में देख रहा है जो समुदाय तथा देशों को प्राकृतिक विपदा के समय अधिक लचीलापन प्रदान कर सके।

श्री कोफी अन्नान, महासचिव, संयुक्त राष्ट्र संघ, कोबे जापान में संयुक्त राष्ट्र विश्व सम्मेलन विपदा   कम करने के लिए

हम प्राशुल्क हटाने के मुद्धे पर ध्यान दे रहे हैं तथा हमने 1 अप्रैल 2005 से प्राशुल्क प्रिमियम हटाने से पहले के निर्णय के विरूद्ध निर्णय लिया है। बीमा कंपनियों .... ने यह अनुरोध किया था कि सम्पूर्ण बीमा क्षेत्र पर से एक ही बारी में प्राशुल्क हटा लिया जाए। लेकिन हम आईआरडीए में इस विचार को अभिदत्त नहीं करते ।

श्री सी एस राव अध्यक्ष, आईआरडीए

आने वाले अवसर

और किस प्रकार उन्हें प्राप्त किया जाए।

एंटोनी जेकब बीमा क्षेत्र के बदलते रुप तथा साथ ही एजेन्ट को इससे प्राप्त होने वाले अवसरों एवं चुनौतियों का भी परीक्षण करते हैं।

भारत, जो विश्व की 12वीं सबसे बड़ी अर्थव्यवस्था है, ने पिछले दशक मे 6.1 प्रतिशत की महत्वपूर्ण वित्तीय वृद्दि दर हासिल की है। साथ ही देश का बीमा बाजार भी विकसित हुआ है।भारत के 200 से 300 मिलियन की वह आबादी जो मध्य वर्ग कहलाती है, अपने जीवन को सुरक्षित बनाना चाहते हैं और यहि आबादी बीमा बाजार को काफी सकारात्मक रुप दे सकती है।

बाजार को बनाने के लिए रिटेलिंग अच्छा माध्यम हो सकता है। लोगों तक पहुँचने के लिए बीमा को काफी मजबूत आंतरिक संरचना एवं प्रशिक्षित बीमा एजेन्टों की जरुरत है, जो ग्राहकों को उत्पादों की सही जानकारी दे सके। बीमा मध्यस्थ जिनमें एजेन्ट एवं ब्रोकर शामिल हैं, बीमा के बारे में जागरुकता बढ़ाते हैं तथा साथ ही व्यक्ति, परिवार एवं कोरपोरेट को सही बीमा का चयन करने में मदद करते हैं। आने वाले प्रतियोगी वातावरण मे सफलता प्राप्त करने के लिए किसी भी बीमा कंपनी को प्रशिक्षित एवं उच्च मोटिवेटेड एजेन्सी फोर्स की आवश्यकता है।

एक एजेन्ट को क्या चाहिए

एक बीमा एजेन्ट एक सकारात्मक ग्राहक को बीमा उत्पादों के बारे में पूर्ण एवं सही जानकारी प्रदान करता है ताकि वह सही उत्पाद का चयन कर सके। अत: उनमें बिजनेस रिजल्ट प्रदान करने की पेशेवर क्षमता होनी चाहिए। उन्में बोलने की क्षमता के साथ साथ सुनने की क्षमता भी होनी चाहिए तथा साथ ही ज्ञान की तलाश, स्व प्रारंभ करने की भावना तथा स्वयं ही समस्या का समाधान करने ती क्षमता होनी चाहिए। बीमा बाजार में नए विकास, योजनाओं एवं अन्य परिवर्तनों से उन्हें सदेव वाकिफ रहना चाहिए।

स्वतंत्र रुप से एवं समय प्रबंधन के साथ कार्य करने की क्षमता के साथ साथ नए ग्राहकों की तलाश करना बीमा एजेन्ट के लिए एक प्रमुख कार्य है। यह महत्वपूर्ण है कि वे ग्राहकों एवं साथ ही बीमा कंपनी के हितों का ध्यान रखें।

गैर जीवन बीमा क्षेत्र में कई ऐसे कारक हैं जो बीमा एजेन्ट को बेहततरीन प्रदर्शन करने के लिए प्रोत्साहित करते हैं। एजेन्ट का विश्वास ही उसे संतुष्टि प्रदान करता है तथा साध ही उससे बिजनेस करवाता है। अत: यह आवश्यक है कि एजेन्ट को बेहतरीन प्रशिक्षण प्रदान की जाए तथा इसके साथ उसका लगातार विकास किया जाए। इस प्रकार बीमा कंपनी अपने बिजनेस को बढ़ा सकती है तथा साथ ही लंबे समय तक बाजार में टिक सकती है।

रॉयल सुन्दरम के साथ आज 1000 से भी ज्यादा एजेन्सी फोर्स जुड़ी है तथा यह प्रशिक्षण एवं लगातार विकास प्रदान करती है। कंपनी अपने एजेन्ट को उत्पादों के बारे में पूर्ण जानकारी देती है जो आईआरडीए द्वारा प्रदान किए जाने वाले 100 घंटे के प्रशिक्षण के अलावा है। समय समय पर एजेन्टों को बाजार में हो रहे नए परिवर्तनों से भी अवगत करवाया जाता है। इससे एजेन्ट का विश्वास बढ़ा है तथा वे बेहतरीन बिजनेस ला रहे हैं।

फोर्स के लिए तकनीकी

तकनीकी ने बीमा कंपनियों एवं इसके एजेन्टों के मध्य संबंधों की प्रभाविता को और भी बढ़ाया है

> बीमा उत्पादों की ऑनलाइन बिक्री एक एजेन्ट के राजस्व में वृद्दि कर सकती है, परन्तु एक एजेन्ट का ग्राहक से व्यक्तिगत तौर पर मिलना और उसे पॉलिसी के बारे में सलाह देना आज भी आवश्यक है। इससे कंपनी को यह महसूस हुआ है कि गुणात्मक एवं पेशेवर एजेन्ट का होना काफी जरुरी है।

तथा इससे एजेन्ट अधिक से अधिक ग्राहकों को अपनी सेवाएँ प्रदान कर रहे हैं। रॉयल सुन्दरम ने अपने एजेन्टों के लिए एक वेब पोर्टल तैयार किया है, जिसके माध्यम से वे आसानी से कोई भी सूचना प्राप्त कर सकते हैं।

हमारे एजेन्ट को हमारे मैनेजरों द्वारा पर्याप्त सहायता प्रदान की जाती है ताकि किसी भी समस्या का समय पर समाधान हो सके। एजेन्सी फोर्स को मोटिवेट कर ही उत्पादन क्षमता को बढ़ाया जा सकता है। बीमा को एक आकर्षक कैरियर विकल्प बनाकर ही पेशेवर एजेन्ट तैयार किए जा सकते हैं।

जीवन बीमा क्षेत्र में, कुल एजेन्टों की संख्या के आधार पर देखें तो, एजेन्सी फोर्स काफी मजबूत है तथा साथ ही यह फोर्स राजस्व एकत्रित करने में काफी सक्रिय हैं। हांलाकि गैर जीवन बीमा क्षेत्र में एजेन्सी फोर्स वितरण का एक समानांतर चैनल है। गैर जीवन बीमा सेक्टर में एजेन्ट को दिया जाने वाला अपेक्षित कम लाभ (कमीशन प्रतिशत) जीवन बीमा की ओर एजेन्ट को आकर्षित करता है।

जबसे देश में उदारवाद आया है, बीमा क्षेत्र, खासकर गैर जीवन बीमा क्षेत्र ने काफी परिवर्तन देखे हैं। निजी क्षेत्र से लोग इससे जुड़ रहे हैं तथा वे कंपनियां जो मल्टी न्शनल हैं, उन्हें विश्व बाजार का अच्छा अनुभव है, काफी परिवर्तन लाए हैं। प्रमुख कार्य जागरुकता को बढ़ाना , इसे कायम रखना एवं बीमा उत्पादों की माँग को बढ़ाना है। बीमा एजेन्ट इस कार्य को बेहतरीन अंजाम दे रहे हैं। इस प्रतियोगी बाजार में एवं ग्राहकों की बढ़ती जिज्ञासा के मद्देनजर ग्राहक सेवा बीमा बाजार को काफी सफलता प्रदान कर सकता है और एक अच्छी तरह प्रशिक्षित एजेन्ट ही यह सेवा प्रदान कर सकता है।

भविष्य में बीमा एजेंट की माँग बीमा एवं अन्य वित्तीय उत्पादों की बिक्री पर काफी निर्भर करती है। बढ़ती हुई आबादी एवं साथ ही बढ़ती हुई आमदनी भविष्य में ऑटोमोबाइल, घर एवं कीमती वस्तुओं के बीमा के बाजार को काफी बढ़ावा देगा। क्योंकि नए बिजनेस आ रहे हैं एवं जो पहले से ही बिजनेस में हैं, वे अपने बिजनेस का विस्तार कर रहे हैं, अत: व्यावसायिक बीमा का भविष्य भी सकारात्मक है।

बीमा उत्पादों का इंटरनेट पर वितरण एजेन्टों के राजस्व में वृद्दि कर सकता है, क्योंकि ग्राहक विभिन्न उत्पादों की तुलना कर सकते हैं तथा साथ ही प्रीमियम की भी तुलना कर सकते हैं। फिर भी बीमा एवं निवेश आज भी जटिल है तथा आवश्यक है कि बीमा एजेन्ट व्यक्तिगत रुप से ग्राहकों से मिले। अत: मोटिवेटेड एवं प्रशिक्षित बीमा एजेन्टों की बीमा कंपनी को आवश्यकता है।

सिस्टम को और भी अधिक प्रभावी बनाने के लिए आईआरडीए यह सुनिश्चित करना चाहता है कि एजेन्ट को बराबर अंतराल में प्रशिक्षण प्राप्त होता रहे और वे बीमा बाजार के भिन्निन्न नए पहलुओं से अवगत होते रहें। साथ ही, बीमा कंपनियां भी एजेन्टों के प्रदर्शन को मॉनिटर करती रहती है और यह सुनिश्चित किया जाता है कि वे ग्राहकों को बेहतरीन सेवाएं प्रदान कर सकें। इससे यह सुनिश्चित हो सकेगा की एजेन्ट भविष्य में बीमा बाजार के बढ़ते स्वरुप में स्वयं को कारगर साबित कर सकेंगें।

लेखक रॉयल सुन्दरम एलायंस इंश्योरेंस कंपनी लिमिटेड में प्रबंध निदेशक हैं।

एक एजेन्ट की मनोकामना सूची

एस. त्यागराजन कहते हैं कि आज जहाँ राष्ट में बीमा उद्योग एक नया परिवर्तन महसुस कर रहा है, वहाँ एक एजेन्ट की क्या मनोकामना हो सकती है।

जनवरी का महीना एक एजेन्ट की जिंदगी में काफी मायने रखता है। यह ऐसा समय है जब बीमा उद्योग चरम पर होता है। इस समय एक एजेन्ट की निम्न मनोकामनाएँ होती है:

1. जनरल बीमा उद्योग में भ्रष्टाचार का पूर्ण रुप से उन्मूलन हो। इसके लिए विशेष जागरुकता स्थापित की जानी चाहिए तथा दोषियों को जुर्माना किया जाना चाहिए।

   मोटर वाहन के लिए देश भर में समान प्रीमियम लागु किया जाए। यदि अलग अलग कंपनियां अलग अलग प्रीमियम निर्धारित करेगी तो इससे ग्राहक उलझन में पड़ जाएगा।

   एजेन्सी कमीशन 20 प्रतिशत तक दिया जाना चाहिए, क्योंकि एक एजेन्ट को किसी प्रकार का टीए, एचआरए, डीए या सेवानिवृत्ति लाभ नहीं मिलता है। साथ ही उसे वेतन भी नहीं मिलता है।

2. एक एजेन्ट को हफ्ते में छ: दिन काम करने दिया जाए तथा इसका समय सुबह 9.15 से सायं 5.45 बजे तक हो।

3. बीमा एजेन्ट के लिए एक ऑनलाइन सिस्टम प्रारंभ किया जाना चाहिए ताकि एजेन्ट के साथ साथ ग्राहकों को भी फायदा हो।

   बेनामी या डमी एजेन्ट सिर्फ बीमा कंपनी के स्टाफ को फायदा पहुँचाते हैं ना कि एजेन्ट या ग्राहक को। अत: यह चैनल खत्म किया जाना चाहिए।

4. बीमा कंपनी स्टाफ का इंटर-जोनल स्थानांतरण होना चाहिए जिससे बेनामी एजेन्ट चैनल खत्म होगा। यदि कंपनी में बीमा एजेन्ट के लिए वेकेंसी खाली है तो योग्य एजेंट की भर्ती होनी चाहिए। पब्लिक सेक्टर की चार दनरल बीमा कंपनियों का विलय हो जाना चाहिए। एक साथ होने पर इन कंपनियों के न केवल खर्चों में कटौती आएगी, बल्कि ये उन्नति की ओर अग्रसर होगी।

5. बीमा एजेंट के लिए 5,000 रुपये से बढ़ाकर 60,000 रुपये में आयकर में छूट का प्रावधान होना चाहिए। एजेन्ट को टेबल एवं कुर्सी, टेलीफोन कन्क्शन, कम्प्यूटर आदि की सुविधा प्राप्त होनी चाहिए।

6. सभी विभागीय एवं शाखा कार्यालयों में कॉमन एजेन्ट रजिस्टर रखा जाना चाहिए।

7. ऑटोमोबाइल डीलर एजेन्ट के पद पर नियुक्त नहीं होने चाहिए। और यदि कोई पहले से है तो उसका लाइसेंस रद्द कर देना चाहिए।

8. कम से कम 15 दिनों में एक बार बीमा एजेन्टों की एक बैठक आयोजित की जानी चाहिए जहाँ उन्हें कंपनी की नई पॉलिसीयों से अवगत कराया जा सके।

9. वे लोग जिन्होंने वीआरएस लिया है, वे वीआरएस के बाद कम से कम ५ साल तक एजेन्ट के पद पर निटुक्त न हो।

10. बीमा कर्ता को एक “एजेन्टस केयर सेल” की स्थापना करनी चाहिए।

लेखक स्वयं एक बीमा एजेन्ट हैं तथा साथ ही जनरल इंश्योरेंस एजेन्टस् वेलफेयर एसोसिएशन, रानीपेट, तमिलनाडु से जुड़े हैं।

एक जीवन बीमा एजेन्ट का जीवन

-मुश्किलें, चुनौतियां एवं रिवार्डस्

इस व्यग्तिगत लेख में ***सूरी सीता राम*** ने एक बीमा एजेन्ट के रुप में अपने जीवन का चित्रण किया है तथा इस पेशे में स्वयं के विकास का विवरण किया है।

जीवन बीमा एजेन्सी से जुड़ने से मेरे जीवन को एक नया आकार मिला। बीमा कंपनी आपको न केवल एक प्रोफेशनल एजेन्ट बनाती है, अपितु आपके ज्ञान में भी वृद्दि करती है जिससें आपके मानव संसाधन कला में भी विकास होता है।

प्रारंभ में थोड़ी मुश्किलें होती हैं। आपको कई सारे वे काम करने होते हैं, जिन्हें आपने कभी भी अपने जीवन में नहीं किया है। कई लोग आपको गलत शिक्षा भी देते हैं और कहते हैं कि सिर्फ यही एक विकल्प है। दो गलतियाँ जो प्राय: एक बीमा एजेन्ट द्वारा की जाती है, वे हैं रिबेट एवं गलत मेडिकल।

मुझे पहले वर्ष सिखाया गया था कि वार्षिक बिजनेस पूरा करना ही महत्वपूर्ण है, चाहे वह कैसे भी किया जाए। परन्तु इस पेशे में अपने बीस साल में मैं कभी भी यह नहीं कर पाया।

गलत मेडिकल तो और भी गलत कार्य है। मेडिकल जाँच करवाने की बजाए मेडिकल रिपोर्ट भर देना इसका अर्थ बन चुका है।

मुझे विश्वास है कि मेरे कई साथियों को ये पाठ सिखाए गए ते, जिन्हें भूलना काफी मुश्किल है। हांलाकि आजकल ब्रांच ऑफिस में डॉक्टर नहीं बैठ रहे हैं, बल्कि निजी डॉक्टरों द्वारा ये सेवा ली जा रही है, जो मात्र कुछ पैसों के लिए यह कार्य नहीं कर रहे हैं। वे पूरी रिपोर्ट माँगते हैं और फिर ही अपनी रिपोर्ट देते हैं।

प्रमुख घटनाक्रम

सन् 1988 में इंस्टीट्यूट ऑफ इंश्योरेंस एन्ड फाइनेंनसियल साइंस एड्यूकेशन सिसर्च एन्ड टेनिंग, पूणे में मैनें बीमा गुरु प्रोफेसर अप्पा राव एवं उनके साथियों से प्रशिक्षण प्राप्त किया।

बीमा के बारे में मेरे विचारों में दूसरा परिवर्तन हुआ वो हुआ लाइफ इंश्योरेंस राउंड टेबल में भाग लेने से। प्रोफेसर अप्पा राव से लगातार संपर्क में रहने के कारण ही यह संभव हो पाया। एक महत्वपूर्ण पेशेवर श्री पी. एस. कोचर एवं अन्य पेशेवर लोग जिन्होंने राउंड टेबल पर अपने विचार रखे, उन्होंने बीमा के क्षेत्र में मेरे विचारों को बदल दिया।

किसी बीमा एजेन्ट को दो चीजें सदैव ध्यान में रखनी चाहिए और वे हैं रिबेट एवं गलत मेचिकल। इन्हें कभी भी भूलना नहीं चाहिए।

मैं कोयम्बतूर के श्री पी. श्रीनिवासन से भी मिला, जिनसे मैं काफी सीखा। साथ ही मुम्बई के श्री देव मुदबिदरी, श्री सुभाष मिश्रा, श्री रमाकांत देसाई, श्री भारत पुरोहित, नागपुर के श् भारत पारिख, कोलकाता के श्री नरेन प्रसाद एवं श्री रमेश दमानी, तथा लातुर के श्री गोपीनाथ तरकार से भी काफी कुछ सीखने को मिला। पेशेवर मानदंडों में ये लोग काफी खरे उतरते हैं।

1996 में मेरे जोन चैयरमेनशिप में हैदराबाद में लाइफ इंश्योरेंस राउंड टेबल का आयोजन किया गया। मैं फिर से इन महान बीमा एजेन्टों के मध्य स्वयं को खड़ा पाया।

1997 में मुझें कोयम्बतुर में श्री श्रीनिवासन के ऑफिस में जाने का मौका मिला। इस प्रकार का ऑफिस प्रोसिसर, डेलिगेशन एवं क्रियान्वयन मैनें कहीं भी नहीं देखा था जैसा वहाँ देखने को मिला। सन् 2002 मे मैं मिलियन डॉलर राउंड टेबल के लिए क्वालिफाइड हुआ। नेशविले (अमेरिका) एवं मिलियन डॉलर राउंड टेबल ने मेरे अनुभव को काफी बढ़ाया। इसी मध्य मैं स्वयं को लाइफ इंश्योरेंस एजेन्टस फेडरेशन ऑफ इंडिया (एलआईएएफआई) के नेतृत्व के मुद्दे पर स्वयं को बेवकूफ बना रहा था। हांलाकि यह एक संगठन है, परन्तु इसके नेतृत्व का मुद्दा वर्षों से लटका हुआ है। यह एक पब्लिक सेक्यर संगठन है जिसके प्राय: सभी नेता लोगों के कल्याण के बजाए अपना पद प्राप्त करने में ही ज्यादा मशगुल रहते हैं।

लाइफ अंडरराइटर्स गिल्ड ऑफ इंडिया (लुगी) में मैं भारत में बीमा एजेन्ट के भविष्य को देख सकता हूँ। पूर्ण सच्चाई एवं विषय के बारे में पूरा ज्ञान एक एजेन्ट को पेशेवर बना सकता है। ग्राहक को आज न केवल सूचना का अधिकार है, अपितु वह सूचना प्राप्त करने के लिए विभिन्न चैनल्स का भी सहारा लेता है।

मामले का बुरा पहलु

गैर जीवन बीमा क्षेत्र में प्रोफेशनलिज्म आज भी दूर की बात है। खासकर पब्लिक सेक्टर यूनिट में गैर जीवन बीमा एजेन्ट को आज भी बिजनेस एसोसिएट की नजर से नहीं देखा जाता है। उपयुक्त प्रशिक्षण एवं प्रोत्साहन के अभाव में एजेन्ट पेशे की परवाह नहीं कर पाते हैं। केवल एजेन्ट ही अपनी तरफ से मोटिवेशन प्राप्त कर सकता है। साथ ही

लाए गए बिजनेस को बर्डन के रुप में देखा जाता है। साथ ही उत्पाद के बारे में जानकारी देने वाली पुस्तिकाएं भी उपलब्ध नहीं होती है।

2001 में किए गए एक सर्वे के अनुसार यह पाया गया कि 58 प्रतिशत शिक्षित शहरी आबादी स्वास्थय बीमा के बारे में नहीं जानती थी। तथा 25 प्रतिशत आबादी ऐसी थी जिन्होंने स्वास्थय बीमा करवाया था, परन्तु क्लेम के झंझटों में नहीं पड़ना चाहते थे। वे कहते हैं कि बीमा कंपनियां भूगतान में किसी न किसी प्रकार से देरी करती है या फिर भूगतान करना ही नहीं चाहती है, इसलिए कौन क्लेम के लिए उनके चक्कर लगाए।

जीवन बीमा क्लेम का निपटारा जल्दी ही कर दिया जाता है तथा एजेन्ट एवं ग्रहक इससे काफी खुश हैं, परन्तु गैर जीवन बीमा का अनुभव इतना सुखद नहीं है। इसका कारण केवल कंपनी स्टाफ नहीं है। हम आज भी देखते हैं कि प्रोपोजल के समय प्रोसेपेक्टस में यह पुछा जाता है कि क्या एक क्लेम कम से कम प्रीमियम राशि तक सेटल किया जा सकता है, यदि पॉलिसी ली गई है। बीमा मध्यस्थता शिक्षा, इससे जुड़ना एवं पेशे के प्रति अपनी प्रतिबद्दता तथा साथ ही वह कंपनी जिसके लिए वह कार्य करता है, आज भी एक प्रश्न है। यह भी मध्यस्थों में प्रशिक्षण एवं जागरुकता की कमी को उजागर करता है।

कयोंकि मैनें इस पेशे में वरिष्ठता हासिल की है, इसलिए मैं जानता हूँ कि जीवन बीमा का उद्देश्य केवल कर मुक्ति या बचत नहीं है, अपितु इससे बढ़कर है।

कोई भी व्यक्ति जान-बूझकर प्रक्रिया को तोड़ना नहीं चाहता है। मैनें देखा है कि कई एजेन्ट अपने द्वारा किए गए गलत कार्यों के लिए स्वयं को दोषी मानते है, तथा कईयों को तो इसके बारे में पता तक नहीं होता है। यह केवल "जानें कैसे" नहीं है, बल्कि "जानें क्या", "जानें क्या","जानें कब" एवं "जानें कहाँ" भी हैं, जो काफी महत्वपूर्ण हैं।

हम आज भी मुख्य तौर पर पॉलिसी बेचते हैं न कि व्यक्ति को बीमित करते हैं जो वास्तविक रुप से होना चाहिए। ऐसा करने से पहले हमें काफी कुछ करना होगा। श्री पी. श्रीनिवासन एवं प्रोफेसर अप्पा राव के नेतृत्व में हमने लुगी के माध्यम से एक शुरुआत की है। यह एक स्व-स्टाईल्ड एवं स्व-विनियमित संगठन है जिसनें बीमा क्षेत्र के स्वस्थ विकास के लिए काफी योगदान किया है।

ऐसा कहा जाता है, "साथ जुड़ना एक शुरुआत है: साथ मिलकर रहना एक प्रोग्रेस है और साथ काम करना एक सफलता है।" मैं निश्चित तौर पर विश्वास करता हूँ कि एक मजबूत एवं पेशेवर बीमा एजेन्सी फोर्स बीमा की जरुरतों का पूरा ध्यान रखती है तथा साथ ही देश को भी इससे काफी फायदा होगा।

लेखक लुगी, हैदराबाद चेप्टर के अध्यक्ष हैं।

अच्छे या बुरे

हम स्वागत करते हैं उपभोक्ता के अनुभवों का।

हमें बताये आपके साथ बीते अच्छे या बुरे अनुभव। आपका निजिअनुभव उद्योग के लिए महत्वपूर्ण होगा।

यह जानने में हमारी मदद करें कि किस दिशा में हम जा रहे हैं।

अपने लेख हमें इस पते पर भेजे: संपादक, आईआरडीए जर्नल, बीमा विनियामक और विकास प्राधिकरण, परिश्रम भवन, तीसरी मंजिल, 5/9/58/बी, बशीर बाग, हैदराबाद 500 004 ईमेल: irdajournal@irdaonline.org

सफलता का तैयार फार्मूला

पि.श्रीनिवासन कहते हैं कि सेल्फ हेल्प ग्रुप्स एजेन्ट्स को अपनी पकड़ मजबूत बनाने के लिए सीखाते हैं।

यह अनुभव किया गया है कि केवल सेल्फ हेल्प संगठन जैसे अमेरिका में मिलियन डॉलर राउंड टेबल (एमडीआरटी), मलेशिया में नेशनल एसोसिएशन ऑफ मलेशियन लाइफ इंश्योरेंस एण्ड फाइनेंशियल एडवाईजर तथा सिंगापुर में फाइनेंशियल प्रैक्टिशनर एसोसिएशन ने बाजार बल की मदद की है ताकि वे अपने ज्ञान एवं काम करने के तरीके में उन्नति कर सकें। इन्होंने एजेन्टों के दिमाग को भी प्रोफेशनलिज्म की तरफ मोड़ने में मदद की है।

कई जीवन बीमा कंपनियां अपने एजेन्टों के उपर अधिक धन एवं समय खर्च नहीं करती है। क्योंकि बिजनेस लक्ष्य एवं नए उत्पाद उनकी प्राथमिकता होती है, इसलिए सेल्फ हेल्प संगठन इस कार्य को बखुबी अंजाम दे सकते हैं। लाइफ अंडरराईटर्स गिल्ड ऑफ इंडिया(लुगी), जिसकी स्थापना सन् 2002 में की गई थी, इस दिशा में पर्याप्त कदम उठा रही है।

एक फूल टाईम प्रोफेशनल बनने के लिए एक एजेन्ट में निम्न चार गुणात्मक पहलुओं का होना आवश्यक है:

1. आत्मविश्वास
2. अनुशासन
3. आत्मउन्नति
4. स्वप्रेरण

इन गुणों के अभाव में कोई एजेन्ट भले कितना ही उत्पाद ज्ञान प्राप्त कर ले, वह बेहतर परिणाम नहीं दे सकता है।

लुगी द्वारा एजेन्ट के दिमाग को परिवर्तित करने के लिए निम्न तथ्य उपलब्ध करवा रही है:

1. तथ्य खोजने की कला- किस प्रकार ग्राहक की आवश्यकता को समझा जाए ताकि ग्राहक अपनी खुद की आवश्यकता को समझ सके।
2. विश्लेषण कला- वित्तीय बाजार में निवेश के क्या विकल्प मौजूद हैं? उनकी जानकारी किस प्रकार हासिल की जाए तथा उनके साथ ग्राहक के उद्देश्य को कैसे समझा जाए।
3. तकनीकी कला- एक्सेल स्प्रेडसीट एवं फाइनेंसियल केलक्यूलेटर का किस प्रकार इस्तेमाल किया जाए।

एक एजेन्ट को प्रतिदिन पढ़ने एवं कुछ नया सीखने की आदत अपने जीवन में उतारनी चाहिए। सेमिनारों का आयोजन, वार्षिक कार्यक्रमों का आयोजन, ये सभी एक एजेन्ट में प्रोफेशनलिज्म को बढ़ावा देते हैं।

बिक्री में "कॉज एण्ड इफेक्ट" का फार्मूला बिल्कुल सही बैठता है। इसके अनुसार, जो भी घटित होता है उसका कुछ न कुछ कारण अवश्य होता है। यदि आपको अपने जीवन में कुछ लक्ष्य प्राप्त करना हो तो आप कर सकते हैं। आप किसी एक ऐसे आदमी की तलाश करें, जिसने यह लक्ष्य पहले हासिल कर लिया है, और फिर उससे सीखें कि यह लक्ष्य कैसे प्राप्त किया जाए।

लुगी एजेन्टों के सफल लोगों से मुलाकात करवाती है। ये सफल व्यक्ति एजेन्ट को सफलता के गुर सीखाते हैं। साथ ही लुगी एजेन्टों को हमेशा बड़ा सोचने के लिए प्रेरित करती है, क्योंकि एक आदमी जैसा सोचता है वह वैसा ही बनता है।

सकारात्मकता काफी मायने रखती है।

एक एजेन्ट की सोट सदैव सकारात्मक होनी चाहिए। क्योंकि इससे सफलता साफ नजर आने लगती है और आदमी प्रेरित होता है। सेल्फ हेल्प संगठन एक जैसी सोच रखने वाले व्यक्तियों को एक मंच पर लेकर आते हैं। ये लोग आपस में अपने अनुभव शेयर करते हैं, जिससे उनके काम करने के तरीके में काफी परिरर्तन आता है और वे उन्नति की ओर बढ़ते हैं। एजेन्ट में स्वयं कुछ कर दिखाने की इच्छा शक्ति होनी चाहिए। यदि कोई व्यक्ति स्वयं की प्रशंसा नहीं कर सकता है तो दुनिया भी उसकी प्रशंसा नहीं कर सकेगी। अत: पहले खुद की प्रशंसा करना सीखें।

सेल्फ हेल्प संगठन का उद्देश्य होता है कि सेमिनार एवं कन्वेन्शन्स की मदद से एजेन्टों में आत्म विश्वास पैदा किया जाए। यदि आप प्रतिदिन प्रैक्टिस करते हैं, तो आप परफेक्ट बनते हैं। किसी भी व्यक्ति के तन एवं मन को प्रतिदिन कुछ एक्सरसाईज कराई जाए तो दोनो ही बेहतर बनते हैं।

सेल्फ हेल्प संगठन महत्वकांक्षा पैदा करते हैं, जो सकारात्मकता लाने में काफी मददगार है। यह वह फार्मूला है जो सफलता को काफी करीब ला देता है। यह लोगों के मन में सपने जगाता है और उन सपनों को पूरा करने के लिए प्रेरित करता है। वे ये सोचने लगते हैं कि वे इस क्षेत्र में काफी कुछ करने की क्षमता रखते हैं एवं कार्यों को बखूबी अंजाम दे सकते हैं।

यह ज्ञात है कि किसी भी कंपनी में 20% लोग ही ऐसे होते हैं, जो 80% कार्यों को अंजाम देते हैं एवं शेष 80% लोग 20% कार्यों को अंजाम देते हैं। महत्वाकांक्षी व्यक्ति स्वयं को 20% वाले ग्रुप में देखना पसंद करते हैं। सच्चा प्रोफेशनल वही हो सकता है जो स्वयं को इस क्षेत्र में पूरी तरह समर्पित कर देता है।

हमें यह नहीं भूलना चाहिए कि वे व्यक्ति जो कंपनी के टॉप 10 प्रतिशत में शामिल हैं, वे कभी बॉटम के 10 प्रतिशत में शामिल थे। केवल महत्वकांक्षा एवं स्व उन्नति के माध्यम से ही वे यहाँ तक पहुँच सके हैं। उनका उद्देश्य होता है, पहला, लाईन में घुसो और दुसरा, लाईन में टिके रहो।

लेखक लाईफ अंडरराइटर्स गिल्ड ऑफ इंडिया (लुगी) के अध्यक्ष हैं तथा कोयम्बतुर में बीमा एजेन्ट का कार्य करते हैं।

जबरदस्त पेशा

एक संपूर्ण व्यवसाय

- एक एजेन्ट बीमा बाजार को काफी संवार सकता है।

के. नित्य कल्याणी के अनुसार आदमियों को लड़कों से अलग कर एवं उन्हें बेहतरीन प्रशिक्षण एवं मोटिवेशन देकर भारतीय बीमा एजेन्ट में काफी विकास किया जा सकता है।

बीमा बेचने को "टांसफर ऑफ एन्थुजियाज्म" की संज्ञा दी गई है। इसकी प्रोसेस प्रोफाइल दर्शाती है कि यह कुछ मात्रा में उत्पाद, उत्पाद ज्ञान, मनौविज्ञान, आंतरिक संवाद, सलाह तथा परिवर्तन को स्वयं में सम्मिलित करती है।

यह कुछ तथ्यों को प्री-सपोज करती है। वह यह है कि टांसफरर एन्थुजियाज्म को प्रथम स्थान देता है। अंडरलाइंग उत्पाद उसमें एन्थुजियाज्म पैदा करता है। वह इसे एक अनुकुल ग्राहक को सफलतापूर्वक बता सकता है तथा वह वित्तीय रुप से, व्यवसायिक एवं सामाजिक रुप से सदैव मोटिवेटेड एवं अपडेटेड रहता है।

इन सभी क्षेत्रों में बीमा उद्योग आज काफी प्रोग्रेस कर रहा है। संपूर्ण एजेन्सी बल - 80-20 नियम, प्रशिक्षण (उत्पाद एवं सॉफ्ट बिक्री कला) पूर्ण नहीं हैं तथा साथ ही इसकी आंतरिक संरचना भी उतनी मजबूत नहीं है। इससे ग्रहकों को बीमा का पूर्ण लाभ नहीं दिलाया जा सकता है।

इन सभी के लिए सभी पर्सनल लाइन बीमा, जिसमें जीवन बीमा भी शामिल है, व्यक्तिगत एजेन्सी के माध्यम से बेचा जाता है। केरल जीवन बीमा ने ही रर्ष 2004-04 मे. ....करोड़ रुपये का प्रीमियम इकट्ठा किया तथा अतिरिक्त हॉस्पिटलाइजेशन कवर प्रीमियम 1,200 करोड़ रुपये भी इकट्ठा किया गया।

सभी का कुप्पा नहीं

एक गलती जो उद्योग को काफी जल्दी सुधारनी होगी वह यह है कि कोई भी बीमा बेच सकता है। हालांकि यह समर्थ लोगों को उद्योग से जुड़ने नें मदद करता है, परन्तु वे लोग जो समर्थ नहीं हैं एवं बिजनेस नहीं दे पाते हैं, उनकी छँटनी करनी चाहिए। ओवर-मेनिंग भी इस पर काफी असर डालती है। यदि उच्च व्यवसायिक मानदंड तैयार किए जाएँ तो केवल पेशेवर लोग ही इससे जुड़े रहेंगें। प्रशिक्षण एवं मोटिवेशन किसी एजेन्ट को तैयार करने में काफी मदद करते हैं। आज ग्राहक को इतनी ज्यादा इन्फोर्मेशन दी जाती है तथा साथ ही निवेश के इतने माध्यम बताए जाते हैं कि किस प्रकार पैसे को कहाँ खर्च किए जाएँ।

संकट प्रशिक्षण

बीमा के पीछे आधारित एवं वैद्य तथ्यों का प्रशिक्षण, नियामक सिस्टम एवं इसे किस प्रकार ग्राहकों को दिखाया जाता है, उत्पाद ज्ञान एवं यह जागरुकता की ग्राहकों को क्या चाहिए एवं क्या उन्हें मोटिवेट करता है-केवल एजेन्ट के पैसे कमाने का माध्यम ही नहीं-ये सभी उच्च बिक्री प्रदर्शन की ओर जाते हैं। इसके विपरीत, इसके अभाव में लंबी अवधि में क्षेत्र को काफी नुकसान होगा, क्योंकि तब तक ग्राहकों की समझ में आ चुका होगा की उन्हें क्या बेचा गया है और किस प्रकार बेचा गया है।

> प्रशिक्षण से इन्श्योरेंस एडवाइजर के गुणों में बेहतरीन विकास होता है और उसकी बीमा क्षेत्र के बारे में जानकारी बढ़ती है। इससे ग्राहक सही बीमा चुन सकता है। प्रशिक्षण के बगैर एजेन्ट केवल किसी तरह से बीमा बेच देना चाहता है और रिबेटिंग को भी अपनाता है।

प्रशिक्षण के माध्यम से एजेन्ट को बीमा उत्पाद के बारे में पूर्ण जानकारी दी जाती है, ताकि वे अपने ग्राहकों को इससे भली-भाँति परिचित करवा सकें। भविष्य में बीमा उद्योग काफी उन्नति की ओर है और यह ग्राहकों की जरुरत है तथा साथ ही एजेन्ट को भी स्वयं को इसके अनुकूल ढालना पड़ेगा। आईआरडीए द्वारा प्रदान किया जा रहा 100 घंटे का प्रशिक्षण उतना प्रभावी नहीं हो पा रहा है तथा साथ ही बीमा कंपनियां भी इसके लंबी अवधि के परिणामों को नहीं देख पा रही है। इससे सिस्टम कमजोर हो रहा है।

पिछले कुछ महीनें में आईएरडीए ने इस पर अध्ययन किया है तथा साथ ही सिस्टम का एक उद्देश्य तैयार किया है। विभिन्न कंपनियां भिन्न भिन्न सिस्टम को अपना रहीं हैं, जो उनके सिस्टम के अनुकूल है एवं उद्देश्य को पूर्ण करते हैं, परन्तु वह मंच जहाँ आज बाजार खड़ा है, इन परिवर्तनों के लिए तैयार नहीं है।

स्व प्रशिक्षण

एजेन्सी फोर्स में आज कुछ महत्वपूर्ण परिवर्तन हुए हैं, इनमें स्व विकसित एवं स्व-संगठित एजेन्ट शामिल हैं। एजेन्ट को उसकी कंपनी से पर्याप्त बेक अप नहीं मिल पाता है, आजकल वे स्व रिकास के लिए अपना एक संगठन तैयार कर रहे हैं। इससे उनमें आपसी समझ बढ़ती है और इससे समाज में बीमा एजेन्टों का कद भी बढ़ा हैं।

ये संगठन बीमा एजेन्ट की सभी समस्याओं का समाधान करते हैं तथा उन्हें पेशेवर बनाने में मदद करते हैं। बीमा उद्योग को भी भविष्य में इससे काफी बढ़ावा मिलने की उम्मीद है। हांलाकि यह कार्य अभी प्रोग्रेस में है। बीमा उद्योग में अभी काफी अवसर हैं, परन्तु यदि यह अवसर गंवा दिया गया तो इसकी भरपाई करने में काफी समय लग जाएगा।

First Half 2003-04

— Unit linked products contribute 24% of first year premium

The life insurance industry underwrote premium of Rs.8,42,506.09 lakh during the six months April to September, 2004. LIC underwrote premium of Rs.6,83,219.65 lakh during the first half of the financial year i.e., a market share of 81.09 per cent. Cumulatively, the new players underwrote first year premium of Rs.1,59,286.44 lakh. While LIC's market share declined from 89.05 per cent for the period ended September, 2003, all new life insurers increased their market share, over the corresponding previous year numbers. In terms of policies underwritten, the market share of the new players and LIC was 8.84 per cent and 91.16 per cent as against 5.68 per cent and 94.32 per cent respectively in the corresponding period in the year 2003-04.

Individual and Group business

The premium underwritten by the industry upto September, 2004, towards individual single and non-single policies stood at Rs.1,46,585.97 lakh and Rs.5,23,145.15 lakh respectively accounting for 3,43,483 and 86,23,479 policies.

The group single and non-single premium accounted for Rs.1,57,627.15 lakh and Rs.15,147.83 lakh. The total Individual premium and Group premium underwritten was Rs.6,69,731.11 lakhs and Rs.1,72,774.98 lakhs respectively as against Rs. 4,41,760.09 lakhs and Rs.1,01,835.78 lakhs underwritten in the corresponding period of the previous year.

The number of lives covered by the industry under the various group schemes was 31,04,339 during the period ended September, 2004. LIC covered 21,00,964 lives under the group schemes accounting for 67.68 per cent of the market.

The private players covered 10,03,375 lives under the group schemes accounting for 32.32 per cent of the market. 20 per cent of the policies underwritten by the life insurers were in the rural sector, garnering premium of Rs. 53,374.83 lakh (6.33 per cent). Simultaneously, 7,98,184 lives were covered in the social sector.

Linked and non-linked business

A further analysis of the premium underwritten by the life insurers reveals that Rs. 2,03,211.99 lakh (24.12 per cent) and Rs. 6,39,294.1 lakh (75.88 per cent) of the business was underwritten in the linked and non-linked segments.

As against this, the premium underwritten in the two segments for the quarter ended June, 2004 was Rs. 63,638.03 lakh (17.39 per cent) and Rs. 3,02,291.72 lakh (82.61 per cent).

A further break up of the first year premium for the half year between LIC and the private insurers reveals that the linked and non-linked premium comprised 15.19 per cent and 84.81 per cent of the business underwritten by the former and in case of the private insurers, it comprised 62.73 per cent and 37.27 per cent of the business underwritten by them.

> There is a definite trend towards unit linked products with over 24 per cent of the first year premium underwritten by the life insurers comprising linked policies.

As against this, in June, 2004, the premium underwritten for linked and non-linked premium comprised 7.51 per cent and 92.49 per cent of the business underwritten by LIC and in case of private insurers, it comprised 64 per cent and 36 per cent of the business underwritten by them.

In respect of non-linked insurance the 'life', 'general annuity', 'pension' and 'health' businesses, excluding riders, comprised Rs. 5,13,353.70 lakh (80.41 per cent), Rs. 59,228.60 lakh (9.28 per cent), Rs. 54,514.64 lakh (8.54 per cent) and Rs. 11,291.03 lakh (1.77 per cent) of the total business underwritten in the said category. As against this, for the quarter ended June 2004, the premium underwritten in these segments was Rs.2,34,910.37 lakh (77.82 per cent), Rs.34,147.12 lakh (11.31 per cent), Rs.32,566.49 lakh (10.79 per cent) and Rs.240.52 lakh (0.08 per cent) respectively.

Similarly for linked insurance, the 'life', 'general annuity' and 'pension', businesses excluding riders, comprised Rs. 1,91,055.56 lakh (94.09 per cent), Rs. 5,299.00 lakh (2.61 per cent) and Rs. 6,694.61 lakh (3.29 per cent) of the total business underwritten in the linked category. As against this, for the quarter ended June 2004, the premium underwritten in these segments were Rs. 57,951.34 lakh (91.16 per cent), Rs. 1,904.90 lakh (2.99 per cent) and Rs. 3,711.74 lakh (5.84 per cent) respectively. No business was underwritten in the health segment.

The riders which are categorised under 'health', 'accident', 'term' and 'others' constituted Rs. 162.82 lakh and Rs. 906.12 lakh for linked and non-linked business respectively. As against this, for the quarter ended June, 2004, riders under these segments constituted Rs. 70.06 lakh and Rs. 428.84 lakh respectively.

While the half year analysis does not give the exact picture of the premium underwritten under different categories, there is a definite trend towards unit linked products with over 24 per cent of the first year premium underwritten by the life insurers comprising linked policies.

Interestingly, while the share of unit linked business in case of private insurers has remained at almost similar levels of 61.94 per cent as at half year ended September, 2003, in respect of LIC, there is a quantum jump as against 0.15 per cent for the six months ended September, 2003.

INDIVIDUAL NEW BUSINESS (INCLUDING RURAL & SOCIAL) FOR AND UPTO THE MONTH OF JUNE, 04

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
	Non linked*						
1	Life						
	with profit	2,352.47	5,931.19	3,509	8,594	3,365.19	9,582.63
	without profit	1,340.20	3,998.96	4,116	15,117	5,437.34	14,013.88
2	General Annuity						
	with profit	2.00	3.50	1	2	4.21	8.01
	without profit						
3	Pension						
	with profit	595.01	1,436.01	1,071	3,847	56.40	99.90
	without profit	88.42	179.41	90	471		
4	Health						
	with profit						
	without profit						
A.	**Sub total**	**4,378.10**	**11,549.06**	**8,787**	**28,031**	**8,863.15**	**23,704.42**
	Linked*						
1	Life						
	with profit	5.85	36.03	10	30	5.91	36.64
	without profit	16,854.62	27,269.83	36,388	58,088	16,758.83	30,599.89
2	General Annuity						
	with profit						
	without profit						
3	Pension						
	with profit						
	without profit	357.89	1,099.35	440	1,317	25.76	66.17

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
	Non linked*						
1	Life						
	with profit	80,331.51	1,87,188.91	15,27,955	34,73,876	11,56,437.68	24,25,332.39
	without profit	3,886.97	7,286.87	87,680	2,42,830	1,54,316.69	4,15,044.80
2	General Annuity						
	with profit	18.24	59.99	202	598	383.68	1,185.33
	without profit	-0.10	-0.20	-2	-3	-2.57	-5.10
3	Pension						
	with profit	647.53	1,908.53	6,384	15,226	3,655.25	11,311.96
	without profit						
4	Health						
	with profit	106.29	181.52	2,595	6,181	3,155.71	5,857.12
	without profit	18.26	57.39	1,068	2,983	1,613.29	4,422.04
A.	**Sub total**	**85,008.70**	**1,96,683.01**	**16,25,882**	**37,41,691**	**13,19,559.74**	**28,63,148.53**
	Linked*						
1	Life						
	with profit	121.39	291.59	205	485	961.87	1,674.86
	without profit	11,207.17	26,727.62	54,201	1,14,577	1,17,307.03	2,58,620.50
2	General Annuity						
	with profit						
	without profit	662.50	1,696.70	4,890	13,598	1,589.00	4,717.00
3	Pension						
	with profit	14.91	39.69	64	169	0.00	0.00
	without profit	432.91	916.65	1,746	4,624	155.27	578.80

4	**Health**						
	with profit						
	without profit						
B.	**Sub total**	**17,218.35**	**28,405.21**	**36,838**	**59,435**	**16,790.49**	**30,702.69**
C.	**Total (A+B)**	**21,596.46**	**39,954.27**	**45,625**	**87,466**	**25,653.64**	**54,407.11**
	Riders:						
	Non linked						
1	Health#	0.79	3.43	7	18	12.00	44.25
2	Accident##	1.64	4.61	140	331	135.03	362.93
3	Term	0.37	0.75	7	32	10.55	28.56
4	Others						
D.	**Sub total**	**2.80**	**8.79**	**154**	**381**	**157.58**	**435.74**
	Linked						
1	Health#		0.01		1		1.25
2	Accident##						
3	Term						
4	Others						
E.	**Sub total**		**0.01**		**1**		**1.25**
F.	**Total (D+E)**	**2.80**	**8.80**	**154**	**382**	**157.58**	**436.99**
G.	****Grand Total (C+F)**	**21,599.25**	**39,963.07**	**45,625**	**87,466**	**25,811.22**	**54,844.10**

4	**Health**						
	with profit						
	without profit						
B.	**Sub total**	**12,438.88**	**29,672.26**	**61,106**	**1,33,453**	**1,20,013.17**	**2,65,591.16**
C.	**Total (A+B)**	**97,447.58**	**2,26,355.27**	**16,86,988**	**38,75,144**	**14,39,572.91**	**31,28,739.68**
	Riders:						
	Non linked						
1	Health#	37.61	101.37	5,882	12,778	5,149.65	13,436.44
2	Accident##	55.35	150.97	31,625	77,115	37,529.53	87,451.74
3	Term	11.31	32.01	2,534	8,179	2,017.79	5,398.38
4	Others	29.14	75.92	5,331	12,594	2,384.29	6,766.74
D.	Sub total	133.41	360.27	45,372	1,10,666	47,081.25	1,13,053.30
	Linked						
1	Health#	12.44	28.93	1,346	3,177	2,231.09	8,440.18
2	Accident##	5.89	14.76	4,623	10,802	3,829.83	9,794.38
3	Term	4.14	10.81	631	1,436	946.74	2,545.58
4	Others	5.69	15.54	1,011	2,651	107.57	289.81
E.	Sub total	28.16	70.04	7,611	18,066	7,115.24	21,069.95
F.	Total (D+E)	161.57	430.31	52,983	1,28,732	54,196.49	1,34,123.25
G.	****Grand Total (C+F)**	**97,609.15**	**2,26,785.58**	**16,86,988**	**38,75,144**	**14,93,769.40**	**32,62,862.93**

* 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.

GROUP NEW BUSINESS (INCLUDING RURAL & SOCIAL) FOR AND UPTO THE MONTH OF JUNE, 04

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
	*Non linked**								
1	Life								
a)	Group Gratuity Schemes								
	with profit								
	without profit	4216.41	24066.87	124	275	8760	23300	5708.58	14969.31
b)	Group Savings								
	Linked Schemes								
	with profit								
	without profit	97.44	266.52	43	107	3336	31035	2325.87	46143.75
c)	EDLI								
	with profit								
	without profit	-13.15	33.93	54	151	5972	21365	2563.04	11259.71
d)	Others								
	with profit								
	without profit	1476.43	4115.16	823	2098	312801	780760	119006.33	349962.51
2	General Annuity								
	with profit	1855.26	4978.18	1	2	305	720		
	without profit	5562.58	29105.65	1	2	894	4208		
3	Pension								
	with profit								
	without profit	1155.12	29040.92	13	41	120	2231		
4	Health								
	with profit								
	without profit								
A.	Sub total	14350.09	91607.23	1059	2676	332188	863619	129603.82	422335.28
	Linked*								
1	Life								
a)	Group Gratuity Schemes								
	with profit								
	without profit	2.50	5.74						
b)	Group Savings								
	Linked Schemes								
	with profit								
	without 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
	*Non linked**								
1	*Life*								
a)	*Group Gratuity Schemes*								
	with profit								
	without profit	70.36	337.66	1	3	415	954	-0.27	51.93
b)	*Group Savings*								
	Linked Schemes								
	with profit								
	without profit	296.97	301.70			2769	2769	6534.00	6534.00
c)	*EDLI*								
	with profit	3.49	24.80	2	15	2731	14992	1836.70	11173.76
	without profit	180.03	226.06	21	39	70396	83664	48511.49	59376.34
d)	*Others*								
	with profit	1.49	15.92	1	3	288	12224	645.51	9260.76
	without profit	278.24	1115.84	126	277	103564	204560	182717.13	386475.40
2	General Annuity								
	with profit								
	without profit								
3	Pension								
	with profit								
	without profit	1.06	1.61						
4	Health								
	with profit								
	without profit								
A.	Sub total	831.64	2023.59	151	337	180163	319163	240244.56	472872.19
	*Linked**								
1	*Life*								
a)	*Group Gratuity Schemes*								
	with profit								
	without profit	369.79	3599.96	8	21	8509	11478	506.78	2880.64
b)	*Group Savings*								
	Linked Schemes								
	with profit								
	without profit								

c)	EDLI								
	with profit								
	without profit								
d)	Others								
	with profit								
	without profit								
2	**General Annuity**								
	with profit								
	without profit								
3	**Pension**								
	with profit								
	without profit								
4	**Health**								
	with profit								
	without profit								
B.	**Sub total**	2.50	5.74						
C.	Total (A+B)	14352.59	91612.97	1059	2676	332188	863619	129603.82	422335.28
	Riders:								
	Non linked								
1	Health#	6.72	11.44	3	11	1611	2604	10860.88	17983.85
2	Accident##	6.84	17.51	7	24	5991	16691	14375.64	36685.32
3	Term								
4	Others								
D.	**Sub total**	13.57	28.96	10	35	7602	19295	25236.52	54669.17
	Linked								
1	Health#								
2	Accident##								
3	Term								
4	Others								
E.	**Sub total**								
F.	**Total (D+E)**	13.57	28.96	10	35	7602	19295	25236.52	54669.17
G.	****Grand Total (C+F)**	14366.15	91641.92	1059	2676	332188	863619	154840.34	477004.45

* 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.

c)	*EDLI*								
	with profit								
	without profit								
d)	*Others*								
	with profit								
	without profit	7.21	20.57	1	2	21	23	6.99	10.40
2	**General Annuity**								
	with profit								
	without profit	64.71	208.20	1	2	373	385	64.71	208.20
3	**Pension**								
	with profit								
	without profit	532.35	1656.04	10	23	414	2583		
4	**Health**								
	with profit								
	without profit								
B.	**Sub total**	974.07	5484.76	20	48	9317	14469	578.48	3099.23
C.	Total (A+B)	1805.71	7508.35	171	385	189480	333632	240823.03	475971.42
	Riders:								
	Non linked								
1	Health#	5.74	7.89	-1	4	646	2483	3476.88	7022.02
2	Accident##	14.06	22.46	-4	3	4172	5258	27831.50	31893.19
3	Term	0.01	0.05	-2		-1	-1	0.50	0.50
4	Others	0.43	0.43	-3		1923	2547	42.96	66.13
D.	**Sub total**	20.24	30.83	-10	7	6740	10287	31351.83	38981.83
	Linked								
1	Health#								
2	Accident##								
3	Term								
4	Others								
E.	**Sub total**								
F.	**Total (D+E)**	20.24	30.83	-10	7	6740	10287	31351.83	38981.83
G.	****Grand Total (C+F)**	1825.95	7539.17	171	385	189480	333632	272174.87	514953.25

INDIVIDUAL NEW BUSINESS (INCLUDING RURAL & SOCIAL) FOR AND UPTO THE MONTH OF SEPTEMBER, 04

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
	Non linked*						
1	Life						
	with profit	2,169.83	14,835.41	2,478	18,807	2,914.30	20,178.59
	without profit	2,678.77	13,889.44	15,426	47,914	13,810.15	48,528.11
2	General Annuity						
	with profit	1.50	10.90	1	7	2.27	19.97
	without profit		6.83		1		
3	Pension						
	with profit	465.69	2,654.46	1,413	7,504	18.65	205.33
	without profit	543.60	1,271.43	129	942		
4	Health						
	with profit						
	without profit						
A.	**Sub total**	**5,859.39**	**32,668.47**	**19,447**	**75,175**	**16,745.37**	**68,932.00**
	Linked*						
1	Life						
	with profit	2.38	46.41	8	48	2.40	47.12
	without profit	22,056.29	1,11,844.57	50,524	2,65,661	23,631.90	1,20,324.22
2	General Annuity						
	with profit						
	without profit						
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
	Non linked*						
1	Life						
	with profit	59,654.19	4,07,069.85	10,39,442	74,53,084	8,95,883.82	57,18,712.07
	without profit	3,420.54	18,894.76	66,786	5,22,547	1,42,422.28	9,00,263.55
2	General Annuity						
	with profit	7.62	92.51	137	1,022	237.79	1,965.45
	without profit						
3	Pension						
	with profit	950.42	5,156.26	8,441	40,433	4,989.61	26,658.39
	without profit						
4	Health						
	with profit	3,146.09	11,152.32	70,921	2,21,623	92,637.17	2,59,311.13
	without profit	26.85	138.71	1,582	7,908	2,303.88	11,655.76
A.	**Sub total**	**67,205.69**	**4,42,504.41**	**11,87,309**	**82,46,617**	**11,38,474.56**	**69,18,566.35**
	Linked*						
1	Life						
	with profit	67.33	535.09	374	1351	1,091.04	4,364.51
	without profit	15,348.79	72,653.52	5,5794	3,33,323	1,36,510.87	6,87,964.59
2	General Annuity						
	with profit						
	without profit	656.44	3,830.00	5,079	29,685	1,861.00	10,266.00
3	Pension						
	with profit	19.93	105.92	64	324		

	with profit						
	without profit	260.75	2,000.47	351	2,599	4.22	95.83
4	Health						
	with profit						
	without profit						
B.	Sub total	22,319.41	1,13,891.44	50,883	2,68,308	23,638.52	1,20,467.16
C.	Total (A+B)	28,178.80	1,46,559.92	70,330	3,43,483	40,383.89	1,89,399.16
	Riders:						
	Non linked						
1	Health#	2.89	10.55	11	47	72.50	192.65
2	Accident##	3.08	13.47	290	952	261.32	1,043.98
3	Term	0.74	1.83	26	79	22.21	67.30
4	Others						
D.	Sub total	6.71	25.84	327	1,078	356.03	1,303.93
	Linked						
1	Health#		0.13		3		3.75
2	Accident##	0.01	0.04	1	4	1.00	4.00
3	Term	0.04	0.04	1	1	1.00	1.00
4	Others						
E.	Sub total	0.05	0.21	2	8	2.00	8.75
F.	Total (D+E)	6.76	26.05	329	1,086	358.03	1,312.68
G.	**Grand Total (C+F)	28,185.56	1,46,585.97	70,330	3,43,483	40,741.92	1,90,711.84

	without profit	674.21	2,574.75	2,593	12,179	169.07	1,113.58
4	Health						
	with profit						
	without profit						
B.	Sub total	16,766.71	79,699.29	63,904	3,76,862	1,39,631.97	7,03,708.68
C.	Total (A+B)	83,972.40	5,22,203.70	12,51,213	86,23,479	12,78,106.53	76,22,275.02
	Riders:						
	Non linked						
1	Health#	40.56	207.15	5,939	30,890	5,856.97	31,329.06
2	Accident##	67.60	334.52	39,263	1,92,255	43,190.56	2,20,880.97
3	Term	15.63	72.71	3,382	18,450	2,680.42	13,414.98
4	Others	36.83	164.45	5,689	27,825	3,474.84	17,186.55
D.	Sub total	160.62	778.84	54,273	2,69,420	55,202.79	2,82,811.56
	Linked						
1	Health#	12.02	67.58	1,878	8891	5,229.60	26,458.66
2	Accident##	7.42	36.14	5,954	29,270	4,575.12	23,130.70
3	Term	4.10	23.99	559	3,040	972.09	5,564.68
4	Others	6.28	34.91	1,203	6,304	123.30	685.50
E.	Sub total	29.82	162.61	9,594	47,505	10,900.12	55,839.55
F.	Total (D+E)	190.44	941.45	63,867	3,16,925	66,102.91	3,38,651.11
G.	**Grand Total (C+F)	84,162.84	5,23,145.15	12,51,213	86,23,479	13,44,209.44	79,60,926.13

* 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.

GROUP NEW BUSINESS (INCLUDING RURAL & SOCIAL) FOR AND UPTO THE MONTH OF SEPTEMBER, 04

SINGLE PREMIUM

(Rs lakh)

Sl. 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
	Non linked*								
1	Life								
a)	Group Gratuity Schemes								
	with profit								
	without profit	3,698.25	36,633.66	155	736	26,961	1,15,124	9,144.93	61,142.82
b)	Group Savings Linked Schemes								
	with profit								
	without profit	430.92	934.41	81	302	24,915	72,638	29,252.43	90,993.32
c)	EDLI								
	with profit								
	without profit	25.73	110.04	87	442	21,446	99,153	11,961.53	57,594.77
d)	Others								
	with profit								
	without profit	2,827.26	15,324.92	1,114	4,864	2,71,988	19,97,072	3,33,933.39	11,74,644.53
2	General Annuity								
	with profit	2,308.48	17,734.72		2	470	2,712		
	without profit	1,250.52	41,383.64		2	493	6,327		
3	Pension								
	with profit								
	without profit	7,111.91	45,351.18	15	82	3,416	11,007		
4	Health								
	with profit								
	without profit								
A.	**Sub total**	**17,653.07**	**1,57,472.57**	**1,452**	**6,430**	**3,49,689**	**23,04,033**	**3,84,292.28**	**13,84,375.44**
	Linked*								
1	Life								
a)	Group Gratuity Schemes								
	with profit								
	without profit	54.91	67.79	3	6	410	630	4.10	4.40
b)	Group Savings								

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
	Non linked*								
1	**Life**								
a)	Group Gratuity Schemes								
	with profit								
	without profit	84.27	1,143.28		6		1,421		
b)	Group Savings Linked Schemes								
	with profit								
	without profit	289.35	1,757.68	1	1	3,022	13,901	6,122.00	21,359.00
c)	EDLI								
	with profit	3.58	44.10	1	30	296	21,926	3,842.25	20,269.96
	without profit	23.09	291.22	8	82	18,394	1,25,535	17,918.06	1,01,092.16
d)	Others								
	with profit	0.68	22.76		7	204	13,443	2,647.53	13,522.74
	without profit	427.10	2,402.18	559	1,729	1,24,788	5,55,986	1,46,079.69	7,18,564.61
2	**General Annuity**								
	with profit								
	without profit								
3	**Pension**								
	with profit								
	without profit	0.46	81.31		2		9		
4	**Health**								
	with profit								
	without profit								
A.	**Sub total**	**828.53**	**5,742.53**	**569**	**1,857**	**1,46,704**	**7,32,221**	**1,76,609.53**	**8,74,808.46**
	Linked*								
1	**Life**								
a)	Group Gratuity Schemes								
	with profit								
	without profit	1,315.12	5,749.67	9	45	21,698	62,966	1,267.41	5523.36
b)	Group Savings								

	Linked Schemes								
	with profit								
	without profit								
c)	EDLI								
	with profit								
	without profit								
d)	Others								
	with profit								
	without profit								
2	General Annuity								
	with profit								
	without profit								
3	Pension								
	with profit								
	without profit	5.13	27.53						
4	Health								
	with profit								
	without profit								
B.	**Sub total**	**60.04**	**95.32**	**3**	**6**	**410**	**630**	**4.10**	**4.40**
C.	**Total (A+B)**	**17,713.11**	**1,57,567.89**	**1,455**	**6,436**	**3,50,099**	**23,04,663**	**3,84,296.38**	**13,84,379.84**
	Riders:								
	Non linked								
1	Health#	9.05	23.14	7	23	3,952	7,659	9,235.81	33,855.46
2	Accident##	4.23	36.12	8	39	6,533	31,188	15,924.76	76,246.59
3	Term								
4	Others								
D.	**Sub total**	**13.28**	**59.26**	**15**	**62**	**10,485**	**38,847**	**25,160.57**	**1,10,102.04**
	Linked								
1	Health#								
2	Accident##								
3	Term								
4	Others								
E.	**Sub total**								
F.	**Total (D+E)**	**13.28**	**59.26**	**15**	**62**	**10,485**	**38,847**	**25,160.57**	**1,10,102.04**
G.	****Grand Total (C+F)**	**17,726.39**	**1,57,627.15**	**1,455**	**6,436**	**3,50,099**	**23,04,663**	**4,09,456.95**	**14,94,481.89**

	Linked Schemes								
	with profit								
	without profit								
c)	EDLI								
	with profit								
	without profit								
d)	Others								
	with profit								
	without profit	38.05	158.51	2	6	34	126	41.60	154.69
2	**General Annuity**								
	with profit								
	without profit	19.90	1,469.00	1	5	141	1,668	19.90	1,469.00
3	**Pension**								
	with profit								
	without profit	91.90	1,985.94	5	30		2,695		
4	**Health**								
	with profit								
	without profit								
B.	**Sub total**	**1,464.96**	**9,363.12**	**17**	**86**	**21,873**	**67,455**	**1,328.91**	**7,147.05**
C.	**Total (A+B)**	**2,293.49**	**15,105.65**	**586**	**1,943**	**1,68,577**	**7,99,676**	**1,77,938.44**	**8,81,955.51**
	Riders:								
	Non linked								
1	Health#	4.05	13.49	9	16	910	3,795	2,358.22	10,128.06
2	Accident##	3.59	28.09	7	13	1,513	8,604	10,634.94	55,896.74
3	Term	0.03	0.09	1	1	38	37	23.51	23.01
4	Others	0.09	0.52	2	2	1,455	6,204	746.40	813.12
D.	**Sub total**	**7.75**	**42.18**	**19**	**32**	**3,916**	**18,640**	**13,763.07**	**66,860.93**
	Linked								
1	Health#								
2	Accident##								
3	Term								
4	Others								
E.	**Sub total**								
F.	**Total (D+E)**	**7.75**	**42.18**	**19**	**32**	**3,916**	**18,640**	**13,763.07**	**66,860.93**
G.	****Grand Total (C+F)**	**2,301.24**	**15,147.83**	**586**	**1,943**	**1,68,577**	**7,99,676**	**1,91,701.51**	**9,48,816.44**

* 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.

MEDICAL POLICY RENEWAL BINDING ON INSURERS: HC

There is relief for consumers who have had to battle insurance companies refusing to extend medical policies in cases where the insurer has made a heavy claim. The Delhi High Court has said that a "high claim ratio" cannot be the ground to turn down contract renewal requests.

In an order that affects thousands of insurance claimants, Justice Sanjay Kishan Kaul said medical policies are liable to be renewed on the same terms and conditions as the old ones.

He, however, left it open to insurance companies to load the premium to a limited extent if high payments are sought by a consumer. But, renewal has to be made without excluding diseases which the consumer may have sought medical attention for during the last period of policy.

In case of a joint insurance policy of a husband and wife, the court said the company must offer concessions if one of the spouses does not make any claim.

With this order, petitioner Mukul Lal Duggal, on whose petition Kaul passed the order, also received Rs 10,000 which was imposed as cost on the United India Insurance Company Limited. The amount is in lieu of the harassment which Duggal and his wife faced on account of the company's decision not to extend the policy.

Besides, the insurance company has also been directed to compensate Duggal since it paid his medical claim almost a year after he asked for it. On January 6 last year, Duggal had submitted bills of Rs two lakh, which was raised by a private hospital after he underwent a by-pass surgery. While the insurance company did not pay the amount on time, it also refused to renew his policy, which was due to expire on April 5, 2003.

The company refused to renew it on the advice of the divisional manager. They claimed since it was a case of high claim ratio, they were unable to renew the policy.

Duggal got a Mediclaim insurance policy with United Insurance Company Limited in 1995-96. In July 1998, he suffered a coronary disease and was admitted to Escorts Hospital, where he underwent angioplasty. Duggal's wife later got herself insured with the same company in April 2000.

The petitioner had another angioplasty in June 2001 and was reimbursed the amount for both treatments in August 2001. But when he sought his third medical reimbursement after bypass surgery, United India Insurance neither paid him on time nor renewed his policy.

LIC HELPDESKS FOR TSUNAMI

The Life Insurance Corporation of India (LIC) has set up help desks at all the 12 divisional offices and 261 branch offices in the southern zone to respond to enquiries and assist in settlement of claims of the policyholders affected by tsunami tidal waves.

At the divisional offices, a Special Task Force, headed by the Marketing Manager and other senior officers, has also been formed to oversee the working of the special desks and to ensure that concessions and benefits reach the policyholders. The Corporation has also decided to issue duplicate policies free-of-cost where policy documents have been lost due to the tidal wave on the basis of an indemnity bond, LIC officials said.

To ensure speedy settlement of death claims/servicing of policies to the claimants/policy holders, LIC has offered special concessions to its customers. The concessions offered included simplified death claim forms. The proof of death can be in the form of certificate issued by any government machinery.

If no proof of death can be submitted, select agents of LIC like Zonal Managers or Chairman's Club Members in that area or the Development Officer can also certify the death of the life assured.

'INSURERS' FINANCIAL ADVISORS CAN BE FROM WITHIN'

State-owned general insurance companies have been allowed by the Government to fill the post of a financial advisor from within the organisation, it is reported.

Following the decision an in-house general manager or assistant general manager will be posted as financial advisor in state-owned insurance companies after the term of the present financial advisors comes to an end, it is understood

The financial advisor, originally intended to perform an audit task, had acquired wider responsibilities in the Government owned insurance companies.

In some companies the financial advisor not only performed the audit of the accounts but was also responsible for the accounts as well.

Insurance companies had made a representation to the Government through their board that the post of a financial advisor should be filled in through internal appointments. They had argued that audit and accounts of an insurance companies would require a longer exposure to the insurance industry.

The companies had also said that the bureaucrat was required to overlook the performance of the state-owned companies since there was no regulator at that time.

PSU INSURERS TO PRUNE HEADCOUNT

The nationalised insurance companies, which account for bulk of general insurance business in India, are likely to have just the right number of employees as per a specific set of parameters in line with the 'workload' and the 'premium' generated by an operating office, it is reported.

This will be according to the recently submitted recommendations of A. F. Ferguson, which has prescribed a 'time and motion' study to examine the 'cadre strength' at approximately 4,000 operating offices of the four insurance companies across the country.

The consultant has drawn up a formula to arrive at the optimum number of officers required at all the four tiers, — head offices, regional offices, divisional and branch offices, of the four nationalised companies — New India Assurance, National Insurance, United India Insurance and Oriental Insurance.

The Government had appointed A. F. Ferguson to look into placement issues apart from a rethink on the organisational set-up of these companies. The consultant had been asked to submit a complete chart of recommendations for the nationalised sector in the post Special Voluntary Retirement Scheme scenario.

Financial sector likes IIM-A Grads

Students at the Indian Institute of Management, Ahmedabad have emerged favourites for the financial services sector in 2004 according to newspaper reports.

At 'Summers-2004', the annual placement event of the institute, 40 per cent of the batch was placed in the financial services sector. Sixteen per cent was recruited by investment banks abroad, which is higher than all other B-schools in India combined.

Also, many new companies such as Barclays and American Express Financial Advisors recruited interns from IIM-A for the first time.

Banks offering overseas internships increased to 10 from 9 in 2003. Some international banks such as Morgan Stanley recruit only from this institute. Other day-zero banks are Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Lehman Brothers and Merrill Lynch.

Indian offers kept pace with the rise in that from abroad due to increased hiring and addition of new recruiters. Bank of America, Citibank, ICICI, IFC and Standard Chartered are some of the companies that continued their association with the institute," Mr. Shashank Khare, placement incharge, IIM-A, was reported saying.

One of the sectors which witnessed a rise in offers was insurance, a consequence of the booming Indian insurance sector. ICICI Prudential was the largest recruiter in the banking and financial services sector.

ICICI Lombard and ING Vysya Life Insurance recruited for the first time from the institute.

INSURANCE COVER FOR CALAMITY - PRONE AREAS

Reeling under a huge financial cost of rescue, relief, rehabilitation and reconstruction in the wake of the tsunami disaster, the Union Government is contemplating to include a mandatory provision for insurance of people living in calamity-prone areas in the proposed Central law on disaster management, it is reported.

A senior Home Ministry official said that the Government is mulling a mandatory insurance provision for people living in the disaster-prone areas to at least partly meet the huge financial cost of rehabilitation and reconstructions in the wake of big disasters.

Maintaining that the contemplated provision for insurance of people in disaster-prone areas is in "a very, very nascent stage," the official said that while "the Government may decide to meet the cost of insurance premium for the poor," others will have to pay their insurance premium.

2005 WILL BE CRITICAL FOR REBUILDING INDUSTRY'S REPUTATION

A record year of natural disaster losses and Eliot Spitzer's investigations into payment practices highlighted the urgent need for the insurance industry to tackle its reputation and practices during 2005, Lord Levene, Chairman of Lloyd's, warned insurers.

Lord Levene said the Spitzer investigation, the Asian tsunami disaster and the Silverstein court case regarding the disputed policy wordings in the World Trade Center contracts added up to three "defining events" in 2004 from which the industry must learn.

Speaking to senior Boston insurance professionals, Lord Levene said that, having witnessed the Tsunami disaster first hand, it was clearer to him than ever that "early warning systems" were vital to prepare for global risks — both natural and corporate.

"It is not only the insurance industry and corporate boards that need to address risk management. The world needs to prepare for the most unthinkable disasters," he said. "Risk management should be addressed by everyone."

"I wish I could report that the defining events were triumphs, which enhanced the standing and reputation of our industry in the eyes of consumers and business leaders — but that is not the case. Each defining event presents the insurance industry with a major challenge to get our house in order and improve our reputation," he said.

Effective risk management, combined with greater transparency and contract certainty, are urgently needed to restore the insurance industry's tarnished reputation, he said. In addition, the industry needs to maintain strong balance sheets to fulfill its vital role in helping to re-build after major disasters.

On contract certainty, Lord Levene said only 23 percent of risk managers received their final policies in a timely fashion and error free, according to a fall survey by "National Underwriter." In the Silverstein case, it was found that only one insurer had issued a final policy on the World Trade Center prior to the September 11th attacks.

"To any outsider, it must seem highly unusual that this single agreement should not be in place," he explained. "The insurance industry owes it to its customers as well as to itself to ensure that cover is fully agreed and clearly documented right from the start."

Similarly, Lord Levene said New York Attorney General Eliot Spitzer's ongoing investigation of the insurance industry — resulting in corporate leadership changes, criminal charges against senior executives and business overhauls at the largest brokers — emphasized the need for greater transparency.

"We need to take careful stock of our inter-relationships and workings," he told insurers. "We need to be clear and unambiguous on who is doing what exactly, for whom, and at precisely what cost."

Reflecting on the Asian tsunami, which he witnessed while in Malaysia with his family, he said it came at a record year for natural catastrophes with insured losses over $50 billion, including a record typhoon season in Japan and the four major hurricanes that hit Florida in a month. This was a sharp reminder that the risk from natural catastrophes is increasing and insurers need to rethink how they evaluate financial risks.

"The surge in catastrophic events also reminds us of the importance of pricing risk correctly. The critical role of insurance is to pay claims, to assist the process of rebuilding. But the industry can only do that if its balance sheet is strong," he said. "The insurance industry's long overdue profits in recent years have been delivered in the context of a very hard market and the overriding pressure on prices is now a downwards one.

"2004 only reinforces the trend towards higher losses. Rising population densities and growing concentrations of people and businesses in catastrophe-prone areas are the drivers. It suggests the way in which we prepare for disasters may not be quite right ... even where the risk itself is slight, the consequences may well be great enough to warrant better preventative measures."

NEW RULES PROMPT INSURANCE PREMIUMS WARNING

Further extension of rules governing the insurance industry could lead to higher premiums for customers, the Association of British Insurers (ABI) warned.

The comments came as the Financial Services Authority (FSA) took on supervision of general insurance and brokers. The regulator said about 40,000 companies selling or advising on the sale of insurance had obtained authorisation, more than it expected.

The FSA warned that some companies that sold insurance alongside their main products would have failed to apply for authorisation in time, and would therefore be unable to sell insurance as of January 13.

The ABI said the FSA had produced a "pragmatic" set of rules. But it added: "This is the start of the process, not the end of the process. The rules and regulations are going to evolve."

The FSA has estimated the cost to the industry of complying with the new rules at £216m, or £2.80 per policy, if the cost was fully passed on to consumers

RESEARCH: LIFE INDUSTRY INCREASINGLY FAVOURS MULTINATIONAL PLATFORM

The convergence of regulatory environments for the financial markets and the banking industry has created a friendlier climate for multinational life insurers, according to a new study by Conning Research and Consulting, Inc.

"The insurance industry is consolidating internationally," said Terence Martin, analyst at Conning Research & Consulting. "In fact, large multinational insurance companies control more than 50% of the U.S. life insurance market, as measured by 2003 premiums."

The Conning Research study, "Multinational Life Insurers: Opportunities and Innovations in a Converging World" identifies the key issues related to international expansion in the life industry, and offers an overview of global markets, regulations, strategies, and best practices of the multinational players.

"The convergence of the world's financial markets created the consistency that firms needed to grow across borders," said Stephan Christiansen, research director at Conning Research & Consulting. "Now the question they face is how to successfully seize these new opportunities."

INSURERS CUT COVER TO DRUG FIRMS

Companies are cutting the amount of cover they are prepared to offer big drug manufacturers against litigation amid fears of a surge in new lawsuits from patients.

Analysts say that underwriting capacity — the maximum amount that an insurer is willing to lose to a single client — has plunged by $150 million (£80 million) in the past two weeks to $600 million. If insurers continue to reign back their cover at this rate, most big drug companies will effectively be left uninsurable by the end of the decade.

Already most of the larger companies have been forced to share the risks of legal action as a pre-condition to getting outside cover. However, the reluctance of insurers to foot legal bills could leave drug makers facing losses of tens of billions of dollars.

The latest crisis was compounded when AIG, one of the biggest players in drug liability cover, cut its underwriting capacity in half to $25 million. The US insurance giant also ordered the Allied World Assurance Company, its Bermuda-based offshoot, to reduce capacity by a similar amount. It is understood that risk assessors are reviewing the limits at a third company in the group.

David Thomas, an expert in liability cover at Willis, the London insurance broker, said last night that the situation was unlikely to improve. "The perception among pharmaceutical companies is that insurers are eliminating cover at the first sign of a problem — real or imagined," he said. He also said that insurers were imposing tough new conditions.

Swiss Re, another big player in the market, recently told potential clients that it would write liability cover only if companies agreed to onerous reporting requirements. It now insists that companies notify it within 60 days of any material change to the regulatory position of any drug in its portfolio. "The concern is that the consequence will be the exclusion from cover of significant product lines where there is no evidence of a major problem," Mr. Thomas said.

It is understood that policies up for renewal are already being amended to exclude Cox-2 inhibitors, the class of drug to which Vioxx, the anti-inflammatory medicine, belongs. Merck withdrew that drug last autumn after it was linked to more than 30,000 heart attacks.

Analysts estimate that up to 30 drugs are now on the exclusion list, with more to follow.

The cost of insurance has risen fivefold in the past three years as the number of class-action lawsuits in the US has soared.

One reinsurance company estimated that its losses in the sector were 200 times higher than the level of premiums that it had received over the past decade. The crisis is expected to deepen this year in the US, where Merck is fighting several class actions.

Analysts estimate that the company faces a potential litigation bill of $17 billion or more. Last month Merck said that its insurance cover ran to $630 million.

OLDER DRIVERS MORE LIKELY TO DIE IN CAR CRASHES

Drivers over the age of 65 are almost twice (1.78 times) as likely to die in car crashes as drivers age 55 to 64, according to a new study released today by the AAA Foundation for Traffic Safety. The study found that the probability of death or injury in car crashes increase with age, as does the likelihood that an older driver will be involved in a left-turn crash, affected by illness, or suffer from lapses in perception that could contribute to a crash.

The "Older Driver Involvement in Injury Crashes" report also revealed that drivers over 75 were over two-and-a-half times (2.59) as likely to die in a car crash and drivers over 85 were almost four times (3.72) as likely to die when compared to drivers aged 55 to 64.

"As we age, our reaction time and other cognitive skills can diminish," said Peter Kissinger, President of the AAA Foundation for Traffic Safety. "For instance, our eyesight deteriorates to such an extent that by age 60 we require ten times the amount of light necessary to see an object as when we were 16."

Moreover, the population of seniors is increasing substantially - by 2030 one in five Americans will be 65 or older. "Thus, dealing with this vulnerable population represents a major public health issue."

The study also found that senior drivers are more likely to be involved in left-turn crashes as they age. The potential left-turn crash-risk is 25% higher for 65 year-olds and 50% higher for 85 year-olds compared to 55 to 64 year-olds.

In addition, when compared to drivers 55 to 64 those over 65 were more likely to have been ill or suffering from some other physical ailment and more often to have had perceptual lapses that contributed to their crash.

The Texas Transportation Institute conducted the study for the AAA Foundation. The findings are based on an analysis of 25 years of data involving four million injury crashes in Texas.

"Second only to teen drivers, older drivers are the second most likely group to sustain injuries or death in traffic crashes," said Kissinger. "It is vital that seniors periodically and honestly review their driving performance."

The AAA Foundation suggests that both physicians and children of senior drivers can play a major role in assessing older driver's capabilities. Also, most senior drivers would benefit from taking refresher training or a driver improvement course, which in many states will qualify the individual for a car insurance discount.

ON ASSETS & LIABILITIES

Institute of Insurance and Risk Management (IIRM) held a one day Workshop on Asset Liability Management for Financial Services on December 7 at Hyderabad. The workshop included sessions on Investment principles, the evolution of financial models towards integrated ALM, case studies of ALM in banks and insurance companies and about ALM and dynamic financial analysis for a general insurer.

L to R: Mr. C. S. Rao, Chairman, IRDA and Mr. Chris Daykin, Actuary, Government of UK share a comment during the workshop on ALM for Financial Services.

RISK MANAGEMENT

Institute of Insurance and Risk Management (IIRM) held a one day conference on Risk Management in Financial Institutions on December 6 at Mumbai. Topics discussed included Recent Regulatory Developments, Enterprise Risk Management, Performance and Value Creation, Challenges and Obstacles of Implementing New Regulations in Financial Services in India and Risk Management in Financial Institutions.

L to R: Mr. G. N. Bajpai, Chairman, Securities and Exchange Board of India (SEBI) speaks on Risk Management at IIRM's conference. On the dais are Ms. Maizon Omar, Director and CEO, IIRM, Ms. K. J. Udeshi, Deputy Governor, Reserve Bank of India and Mr. C. S. Rao, Chairman, IRDA.

FINANCE FORUM

Confederation of Indian Industry (CII), Southern Region, held a two day Conference on "Emerging Global Trends in Corporate Finance" on November 4 and 5 in Chennai under it's the India Finance Forum 2004 series of events.

L to R: Mr. N. Santhanam, Group President, finance, Legal and CFO, Piramal Entreprises Ltd., Mr. Sunil Subramanian, Member Steering Committee, TIFF 2004 and Mr. R. Seshasayee, Managing Director, Ashok Leyland Ltd. sharing their insights on the role of the chief financial officers in value creation to the organisation at the valedictory session on the second day of the conference.

Recent events have highlighted a lack of transparency in our industry's workings. It demonstrates that the antiquated practices of the insurance industry lag behind what an open, transparent 21st century business environment expects. Serious overhaul is needed.

Lord Peter Levene, Chairman, Lloyd's of London.

My main worry is all our agents are selling ULIP. What happens when markets change? Will they know how to sell traditional policies as the customer realises the risk factor has been passed on to him.

Mr. Sam Ghosh, CEO, Allianz Bajaj Life Insurance Company

Too much dependence on unit-linked products is not desirable, since these are strictly metropolitan products. ideally, we would like unit-linked products to contribute for around 30 per cent of our total business from the next year onwards.

Mr. S. Muralidharan, Chief Marketing Officer, SBI Life Insurance Company Limited

The most important factor in disaster reduction is to learn lessons from past disasters and to take measures in response... In the devastated and vulnerable land after World War II, every major typhoon cost us thousands of lives. Japan has since reinforced the systems for disaster management and invested in disaster reduction. Today, the number of victims from typhoons has been greatly reduced.

Japan's Emperor Akihito at the opening session of the UN World Conference on Disaster Reduction in Japan.

We must draw on every lesson we can. The world looks to this conference to help make communities and nations more resilient in the face of natural disasters.

Mr. Kofi Annan, Secretary General, United Nations, at the UN World Conference on Disaster Reduction in Kobe, Japan.

We are taking a look at the detariffing issue and have decided against introduction of detariffed premium from April 1, 2005 as was earlier decided. Insurance companies ...had requested detariffing of the entire insurance segment in one go, but we at IRDA do not subscribe to the idea.

Mr. C. S. Rao, Chairman, IRDA

RNI No: APBIL/2002/9589

Events

7 - 12 February, 2005
Venue: Pune
Reinsurance Management (Non-Life) by National Insurance Academy (NIA), Pune

10 - 12 February, 2005
Venue: Pune
Life Insurance Regulations by NIA

14 - 19 February, 2005
Venue: Pune
Actuarial Practices in Life Insurance by NIA

21 - 26 February, 2005
Venue: Pune
Insurance Regulations (Non-Life) by NIA

28 February - 2 March, 2005
Venue: Pune
Financial Risk Insurance and Insurance Derivatives by NIA

3 - 4 March, 2005
Venue: Seoul
Bancassurance & Alternative Distribution Channels in Asia by Asia Insurance Review

20 - 22 March, 2005
Venue: Taipei
5th Asian CEO Insurance Summit by Asia Insurance Review
Theme: "Creating a World Class Management Culture for Growth and Success in Asia"