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From the Publisher

The blueprint for reforms in the insurance industry over the course of the last decade has been based on a plan of action recommended by the Malhotra committee appointed by the Government in 1993. Reforms in any sector are not static but undergo changes over a period of time to suit the changing requirements of the sector. The Malhotra committee report, however, continues to serve the industry as an important reference point upon which a lot of the changes in statute have been based as also the establishment of the IRDA as an independent regulator responsible for the protection of policyholders' interest and the healthy growth of the insurance industry.

In this issue of **IRDA Journal** we take a look at the changes in the industry over the five years since the enactment of the IRDA Act in 1999 which ushered in the new regime, so to say, in this industry.

The industry has changed substantially and has responded well to the changing environment. Our writers this month reflect on how things were meant to be according to the Committee and how events have actually played out, and try to look into the future as well.

Our next issue will focus on the lifeblood of the insurance industry on the marketing side, especially of life and personal lines businesses: insurance agents. The much talked of, and little understood, profession has before it impressive peaks to climb just as it has obstacles to overcome. We shall try to look at some of them next month.

C.S. Rao

C.S.RAO

Inside

ISSUE FOCUS

Looking Ahead

When I start work on each issue of **IRDA Journal**, the predominant feeling is one of being overwhelmed. Like the proverbial kid in a candy store, I am amazed by the possibilities to explore, the developments to track and by the level of interest, involvement and sharpness of the brains in this industry. It was with this feeling of awe that I started this issue too. I have done it 24 times, but it was like working on the first issue all over again.

And that is as it should be because the business we write about is new every day. And, as I have no doubt repeated myself earlier, looking at the past always delineates better for us the contours of the future.

That is what we have tried to do in this issue of **IRDA Journal**. We look back on five years of the new dispensation in the insurance industry through the eyes of various observers of the industry. Each comments on one aspect of the industry through the years and aligns it with what should and can be done further.

We have Mr. G. V. Rao talking of what the Government should do to take forward the reforms and Mr. Arup Chatterjee focussing on that unique responsibility of the IRDA – its development function.

Mr. Rajeev Ahuja, a first time writer for the Journal, who is with Indian Council for Research on International Economic Relations (ICRIER), dwells on social and rural sector coverage of the insurance sector while Mr. Ravishankar, CFO & Director of CRISIL talks about investments, also writing for us for the first time. Mr. P. S. Prabhakar, our accounting and audit columnist discusses developments in those areas in the last five years.

Mr. Apparao Machiraju presents his vision of training for insurance agents – the oxygen carriers of the industry. In the context of the ongoing experience with agents training systems in the industry, this ideal represents something that the profession should strive for.

Mr. Felix Walder, another debutant writer, who has been in support services for health insurance for over a decade presents his idea of universal health coverage while I try to unify these themes with the Malhotra committee observations and recommendations as the backdrop.

We hope you enjoy the discussions presented this month. In our next issue we take a look at the profession of the insurance agent. The much beleaguered engine of growth for personal lines business bears much scrutiny as you will find!

Trusted Friend!

K. Nitya Kalyani

It's the silent army of a spurned kingdom. Hundreds of thousands of agents, or advisors or consultants as the contemporary terminology may be, talk to reluctant, and barely patient, prospects trying to get them to buy a product that does not seem exactly glamorous. The same prospects spare more time, energy and enthusiasm for buying Diwali gifts.

Yet, it can be that carelessly bought insurance policy, reluctantly or resignedly paid for, that ensures that medical expenses are paid. Or protects a devastated family when the bread winner dies. That is when that pesky insurance agent assumes the proportions of a heavenly angel!

The army is equally ill-equipped to deal with such an important product as well. Barring the top, the creamy layer, your average agent who sells insurance for a living is groping in the dark – or not trying at all.

Between the indifferent customer and the bewildered seller, the precious jewel of protection languishes.

The insurance agent in India has gone through significant ups and downs, more so in the recent years. And this is not only because of the competition in the insurance industry but began over a decade and a half ago when the capital and investment markets started blossoming, bringing in equity shares and debentures, fixed deposits and mutual funds and even time shares and housing property to compete for the same investment Rupee as the insurance policy.

> It is up to the agent to re-establish at a significantly higher level his role as the circulatory system of the industry.

At the same time, in the last few years the agency system has fallen in line with the new training and licensing requirements, a system that is undergoing mid-course corrections right now. The training requirements were brought in to emphasise the need for visible professionalisation of the channel and it has become obvious that this is a topic that has to be constantly revisited to do justice to the constituency it serves and the goals it aspires to.

The agency remuneration system needs change think some, while other insist that it's fine as it is. Rebating is a blight whose blame is being squarely laid at the doorsteps of the agents – or brokers – as the case may be. Corporate agents have their own share of issues to deal with and questions to answer and get answered, while individual agents are worried that their turf is being encroached upon squarely.

Today, investment is becoming more sophisticated and the customer more demanding. Technology is threatening to become the next major intermediary and products become commodities almost as they are launched. It is up to the agent to re-establish at a significantly higher level his role as the circulatory system of the industry – the one who carries the oxygen of revenues across the system.

What are his strengths as he goes about this job and what stops him short is what we will try to have a look at in the next issue of **IRDA Journal.**

If you wish to write about this, please call on 98851-75757 or send an email to irdajournal@irdaonline.org. Deadlines are short, but the topic is compelling enough, I am sure.

THE

SILENT ARMY

The next issue is about insurance agents

IBNR Reserves Reporting

IRDA has initiated steps for all general insurance companies to report in a more detailed manner, the methodology they adopt for calculating reserves under the incurred but not reported and incurred but not enough reported (IBNR and IBNER) categories.

In a circular to all general insurers and reinsurers, IRDA has, under the requirements of Schedule II-b of IRDA (assets, liability and solvency margin) Regulations which requires insurers furnish IBNR reserves certified by the individual's appointed actuary, asked for more detailed reports to be furnished under all categories of business including Fire, Marine Cargo, Marine Hull, Motor, Engineering, Aviation and Health.

The IRDA circular mentions that insurers must describe what data has been furnished to the appointed actuary with brief particulars including whether data is in the electronic form or manual form, registers kept and maintained and reconciliation procedures adopted to check the accuracy of the data, which has multiple sources for compilation.

The regulator also directed insurers to state the method adopted by it or the appointed actuary and the reasons for choosing the method.

The appointed actuary has to make a comment on the nature, incidence and credibility of information provided to him by the insurer in determining the IBNR reserves.

Elections to the TAC

Elections to the board of the Tariff Advisory Committee (TAC) have been notified and the process is to be completed on December 23 with a counting of votes and declaration of results.

The board of the TAC, the statutory body that sets the rates and terms for most general insurance businesses, has representation from various industry segments. Prior to 1971 the board members were elected by their peers as is required by the Insurance Act, 1938, but in the intervening years the process followed was that of nomination.

Recently, the Union Government indicated that there should be a return to the election system and amended the rules under the Insurance Act to facilitate the IRDA to take up the process. Following this, IRDA has come out with regulations regarding TAC elections and this was gazetted on November 3. The regulations (full text available on the IRDA site: www.irdaindia.org) set out the procedures for conducting the elections.

The Secretary of the TAC is the Election Officer under these regulations and he has notified the elections with the counting of votes and declaration of results scheduled for December 23, 2004.

There are four constituencies for the election. Public sector general insurance companies have four position on the board against their strength of six companies (New India, National, Oriental, United India, ECGC and AICI), private sector general insurers have four (eight companies: Royal Sundaram, Reliance General, Tata AIG General, Cholamandalam MS General, ICICI Lombard, HDFC Chubb, Bajaj Allianz and IFFCO-Tokio), reinsurers have one (one company: General Insurance Corporation of India) and exempted insurers have one (five entities which are insurance departments of the states of Gujarat, Maharashtra, Rajasthan, Karnataka and Kerala).

Only CEOs of the companies/ entities in these constituencies may be nominated for candidature and only CEOs may vote.

IRDA revokes suspension of broker

IRDA has, through its order dated November 11, revoked the suspension of insurance broker Corporate Risk India Pvt Ltd.

The broker, suspended by the Authority in March this year, has been allowed to resume business with effect from November 15 subject to the condition that reinsurance broking activities will not commence without appointing a person with suitable working experience to head that business, getting IRDA approval for that appointment and documenting the procedures manual and forms to be used for reinsurance broking including the delegation of authority within the company for various functions.

Further, the company can undertake reinsurance broking only upon the instruction of an insurer providing direct insurance cover or quoting for the insurance cover of a client and it should keep the direct broking and reinsurance broking of the same client separate and quote independently for each. The broker has also been told it should report to the insurer the terms obtained for reinsurance as orignially received without any modifications and that the cover note provided to the insurer for reinsurance should be a total true reproduction of the terms at which reinsurance has been placed including the names and shares of reinsurers.

Further the broker has to furnish to the insurer a true copy of the placement slip signed by the leading reinsurer quoting terms.

The broker is required also to file with the IRDA monthly reports on the reinsurance risks handled giving all particulars of risks handled and various other details for the first six months after resumption of reinsurance broking business.

IRDA relaxes IPO investment norms

IRDA has allowed insurance companies to categorise investment through Initial Public Offers (IPOs) in equity shares of reputed companies with a good performance track record as Approved Investments, thus easing investment norms. The criteria for financial soundness and good track record are to be set by the boards of individual insurance companies themselves.

According to IRDA's circular: As per the current regulations, investment in equity shares issued through an IPO has to be categorised as "Other than Approved Investments." However, in the context of IPOs by well known corporates, where the issue size is fairly large and the (issuer) corporates are known to have good performance record and sound financials, suggestions have been received to consider some relaxation and to categorise investment in equity through their IPOs under "Approved Investments."

Arising out of this suggestion the following criteria are proposed after considering the comments received from insurers in this matter. Equity shares offered through IPOs which satisfy all of the following criteria may be categorised as "Approved Investments."

1. Equity Shares are being "listed" through the IPO.
2. Size of the issue of Equity Shares through IPO, including offer for sales is not less Rs.500 Crore.
3. Number of shares offered is not less than five million shares.
4. The company issuing shares through IPO shall belong to a financially sound group with good performance record, for which the insurer's board shall lay down the criteria.
5. Performance track record of the company including Earnings and Dividend record, Dividend Criteria is satisfied:
    1. for at least seven past years as "unlisted" company asprescribed in the Insurance Act (Sec 27A) in the case of life insurance companies
    2. for at least three past years as "unlisted" company as prescribed in the Insurance Act (Sec 27B) in the case of general insurance companies,

    Provided, in the case of investee companies, formed out of 'de-merger' of a parent company, issuing shares through IPO, the performance track record would apply with reference to the parent company.
6. The investment in equity shares should comply with prudential and exposure norms as prescribed and in particular, Note No 7 to Section 3 and 4 of IRDA (Investment) Regulations, 2000 (as amended) i.e., "actively traded" and "liquid instrument" conditions should be satisfied within 3 months from the date of listing.
7. Such investments shall be subject to periodical review, particularly as to Approved status.

Agents Training Institutes given more time

Following the standard instructions issued in early October to agents training institutes for their licensing and renewal, IRDA had asked them to convey their willingness to abide by these instructions using a prescribed format.

By the deadline on November 9, IRDA had received only 407 complete confirmations (list placed on website www.irdaindia.org) and proposes to issue instructions to insurers that they may utilise the services of these institutes for pre-licensing training for their agent recruits.

IRDA has also decided to provide the institutes with another opportunity to send their confirmation and extended the deadline to November 30 for the purpose. Institutes failing to send confirmations by that date will be presumed to be no longer interested in continuing with the accreditation and carrying on the activity of pre-licensing training, and their accreditation will be cancelled without further notice says a circular from IRDA.

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Time of Death

—What the Courts Said

N. Swaminathan takes a detailed look at the law relating to statutory presumption of death, the time of death, and the application of these to life insurance.

Death is one of the stark realities of life. It is the ultimate truth. Everything in life is uncertain after birth, death is an exception and is certain to happen in one's life.

But there may be situations where the exact time and manner of death of a person cannot be ascertained or known. Say for example, a person suddenly disappears and his whereabouts are not known thereafter, despite reasonable efforts to his near and dear relatives or people who ought to have known about his existence in the normal course had he been alive.

In such a situation, the question arises as to when the nominees of the missing insured can lay a claim to the benefits of the policies and what their obligations are. Are they bound to continue to pay premium on behalf of such insured? If so, how long are they bound to make payment, and when does the law presume the death of such an insured?

These were the points of law adjudicated and decided by the Supreme Court in a recent case of *LIC of India V. Anuradha*. In order to appreciate the facts and points of law involved in that case, it is necessary to analyse and understand sections 107 and 108 of the Indian Evidence Act, 1872, which read as under:-

"107. **Burden of proving death of person known to have been alive within thirty years.** - When the question is whether a man is alive or dead, and it is shown that he was alive within thirty years, the burden of proving that he is dead is on the person who affirms it."

"108. **Burden of proving that person is alive who has not been heard of for seven years.** - Provided that when the question is whether a man is alive or dead, and it is proved that he has not been heard of for seven years by those who would naturally have heard of him if he had been alive, the burden of proving that he is alive is shifted to the person who affirms it."

Section 107 lays down a general rule as to presumption of existence of a person or presumption of life and section 108 is an exception to this rule. Section 107 envisages that whenever in a suit or other proceedings a question arises as to whether a person is dead or alive and it is shown to the court that this gentleman was alive within thirty years calculated backwards from the time when this question has arisen, then the burden to prove that he is dead shifts to the person who asserts or contends that he is dead.

> The Supreme Court held that both the High Court and the Commission went wrong in holding that after the lapse of seven years, when the matter came up before the court, not only the death, but also the time of death could be assumed, which would be the time when the fact of missing was first noticed.

Section 108 carves out an exception to this general rule under certain circumstance and, if the case falls under those circumstances, then the burden shifts to the person who asserts and contends that the subject is alive to disprove the statutory presumption of his death. The circumstance specified is if the person is unheard of for the last seven years from the date when such a question arose before the court.

The statutory presumption envisaged in section 108 is only in regard to death of the subject person, that too after the lapse of seven years and if time lapsed is only six years and 364 days this presumption cannot be applied. Moreover, this presumption is not available as to the point of time of death of the subject person. This fact has to be proved by direct or circumstantial evidence.

In other words, only can the death be presumed. It cannot be "assumed that the presumed death had synchronised with the date when he was reported to be missing or that the date and time of death could be correlated to the point of time coinciding with the commencement of calculation of seven years backwards from the date of initiation of legal proceeding."

Having understood the principles of statutory presumption of death , let us now revert to the facts of the aforementioned case:- one Mr. Sham Prakash Sharma, the late husband of the Mrs. Anuradha (Respondent before the Supreme Court) had taken a life insurance policy from the LIC, the Petitioner before the Supreme Court. The policy commenced with effect from February 8, 1986. The premium was payable every six months and it was paid for two years. The respondent's husband suddenly disappeared from Bombay on

July 17, 1988 and thereafter he was not traceable and his whereabouts were not known. The respondent lodged a first information report with the police.

On July 11, 1988, LIC had sent a communication addressed to Mr. Sham Prakash Sharma, delivered at his residence, informing him that the insurance policy had lapsed for non-payment of premium. On June 29, 1996 the respondent approached the LIC for release of benefits under the policy proceeding on an assumption that Mr. Sham Prakash was dead as he had not been heard of for a period of more than seven years. The LIC turned down the claim of the respondent relying on Rule 14 of the Insurance Manual which reads as under :

"Where a person is reported missing, it is to be advised to the claimant that life insured will be presumed to be dead after seven years or production of the decree from the court of law and in the meantime policy is to be kept in force by making payment of premium regularly."

The respondent, aggrieved by the rejection approached the State Consumer Disputes Redressal Commission complaining of deficiency in service on the part of the Petitioner. The Petitioner, namely, LIC, refuted the contention of deficiency and contended that the policy had lapsed, since it was not kept alive, and the claim was not maintainable.

The State Commission accepted the respondent's claim and held that Rule 14 relied on by the Petitioner had no relevance in view of the statutory presumption arising under Section 108 of the Evidence Act. The petitioner, namely, LIC, preferred an appeal before the High Court and which was also dismissed.

The Petitioner, LIC, filed an appeal before the Supreme Court against the judgement of the High Court and, during the course of hearing of the appeal, it was submitted by the counsel for the LIC that in this case it has no objection to the release of payment due under the policy to the respondent as ex-gratia payment and to honour the judgment of the High Court, and that it was only interested in getting the law settled in this area.

The Supreme Court held that both the High Court and the Commission went wrong in holding that after the lapse of seven years, when the matter came up before the court, not only the death could be presumed but also the time of death could be assumed, which would be the time when the fact of missing was first noticed.

> The Supreme Court held that, under section 108, only death could be presumed and not the time of death. This fact has to be proved through independent evidence either direct or circumstantial.

The Supreme Court held that, under section 108, only death could be presumed and not the time of death. This fact has to be proved through independent evidence either direct or circumstantial. It further held that the High Court and Commission went wrong in holding "that on the expiry of seven years by the time the issue came to be raised in Consumer Forum or Civil Court and evidence was adduced that the person was not heard of for a period of seven years by the wife and/or family members of the person then not only the death could be presumed but it could also be assumed that the presumed death had synchronised with the date when he was reported to be missing or that the date and time of death could be correlated to the point of time coinciding with the commencement of calculation of seven years backwards from the date of initiation of legal proceedings."

The Supreme Court further held that, in order to successfully maintain the claim for benefit under the insurance policy, it is necessary for the policy to have been kept alive by punctual payment of premiums until the claim was made. The Apex Court also held the Petitioner, namely, LIC was justified in turning down the claims by pleading that the policies had lapsed and all that could be paid to the claimants was the paid-up value of the policies.

The following propositions can be formulated from the above:

- After the lapse of seven years, only death could be presumed by the court.
- There is no presumption of time of death under section 108.
- Time of death has to be proved by independent evidence.
- The claimant, in order to successfully maintain the claim in such cases, has to continue to pay premium till the claim is made, failure to pay premium shall lead to lapse of policy and disentitle the nominee or claimant to claim the entire amount payable under the policy.

The author is Manager, Legal, ICICI Lombard General Insurance Company. The views expressed here are his own.

The Plan to Work to

—Taking Stock of Five Years of a Liberalised Insurance Market

K. Nitya Kalyani outlines the leading recommendations and observations of the Malhotra committee report and assesses what has been achieved and what lies ahead.

When the Committee on Reforms in the Insurance Sector, chaired by Mr. R. N. Malhotra, submitted its report, the document presented a brave, new world of possibilities and potential to an economy that was newly liberalising, looking with shining eyes at the oppurtunities that had suddenly been presented to it.

It assessed the strengths and weaknesses of the industry that had gone through indiscipline and consequent incarceration, and which now needed to break the shackles. Some of the observations and many of the recommendations made for unhappy reading by a section of the nationalised insurance industry that was dismayed at the prospect of change in the status quo and upset at the 'accusations' inherent in the weaknesses stated.

But large parts of the same industry saw the truth in the report and that in it was reflected the very things they had identified and wished would change so that they could have better careers within the companies and more job opportunities in the industry. Outside the industry, its customers were hugely relieved at the prospect of the weaknesses being strengthened and the existing strengths being retained.

The first step is always the hardest, and so it was with the implementation of the committee's report. No, it was not the creation of the new regulator – the Insurance Regulatory and Development Authority (IRDA) – whose immediate job was thought to be, and indeed was, the introduction of private sector competition. Though that was the most visible and bumpy development in the reforms in this industry, there were measures preceding the passing of the IRDA Bill that faced tough opposition – passive aggression say knowledgeable commentators – from various sections of the industry.

One of these was that the Chairman of the Insurance Regulatory Authority (IRA) – the interim body that was later to become the IRDA – was made the Controller of Insurance. Until then, during nationalisation, the non-life insurance industry was regulated by the holding company of the four insurers, the General Insurance Corporation of India which was itself a player in the industry writing Marine and Aviation Hull businesses and writing or placing almost all reinsurance business.

A second measure, which came quickly after the committee's report but passed peacefully and perhaps was welcomed too, was the easing of mandated investment norms for non-life insurers. Requirements to invest in government securities was lowered thus freeing more investible funds to go into market related investments thus opening up a significant opportunity to the insurers to take advantage of the stock market boom that characterised the early 90s. Levels of funds pre-emption for life insurers has remained the same.

> The first step is always the hardest, and so it was with the implementation of the committee's report.

A third measure was such a fiasco that even today we are haunted by its ghost, paralysing us from making progress in other areas, and visibly killing a portfolio that should have seen much organic growth – the detariffing of the Marine Cargo business. The measure was initiated by the GIC while it still held the regulatory reins, in 1994, and in a matter of hours, the industry proved that it would act before it would think – not a compliment to any insurance industry anywhere.

Underquoting killed premium levels in one shot and the growth in international trade of the country and that of domestic cargo movements (related to industrial delicensing and its consequent growth, the increases in agricultural output, the growing sophistication in manufactured goods etc.) has never reflected in the growth trends in Marine Cargo premiums. Bad pricing was not the only culprit though. The fact that this class of business did not have to follow a tariff which still applied to Fire and Engineering businesses meant that insurers had to sacrifice premiums here to capture the lucrative Fire business.

The varied experiences of these measures no doubt alerted the authorities that reform proposals, as good as they may be, had to be carefully timed and sequenced to avoid shocks in the market. A market that even today – after over half a century – still blanches at the thought of the failures and problems that led to nationalisation in the first place.

After the passing of the IRDA Act in November 1999 (after it achieved the exceptional distinction of having been proposed AND defeated by each of the three principal ruling coalitions in turn!), the IRDA has set about changing the way the insurance business is conducted in the country through regulations. Amendments to the other statutes relating to the insurance business meant that new, private insurers could now be registered by the IRDA among other things.

The significant recommendations of the Malhotra committee that have been implemented relate to the setting up of the independent regulator itself. The committee had said:

"Insurers are repositories of public trust..... Insurers everywhere are, therefore, subject to regulation by the state in some form or the other with the objective that the business: is run fairly, is conducted by competent persons, does not result in undue losses to the insurers themselves resulting in their insolvency, and, last but not the least, protects the legitimate interest of the insuring public."

The suggestions received by the committee are overwhelmingly in favour of having a strong regulatory authority, it stresses and had recommended that the new regulator "should have full functional autonomy and operational ability to discharge its functions in a free and fair manner."

It specified that it should be a statutory, autonomous board along the lines of SEBI and that it should be a highly professional and compact organisation with adequate information technology support. It should have an independent source for financing its establishment and activities and for this purpose it should be permitted to levy a charge of say 0.05 per cent of the yearly Indian premium income of the insurance industry.

The duties that the committee defined for the regulator were to set capital adequacy, solvency margins and other prudential norms for entities in this business, to grant registration for transacting insurance in the light of these norms, to set standards for insurance products and create a system of file and use for them, to ensure compliance with prescribed ceilings for management expenses of insurers and agency commissions, to monitor reinsurance business quality, to ensure the maintenance of adequate technical reserves by insurers, to monitor their adherence to prudential norms, to ensure high standards of accounting and transparency of balance sheets of insurance companies, to detect badly managed, unhealthy or failing insurers and to take suitable corrective action including appointment of administrators to temporarily manage such companies and, where warranted, cancel the registration.

Many of these, as the committee points out, were already provided for in law and were being highlighted because of their importance.

With regard to liberalising the market, most of the committee's recommendations have been implemented. They relate to allowing the private sector to enter the business, not allowing composites (companies transacting life and non-life businesses), entry capital of Rs. 100 crores, shareholding ceilings for promoters, entry of foreign promoters through and Indian entity and in partnership with a Indian entity and clear and transparent norms for entering and transacting the business including conditions to ensure that the small man or rural businesses are not neglected.

> The varied experiences no doubt alerted the authorities that reform proposals, as good as they may be, had to be carefully timed and sequenced to avoid shocks in the market.

The committee did recommend that a lower capital can be prescribed for state level cooperative institutions to take up life insurance business, a feature that is not part of the regulations.

Regarding other areas, one finds a fair mix of recommendations implemented and otherwise. Leading recommendations that have been adopted into everyday working include a file and use system for products – the pricing of which requires validation through certification by the appointed actuary of the company, and the continuation of the various pools administered by the GIC. The pools now in fact have grown in numbers.

The committee also recommended increasing Motor insurance premium which was done in two parts in the mid nineties and then in July 2002. The crux of the problem of unprofitable Motor portfolios continues to dog the industry.

The committee was of the opinion that tariffs could stay 'for the time being' as it was inadvisable to abolish them "at this stage." It however, recommended progressive reduction of selected tariffs such as Marine Hull, Aviation Hull, Loss of Profit, Fire and Engineering of complex industrial risks, Catastrophic risks and Professional Indemnity. Personal lines, it said, needed to be taken out of the tariff regime at the earliest.

A significant observation of the committee and one which is still a lacuna, affecting progress of the industry through detariffing is that the data collection system for the non-life industry, the responsibility of the Tariff Advisory Committee (TAC), was often incomplete, outdated and, over the years, the system has almost broken down. "This is a serious weakness," it observed, adding in its recommendations that a meaningful computerisation to collect, collate, analyse the vast date requirement of TAC and to provide it necessary decision support systems for its operations should be undertaken without delay.

Another leading recommendation that is yet to be implemented is that the investment norms for the industry be liberalised and that the investment strategy of the large players become more aggressive.

The IRDA has been following a conservative path in this, perhaps because that is more advisable in the initial years when the industry comes to terms with its new structure and the nature of a competitive market. Adding value to this argument is the volatility in the investment markets in the last decade or so. Diluting norms can be done easily once there is stability, but reversing such measures may be more difficult and damage could have been done by then.

Taking an overall view, the list of things to do presented by the committee to the authorities, are well underway, with many significant steps having already been in practice for five years now. The remaining require very careful implementation and those too seem to be on the anvil.

In conclusion, five years have been well spent – but they only mark the beginning of a very long journey with many peaks to scale.

Malhotra Revisited

— Unfinished Business

The recommendations of the Malhotra Committee need to be implemented in greater parts, especially in the area of price controls, writes ***G. V. Rao.***

The Malhotra Committee recommendations, tabled in January 1994 and implemented since 2000, have made a remarkable impact on the nation's non-life insurance industry. While the recommendations that have been carried out have brought the industry a long way, several others remain unimplemented.

For these to be implemented, the Government needs to first reappraise them for their current relevance, taking into view the present state of the global markets and its own reformist zeal. It can then issue necessary policy directions for their implementation to the TAC / IRDA, the two major statutory bodies. It should, in addition, identify the legislative areas that need consideration and enact new provisions for making the industry globally competitive and achieve the major goal of serving the financial security needs of many more millions of the uninsured public.

What particularly require attention are the recommendations on price controls in the non-life industry. The Government should direct the TAC to devise a process to implement the substantial dismantling of price controls for making insurance affordable and equitable to a wider section of the community.

Who should trigger the change?

Though it is not quite obvious to many who bear the responsibility for implementing the remaining accepted recommendations of the Committee, it is inferentially evident that the onus is still on the Government, either to issue directives to the IRDA or bring in legislation if necessary for their implementation. Not only is the Government a change agent of the society, but it is also the major investor in the insurance markets. Insurance, covering the capital exposures of the investors / Government and the financial security needs of the public, has an important role in shaping the national economy, and further reforms, therefore, need urgent attention.

It was the Government that recently took the initiative to consider how to provide a chartered status to insurance surveyors — one of the recommendations made by the Committee. This step is a clear enunciation that the Government believes that such initiatives are entirely in its domain.

The mandate for the Committee

The Committee was appointed to suggest structural changes needed in the insurance industry and to determine a broad framework of policy to achieve the objectives of an efficient and viable insurance industry that could reach a wider section of society. The industry was expected to provide a variety of products and high quality of service to the insuring public. It was also required to mobilise funds for national development. The Committee was specifically asked to make recommendations to strengthen and modernise the regulatory systems and to specify the role and functions of the intermediaries and other ancillaries.

> For the recommendations to be implemented, the Government needs to first reappraise them for their current relevance, taking into view the present state of the global markets and its own reformist zeal.

The Committee, in early 1994, submitted its report which has since shaped the subsequent changes, such as the liberalisation of the market by allowing the entry of private players, joint ventures, creation of an independent regulatory body, professionalising and broadening the distribution channels, the creation of an ombudsman for personal lines disputes, de-linking of the four public players from their holding company, GIC, etc.. All these are major accomplishments.

Accomplishment over the years

These measures, taken through enactments of law, have transformed the industry, and the progress achieved is indeed quite impressive by any standards. Competition for the sale of popular insurance policies has never been more fierce or raw. This has put insurers on their toes. Existing customers with sizeable business find themselves solicited endlessly by insurers/brokers.

Competition among public players that was found deficient earlier has reached epic proportions. Public sector insurers are fighting a fierce business battle with each other to gain the top slot. The industry is vibrant, the bloated staff in the public sector has been cut, the autonomy given to the public sector players has sharpened their reinsurance and risk management skills, the expertise to deploy funds to earn sizeable returns stays on a learning curve, the distribution channels, particularly the broker segment and the corporate agents, are sizzling with a new vitality. The growth in premium income has been very impressive.

The private players have rolled up their sleeves to grab a pie of the existing profitable segments to attract the trust and confidence of major corporate customers. Attaining a 20 per cent market share in three years has been a relative cakewalk for them. Posting overall profits is a good augury for their future. Street smartness in innovating products, and combining tariff and non-tariff covers, has proved to be a successful marketing tool. It has also proved to be a good test to check the alertness of the regulatory bodies.

What ails the industry

But the industry is still afflicted by several imperfections, such as price controls on about 70 per cent of the market, making the liberalisation process serve essentially the interests of the major corporates. The other deficiencies include: IT implementation has been slow in the public sector; the customer service standards have rapidly deteriorated; personal lines insurance, in the un-served and under-served markets, are yet to gain a measure of insurers' attention; customer education programmes and risk management skills are largely underdeveloped; the rural insurance sector has suffered benign neglect. The mindset of the employees is still found to be self-serving, and the customers' needs continue to be at the fringes in their mental horizons.

Price controls and tariffs

One of the areas, among several that need urgent attention, is the price control mechanism through tariffs for nearly 70 per cent of the market. The Motor Third party insurance business has proved problematic due to a strong consumer lobby and vested interests. Unfortunately, the Motor business forms nearly 40 per cent of the market, resulting in huge underwriting losses of over Rs. 3,000 crore or so. Unless one deals with this issue, removing price controls on the profitable Fire and Engineering business of about 25-30 per cent of the market cannot be done, as such a step will lead to making the market financially unviable. This situation has also led to selective, unfair and unhealthy competition between the old and the new players for the profitable segments — not quite what the liberalisation process had originally envisaged.

The perfect solution, as most would seem to think, is the production of credible data that carries sense and meaning to the affected motor lobby for raising rates. But this really is a trap of self-deception. One can always easily turn this argument around, despite production of credible data, that it was the inability of the industry to manage this portfolio efficiently that has led to their problems. It is not the insured alone but several other intermediaries involved in the process of settlement of Motor claims that are adding to the rating problem. These intermediaries are very much a part of the system that insurers, the IRDA and the Government have created — such as the insurance officials, the surveyors, the investigators, the laws, the lawyers and the courts.

> De-tariffing the market would not only raise the premium volumes in Motor insurance but also substantially reduce the rates in Fire and Engineering by as much as 40 per cent, inducing many smaller industrial units and householders to go in for insurance covers and new products.

One can never win such powerful arguments based on probabilities and conjectures. There could, in addition, be an element of truth in these proffered arguments by the interested lobby. But one has to eventually deal with the ground realities and ensure that the insurance providers do stay in business to continue to provide the statutory covers. The proposal to de-tariff the Motor OD segment from April 2005 does not seem the right solution to solve this ticklish issue of appeasement. It may, in fact, worsen the situation in the short term by the sheer inability of insurers to be ready to deal with any kind of change in the rating structures to which they have been rooted for decades. Where will these opposing points of view take the industry eventually? Is there a solution in sight? Who should take the lead and the risks involved therein?

What then is the solution?

One could only look around and find out how other countries have solved the Motor rating issue — the problem is not peculiar to India alone. The Motor business in all markets has proved loss-prone. A very large number of markets do not have tariffs dictated to by the statutory authorities. How are such markets managing and growing? Here is a personal instance:

In Oman, where I worked for nearly 10 years during the 1990s, the market leader set the rates at which it would do business; the rest followed it by adjusting their rating structures depending on the composition of their portfolio and the claims experience over a period. It has served the market well, though the policy terms and conditions are standardised and controlled by the regulator in the interests of the policyholders.

The Courts in Oman are far more sympathetic to the TP claimants than here, making it obligatory for insurers to settle TP injury claims on a priority basis and then proceed against the insured for breaches of policy conditions. This system has worked well there. The rating is done individually, customer-wise; the system of giving /no claim bonuses' became out of date. The quoted rate is a flat percentage one of the value insured. If claims are not paid within a month of the final court decree, the police has the authority to arrest the claims manager and hold him in custody till the payment is made.

De-tariffing the market would not only raise the premium volumes in Motor but also substantially reduce the rates in Fire and Engineering, by as much as 40 per cent, inducing many smaller industrial units and householders to go in for insurance covers and new products. It is possible to mass-market package covers of need to rural segments at affordable premiums. Competition will force companies to reduce costs to earn reasonable margins as they set the rates.

Biting the bullet

It is ultimately the Government that has to bite the bullet and take the lead and the risks, as it has to deal both with the powerful lobby on one side and the insurance providers on the other. This is particularly so when its own funds are involved in the industry as an investor.

Does the investor have a say in the outcome? What is the investor's clear message? The smoke screens have to be pierced through and a policy has to emerge. The Committee's recommendation on this issue is clear— it has been accepted, it needs implementation.

It is the execution of the implied decision already made that is needed. Action and not contemplation is what the industry is expecting; leadership enabling change and not managing status quo is what the situation calls for. Shaping the future is what will change our destiny and not living in the present forever. Progress involves calculated risk taking. A decade has been a long enough interval to decide on the next step. Who and where is our Moses to take us to the promised land of fair and full competition?

The author is retired CMD, The Oriental Insurance Company.

MALHOTRA RECAPPED

Restructuring and Reforms

The Government of India appointed a Committee on Reforms in the Insurance Sector in April 1993, chaired by Mr. R. N. Malhotra who earlier served as Finance Secretary to the Government and as Governor, Reserve Bank of India (RBI). The Malhotra Committee was asked to:

- Examine the structure of the insurance industry and assess it with a view to creating an efficient and viable industry that would serve the customers and the society.
- Make recommendations for changes in the structure of the industry and the policy framework to achieve these objectives and also to align it with the changes then underway in the rest of the financial system and in the economy.
- Make specific suggestions to improve the functioning of the LIC and GIC in the changing economic environment.
- Review the structure of regulation and supervision of the insurance sector and make recommendations for strengthening and modernising the regulatory system in tune with changing requirements and
- Review and make recommendations on the role of surveyors, intermediaries and other ancillaries of the sector.

The committee carried out its study by creating working groups within the industry to study it, meeting with a large number of interest groups and opinion leaders across the country and by engaging a leading market research agency to gather opinions from the public as customers of the industry.

The Committee identified some issues relating to financial sector reforms and specifically the insurance industry including:

- Why the consumer of insurance services should not be provided a wider choice so that he can get the benefits of competition in terms of range of insurance products, lower price or insurance covers and better customer service.
- Whether part of Government shareholding in public sector insurance companies should be offered to the public as was being done in the case of banks at that time and, if so, how far the disinvestment should go in order to make the insurance companies operationally autonomous, efficient and competitive.
- That thanks to nationalisation, regulation of the insurance industry had atrophied and re-establishment of effective regulation over the insurance business is a crucial issue.
- That there is very high pre-emption of insurance industry's funds through Government-mandated investments and that this affects the financial results of insurance companies and has implications for rates of insurance premia and returns on savings invested in life insurance.

Information technology has not made much progress in the insurance industry and how to overcome this serious deficiency is an urgent issue that must be constructively addressed.

K.N.K

Walking the Talk

—There's little time for half-hearted approaches

In half a decade of existence, IRDA has significantly transformed the industry, observes *P. S. Prabhakar*, adding that there is still much left to be accomplished.

The 1990s was a happening decade for the Indian insurance industry. It witnessed a tumultuous sequence of events soon after it was decided in the early '90s, in principle, to set in motion reforms covering the entire financial sector.

It all had a good beginning, with the Malhotra Committee — set up by the Government to examine the structure of the insurance industry and recommend structural changes — showing amazing alacrity in submitting its thought-through report in record time.

Even as governments were made and unmade, the insurance industry reforms issue was fortunately kept alive. This was despite factors such as the Public Sector (PSU) insurers' discontent, staff unions' virulent campaigns, behind-the-scene political games, and foreign players' subtle and not-so-subtle pressures. Much water flowed under the bridge and, six years later, the Malhotra Committee's most important recommendation – that of establishing a strong and effective regulatory body akin to SEBI – became a reality and IRDA was born. At last.

The Committee had well-founded reasons for the establishment of an effective regulator, especially in the threshold of the sweeping metamorphosis that was awaiting the industry. This was particularly so because the till-then regulator, Controller of Insurance, barely held the reins. Perhaps because he had his office at Simla, he cold-shouldered the control aspect and was happy with the role of a filing clerk when the insurance companies sent in their mandatory periodical returns. (Of course, the other 'important' job he was doing was selling Surveyor's licences.

There indeed were other significant recommendations of the Committee. The foreign equity cap, introduction of brokers, minimum capital requirement, institution of ombudsman as an independent grievance redressal machinery, and level playing field for the new companies were some of them. The Report talked extensively about 'massive re-orientation of computer culture with careful long-term planning' and set a timeframe, too. (This all-important issue has not merited any kind of compulsive regulation, though).

Though a few recommendations of the Report were given effect prior to the advent of IRDA itself, such as setting up of the office of the Insurance Regulatory Authority and instituting the offices of "Ombudsman", and the capital adequacy and FDI cap etc. were taken care of while amending the Insurance Act, some others were meant to be dealt within the regulations.

> The Regulator meant business from day one, hitting sixes and fours. The IRDA laid down regulations for wide ranging issues and aspects. This unnerved the PSU insurers, who were not used to any 'disciplining' except by their trade unions.

The Regulator meant business from day one, hitting sixes and fours (I mean the bunches in which regulations were promulgated). The IRDA laid down regulations for wide ranging issues and aspects. The very act of promulgating the regulations began to unnerve the existing PSU insurers, who were not used to any 'disciplining' except by their trade unions.

As already mentioned, the *de-jure* regulator, the Controller, was in blissful slumber and the *de-facto* twin regulators, GIC and the Finance Ministry, were merely groping with trivia. Thanks to the monumental joint effort of all the concerned parties, the public sector general insurance industry in India had managed a cumulative underwriting loss of Rs. 6,200 crore during the 11-year period ending 2000-01.

More than the abysmal financial results, the sad fact was that the industry was not subject to any serious accountability. Even the laid down rules and statutory diktats were merrily flouted. The Insurance Act was not accorded a better status than as a book to be kept in the training college libraries and discussed, if at all, in the dull and dreary afternoon sessions of in-house training courses. For example, Sec. 40 B&C, parametering the management expenses limits, were subjects of academic importance, and little more.

It was in this background that the various 'regulations', promulgated with all the required perspicacity, began to operate. The initial response of the PSU insurers and the private players were discernibly different. For the latter, the regulations were a set of pre-conditions of doing business, as they came in after the regulations came to force. For the PSUs, however, the regulations meant 'better behaviour'. The corporate governance issues, transparency factors, information dissemination requirements, sectoral obligations, marketing channels shake-ups, etc. were perceived as bitter pills. So much so, some of the executives began openly wondering whether the IRDA reserved its 'regulatory' function for them and the 'development' function for their competitors!

Now, after half a decade of IRDA, it is time to take stock of how well or otherwise the companies have adapted themselves to such an atmosphere. While, for want of information, it may not be possible to analyse an entire scenario by just an industry-watcher, it can be confidently said that the regulator would be able to do so. After all, the function of regulation does not stop with specifying regulations. It most certainly extends to ensuring the compliance.

However, a look at the IRDA's annual report reveals that the regulator is also seemingly nonchalant on certain issues. For instance, on the often-talked about issue of rebating, the IRDA had the following to say: *"The problem of rebating, in both the life and the non-life sectors, has been engaging the attention of the Authority for quite a while. The Authority, as part of the advertisement campaign launched by it, has been creating awareness that rebating is an offence, and insurers need to strengthen their self-regulatory mechanism in this regard. Issues of market conduct of both the insurers and the intermediaries are a matter of concern. Insurers would need to evolve methods of self-regulation, both at the corporate level and collectively through their Councils"*. A problem that needs firm handling cannot be soft pedaled like this.

Again, in another crucial area of management expenses containment, the IRDA, instead of chiding the extravagant insurers sternly, goes on advisory mode thus: "*The insurers need to chalk out strategies to ensure that their operating expenses are kept within the prescribed limits. While in the case of the new players, these limits may be breached in the initial years of their operations, managements have to keep an eye on their expenses and draw up plans to bring them down. This is particularly pertinent in the context of the opening up of the market to increasing competition and the investment income continuing to move southwards on account of the declining interest rate regime. In the case of the public sector insurers, reducing the existing operating expenses would also be crucial in their strategy to compete with the lean private players.*"

In the area of financial reporting, IRDA's regulations have brought about a drastic change. IRDA's rule framers have to be complimented for introducing across-the-board transformation, both in the conceptual and presentation areas.

Insurance companies' financials the world over are typically regulated by state-sponsored supervisory authorities, both in content and the formats. This is because of the fact that the funds belonging to the vast lot of policyholders, though physically with the companies, are within the fiduciary responsibility of the regulators.

In this 'happening' industry, which is poised for a giant leap in the years to come, transparency of operations should rule supreme.

In India too, the Insurance Act, 1938 & Rules, 1939 had specified procedures, norms and formats. The PSU insurers had their own "Common Minimum Programme" in respect of financial information dissemination. Will you believe that it was not possible for a reader of the financials to know what the 'gross' results were? The "Revenue" accounts would only show the "net" (of RI) figures, whether in Premium, Claims or Outstanding Claims provision. The results of the Reinsurance activities, which 'decides' the underwriting profit / loss, would be completely hidden from the stakeholders. It was simply not possible to find out what were the retention ratios in various portfolios, the RI commission ratios, the break up between the direct and the RI portions of outstanding claims, etc.

While this was the obtaining situation in the Revenue portion of the accounts, the companies were not used to give even a consolidated "fixed assets and depreciation" schedules. Cash-rich as the industry was always perceived, the cash flow statements were 'foreign' to the companies. In fact, the financials (Revenue, P&L accounts and the Balance Sheet) were never accompanied by any schedules whatsoever and if anyone wanted to look for details of the 'consolidated' and mostly 'netted off' figures in such statements, he/she would never get them.

The IRDA changed such indifference and apathy completely. Now, the companies are required to give not only detailed break-ups in specific schedules for Premium, Commissions and Claims, but also mandatory data on Fixed Assets / Depreciation Schedules, cash flow statements, segmental reporting, ratio analysis, etc. Besides, the regulations require several important details and disclosures to be disseminated in the financials. The companies have begun to provide all the required information slowly.

There is a perceptible hesitation in parting with information, even today, by the companies. This mindset should change. In this 'happening' industry, which is poised for a giant leap in the years to come, transparency of operations should rule supreme. On its part, IRDA, as the custodian of policyholders' interests (amounting to a staggering Rs. 40,000 crore in non-life alone), should also cease to be a 'benevolent' big brother. On the other hand, it should launch a comprehensive compliance check mechanism to ensure that the regulations are not just for cosmetic value. It is not arithmetic either. Half-hearted approaches from both sides will not make it a full-fledged exercise.

The author is a practicing Chartered Accountant and used to work with the public sector general insurance industry.

Roti, Kapda, Makan and Health Security

— A Mass Health Programme Still Evades the Poor

While health security is a buzzword in the liberated insurance era, the nation's very poor continue to remain out of the picture, writes ***Felix Walder***, while also chalking out a model scheme for the Government to follow.

While insurance in general, and health insurance in particular, have gained dramatic proportions in India over the past five years, the nation's teeming poor remain oblivious to the phenomenon. While lukewarm efforts are made to feed, clothe and house the populace living below the poverty line (BPL), little is done in the way of health security for it. As health costs are spiraling to alarming heights and Government spending on health is decreasing, the poor are as far away from obtaining health facilities as they were many decades ago.

The healthcare facilities created by Governments at the central, state and local levels, and Government subsidised private hospitals, are more widely utilised by the well-to-do population than the poor. An NCAER study in 2000 reveals that 40 per cent of the Government facilities are used by the above poverty line (APL) population and only 60 per cent by the BPL people. Even private hospitals that gain Government subsidies by way of grants free land and import duty exemptions under the condition that part of the facilities should be made available to the poor, often do not abide by the condition.

Health Security First

Any Government aspiring to provide social security to its citizens must start with providing Health Security First, which is easier than providing food and shelter security to all. Health security can be provided on a long-term basis by supplying good sanitation, hygienic drinking water, sound health infrastructure, etc. However, in a vast country like ours, providing long-term health security will take a very long time, as resources and infrastructure need to be created in the first place.

One of the best ways of providing short-term health security is through Health insurance, and the Government moves in this direction are a welcome step. The Universal Health Insurance Scheme (UHIS) launched by the Central Government and to be popularised by public sector insurance companies has not taken off. The scheme, meant particularly for BPL families, has attracted just 9,000 participants in the past one year. (Total lives covered are 11 lakh including BPL). The reasons for the poor show are many.

The UHIS scheme is a very potent tool that can be used to provide health security to the poor and less privileged in our country. The Government can implement the scheme for the BPL population by:

(a) Insuring the entire BPL population of the state by the state Governments .

(b) The scheme should be underwritten by the insurance companies under a provision of mandatory social obligation, as is done in the banking sector like mandatory lending for priority sector.

> Health security can be provided on a long-term basis by supplying basics like good sanitation, hygienic drinking water and sound health infrastructure.

(c) The funding (premium payment) for the insurance can come from the huge healthcare budgets of the states. The premium amount to be paid by states in very minimal, since there are huge subsidies from the Central Government.

Statistics from the small number of UHIS policies issued show that the poor uses the hospitalisation facilities very judiciously — only when absolutely necessary — and hence the claim ratios are very favourable to insurance companies. This is particularly so as the numbers involved are vast and hence the risk is widely spread.

Model Scheme

Keeping the above points in mind, a model scheme using the Government of state "X" sponsoring a UHIS for its entire BPL population is stated below:

The Scheme: "Health Security Scheme" for BPL populace of "X" State through Universal Health Insurance Scheme (UHIS)

Broad Objective Of The Scheme:

- To provide insurance coverage for hospitalisation expenses to BPL families in the urban and rural areas of the state and provide health security through insurance
- To reduce the financial/economic vulnerability and insecurity of BPL families due to disease/illness, thereby preventing them from falling into a debt trap
- To enhance the utilisation level of the Government health service infrastructure by the target community and divert incremental pressure to the private sector.
- To empower through health insurance the BPL populace, to seek healthcare of their choice from private and public sector facilities.

Target Populace (Beneficiaries): BPL families in the urban and rural areas of the state identified through the possession of yellow ration cards.

Beneficiary Family:

Earning member of the family + spouse + three dependent children without age limit

Broad Benefits Of The Scheme:

1. Reimbursement of hospitalisation expenses of all the diseases (subject to the terms and conditions of the policy) up to the limit of Rs. 30,000 per family.

   Note: This being a very large group, coverage of pre-existing diseases and limited maternity benefits, say up to two children and cost not exceeding Rs. 4,000 per delivery, should be considered.
2. Sum of Rs. 25,000 payable to the family in the event of death due to accident of the earning head of the family.

3. Compensation of Rs. 50 per day from the fourth day up to 15 days for hospitalisation of the earning head of the family due to accident/ disease/ illness.
4. Cashless hospitalisation in Government/ Government approved/ Government aided hospitals/ select private hospitals.
5. Third Party Administration (TPA) service for cashless hospitalisation, claim processing and helpline.

The Insurers: Insurance fund of state government and insurance companies

Insurance Premium Per family:

Rs. 548 per annum for a family of five (head of the family + spouse + first three dependent children)

Rs. 300 per annum Central Government subsidy per BPL family

Estimated Cost To The Government of "X" State With A BPL Population Of 47 Lakh Families:

(a) Total Premium (b) Less : Subsidy @ Rs. 300 per BPL family by Central GovernmentTotal Premium to be paid to Insurer(c) Less: Likely retention benefit- being surplus on premium retained by Government insurance fund at 40 per cent of the premium (assuming claim ratio 70 per cent). (d) Less : Amount likely to accrue to state Government / local Government bodies through the use of Government hospitals (assuming claim ratio of 70 per cent and 60 per cent of the BPL insured using Government / municipal/ Government aided hospitals). To this extent the Government will either curtail the budget provisions or provide and receive amount as income.*Note: As per NCAER-2000, 60 per cent of the BPL and 40 per cent of non-BPL families tend to use Government institutions for inpatient (hospitalisation) care, which is likely to increase for BPL families with the introduction of the above scheme* .Net Cost to the state Government (Total Premium Outflow – Total Inflow) Rs. 257.56 cr. Rs. 141.00 cr. Rs. 116.56 cr.Rs. (-) 30.96 cr. Rs. (-) 90.30 cr. **NIL** (Government may receive an income of Rs. 4.70 cr. because of this scheme.)

Operation of the Scheme: The Scheme should be operationalised through IRDA licensed Third Party Administrators to Gujarat Government in conjunction with the healthcare providers namely:

- Government hospitals
- Municipal hospitals
- Government aided hospitals
- ESIS hospitals in the state
- Charitable hospitals (hospitals which have received Government concessions in different forms, but do not adhere to its social obligations)
- Government approved private hospitals (as per the requirement)

Benefits of the scheme to Government and society:

1. The scheme puts healthcare purchasing power in the hands of the beneficiary. Hence, this purchasing power is widely dispersed throughout the state, particularly in rural areas, prompting medical and healthcare providers to set up facilities in the remote and rural areas, thus fulfilling the Government's desire to take healthcare facilities to such areas.
2. The Government aided hospitals with obligation to offer free / subsidised healthcare to the poor will welcome the scheme members (BPL) to use their facilities as the hospitals will get fair return and also fulfill their obligations.
3. Under the scheme, Government hospitals will be reimbursed by the insurer on a negotiated market rate for the services. This will in turn generate income for the hospitals, which they may share with the staff for better healthcare delivery and facilities for the patients.

> The Universal Health Insurance Scheme scheme is a very potent tool that can be used to provide health security to the poor and less privileged in our country.

Suggestions To Make The Scheme Viable

1. To provide good administration for the scheme it is essentially to be serviced by a TPA. The TPAs have come of age in India and many have developed large capabilities to service very large numbers of beneficiaries by way of cashless hospitalisation, claim processing, helpline, etc.
2. The ESIS hospitals should be allowed to be used by UHIS policyholders. The estimated capacity utilisation in ESIS hospital is currently below 25 per cent. The revenue earned should be shared between the hospitals and their staff. The incentive to staff is likely to improve the healthcare delivery, which in turn will benefit the workers under ESIS and others.
3. The Government should allow employers the option to either to go for ESIS scheme or purchase UHIS policies out of their contribution. The employees may be continued to be allowed to use ESIS facilities as they have put in their contributions to ESIS. Since the employer is purchasing the UHIS policy, there will be a large contribution in the insurance pool.
4. Forty per cent of persons using Government health infrastructure are APL families (NCAER 2000). Hence, the Government hospitals should provide indoor facilities only to those APL populations who have insurance / UHIS policies or pay for the services. This will generate more income to Government hospitals.
5. The Government desire to create a large pool of resources through insurance to provide health security for the poor and less privileged in our country will get a boost if licensed insurers are mandated to underwrite a minimum number of UHIS policies through the above model. This may be on the lines of priority sector lending requirement by the banks.

The author is Managing Director, Health India - Bhaichand Amoluk Insurance Services Pvt. Ltd. The views expressed here are his own.

Where To Sow, How To Reap

—Investment Options for Insurance Companies

In a changing business environment where returns are critical, insurance companies should consider several options while investing their funds, argues *D. Ravishankar*.

The Indian insurance industry has been witnessing a sea change in the operating environment over the past five years. Reforms have ushered in changes that have not only brought in several more players but also heightened the competition amongst them. As the market is large and growing, insurers need to build significant financial muscle to cater to it. However, their investments vehicles have traditionally tended to be risk-averse, which may not augur too well for the market.

In 1993, the Malhotra Committee headed by former Finance Secretary and RBI Governor, Mr. R. N. Malhotra, was formed to evaluate the nation's insurance industry and recommend its future direction, in a bid to complement the reforms initiated in the financial sector. The reforms were aimed at "creating a more efficient and competitive financial system suitable for the requirements of the economy keeping in mind the structural changes currently underway and recognising that insurance is an important part of the overall financial system where it was necessary to address the need for similar reforms..."

In 1994, the Committee submitted the report and some of the key recommendations included:

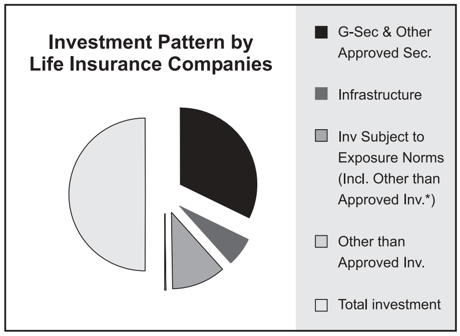
a) Structure of insurance companies
b) Entry of private companies for healthy competition
c) The need for setting up a separate regulatory body for insurance companies
d) Mandatory investments of life companies to be reduced from 75 per cent to 50 per cent and GIC and its subsidiaries not to hold more than 5 per cent in any single company
e) Upgradation in technology to improve customer service

Since 1994, has the nation witnessed any evolution in the environment for investment by the insurance companies?

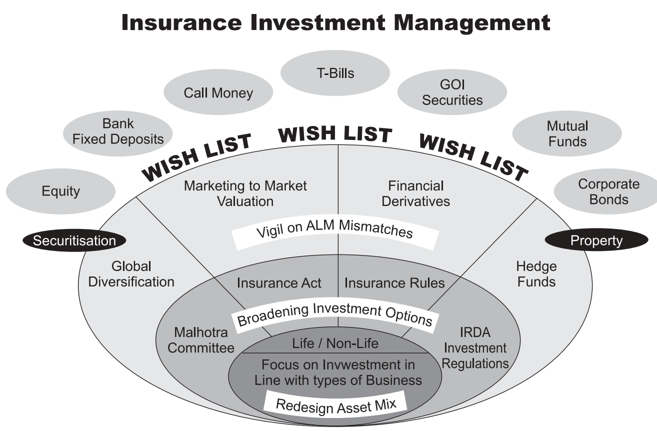
In the past decade, we have witnessed an array of changes in the insurance environment, such as:

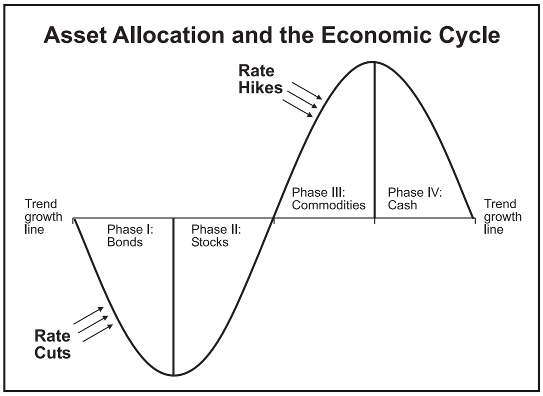
1. Formation of IRDA, an independent regulatory authority for the insurance business
2. The entry of new private players – 12 in life and eight in non-life
3. Formulation of a new set of IRDA investment guidelines (years 2000 and 2004)
4. If one looks at the amount held in the investment portfolio of insurance companies, the share of public sector companies is significant. For example, as of March 31, 2003, the amount held by LIC investment was 99 per cent and in non-life business with GIC and subsidiaries was around 95 per cent.
5. The private companies are having a tough fight from the public sector insurance companies, who have a share of over 90 per cent in the premium business.
6. The regulator has permitted insurance companies to use financial derivatives and investments in mutual funds. It is a fact that many companies have such diversified investment and hedging options, but their persistent demand for more investment opportunities continue to exist, such as for international investment and properties
7. Little has changed in the overall investment styles of public insurance companies. Why the continued faith in the Government securities when the equity market has provided a substantial positive differential return as compared to all other available investment options?

> It is a fact that many insurance companies have diversified investment and hedging options, but their persistent demand for more opportunities continue to exist, such as for international investment and properties.



The following would be a wish list





for investment managers in insurance companies to adopt as part of best practices in the changing environment:

1. Redesign the asset allocation
2. Broaden the investment options
3. Vigil on ALM mismatches

Redesign Asset Mix

- If international research illustrates 95 per cent of the variation in return is estimated to come from the asset allocation, why not redesign the investment process and as well formulate guidelines with complete flexibility?

There is a need to focus on regulatory norms for investment in line with the business needs. For example, the life insurance companies need to focus on investment objectives based on the policy period and commitment ranging between five and 25 years, whereas the investment objective of non-life business needs to focus on a shorter period, as they take policies for even a year.

Whenever the investment objective is for a longer period, it is essential that one considers the asset allocation principle. The regulatory guidelines need to be finetuned to this reality rather than having artificial limits on different asset classes.

Asset allocation is generally defined as the allocation of a portfolio among a number of "major" asset classes. International research studies have raised the shackles of many by estimating that as much as 95 per cent of the variation in performance at professionally managed portfolios could be explained by the mix of stocks, bonds and cash at these portfolios. While this statistic is open to question, there can be no denying the importance of the asset allocation decision to overall portfolio returns.

There is, however, an active component to asset allocation, which leads portfolio managers to deviate from the passive mix defined above, and that is market timing. Looking back at market history, there have been far fewer successful market timers than successful stock selectors, and it is not clear whether even the few successes that can be attributed to market timing are more attributable to luck. This can be linked to the fact that it is far more difficult to gain a differential advantage at market timing than it is at stock selection.

The role of the regulator has to be to only caution the insurance companies by prescribing capital adequacy norms and refrain from specifying the limits for several asset classes.

Asset allocation and the economic cycle

Asset allocation between the main four asset classes follow the economic cycle:

- PHASE I: Bonds are the best assets class when an economy is slowing and excess capacity (an output gap) means pricing power and inflation are falling.
- PHASE II: Stocks do well as an economy first recovers. Spare capacity keeps inflation under control and central banks out of the picture.
- PHASE III: Commodities take over when strong growth leads to a negative output gap. Inflationary pressures lead central banks to raise rates.
- PHASE IV: Cash and inflation-protected bonds are the best asset classes during "stagflation". Growth is slowing, but an inflationary hangover means an upturn in inflation.

Broaden the investment options

If equity is the attractive long-term option, why not investment managers increase the proportion for equity? Have the investment managers exploited the other options of investing in mutual funds and considered new options?

Life insurance companies generally try to invest so as to hedge their liabilities, which are defined by the policies they write. There are as many objectives as there are distinct types of policies. Traditionally, we have come across only two types of of life insurance policies available for individuals: whole-life and term.

Non-life insurance companies, such as property and casualty insurers, have investible funds primarily because they pay claims after they collect policy premiums. Typically, they are conservative in their attitude towards risk.

a) Equity is important for the long-term: Let us consider the returns for various investment options in the market place:

The Real Return after adjusting for inflation rate, in most of the asset classes except equity, has provided either negative or insignificant return.

Hence, insurance companies must be allowed the flexibility to allocate funds across the asset classes based on the business needs. The role of the regulator has to be to only caution the insurance companies by prescribing capital adequacy norms and refrain from specifying the limits for several asset classes.

Average Returns		
Asset Class	**1 year (mean)**	**3 year (mean)**
Equity	18.09%	27.46%
Bank FD	4.50%	7.42%
Call Money (Yield)	4.44%	5.24%
T-bill (Yield)	4.54%	5.15%
GOI Dated Sec (5yr Yield)	5.32%	5.87%
Mutual Funds		
Liquid Funds (annualised)	4.47%	5.86%
Debt Funds (annualised)	0.72%	9.77%
Corporate Bonds (Yield)	5.92%	6.86%

b) Recognise a new class of risk free assets: Inflation-indexed bonds while operating in rising interest rate environment.

We have witnessed a continuous

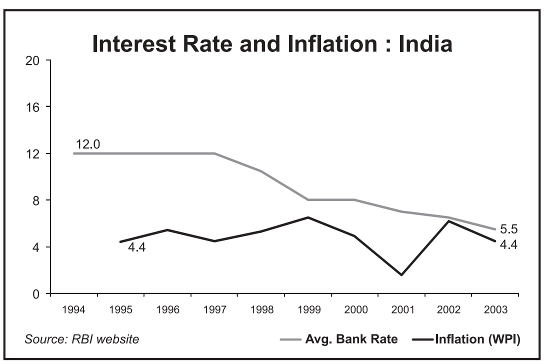
period of interest rate fall in the past decade as a result of financial sector reforms and this could be seen in the graph given below:

When you are balancing risky investments with safe ones, inflation bonds are the place to look – when inflation slows, the total return on inflation bonds will drop. That is something you will have to be prepared for. But the drop will not make any difference to your purchasing power. Whether inflation is high or low, inflation bonds will always yield the same, steady, post-inflation, tax-favoured return.

c) Use financial derivatives: OTC interest rate derivatives, such as Interest Rate Swaps (IRS) and Floating Rate Agreements (FRAs), have been introduced. Exchange traded interest rate futures were also introduced in the market place. Interest rate swaps are used to create either synthetic fixed or floating rate liabilities or assets and to hedge against adverse interest rate movements. An IRS can be thought of as a series of FRAs and each FRA fixes today the cost of financing for particular periods in future and as such the swap is the appropriate break-even rate.

The insurance companies being professional investment managers must use these sophisticated techniques and optimise the returns for the stakeholders.

d) International diversification: Global diversification offers dramatic opportunities for improving portfolio risk-return trade-offs. But at the same time, one must take into account the impact of exchange rate fluctuations that affect the risk of international investments.



Today, the Indian citizen is permitted to invest up to US$25,000 outside the country. Could insurance companies structure separate products with the facility of international diversification?

Evolve the 'ALM concept'

Evolving the ALM concept and trying to redefine the 'asset mix' to meet 'liability mix' is another step in this direction.

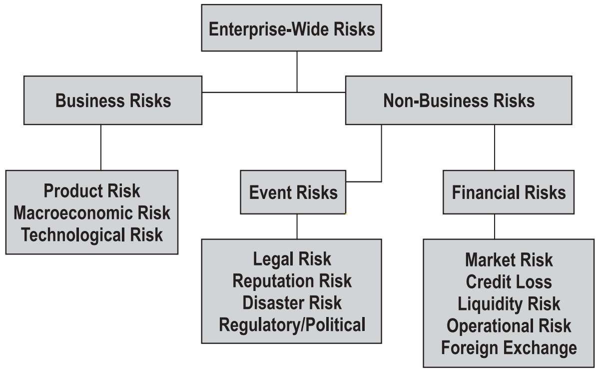
A detailed study of the interrelationships of insurer's assets to their liabilities must be done on a periodic basis. The elements must include: a) sources of assets b) cash demands and liabilities c) large contractual maturities d) underwriting operating cash flows.

> There is a need to introduce a number of quality initiatives in the investment processes of insurance companies.

There has to be a strict vigil on ALM mismatches.

a) Marking to market and monitoring the value of assets in relation to its liabilities: Quite often we come across statements such as "why do insurance investments need to value the assets as the investments are, after all, held to maturity?"

Maybe at the time of investment, the objective as stated may be to hold till its maturity. However, there could be a scenario of an unexpected liability and unless the practice of having marking to market is practiced, there may be a need for exiting good securities. Also, the best practice of marking to market helps to have a good vigil on deterioration in the quality or value of assets, if any.



b) Reporting overall risk in an insurance company periodically: The report must provide an overview of some aspects of the risk assessment process that can be used by actuaries to model and manage the risks of insurers.

- Actuaries could use a variety of powerful tools to model risk
- Actuaries could pay special attention to key components of risk for each peril, notably volatility risk, uncertainty risk and extreme event risk.
- A longer time horizon than commonly used for banks is needed to assess potentially serious threats to the insurer's solvency.
- An assessment of insurer risks must recognise the variety of techniques used to manage those risks.
- There can be significant difference between gross effect of insurer's risks and the combined net effect of all its risks. The use of internal models within the first pillar may be more important for the solvency assessment of insurers than for banks.

Besides, there is a need to introduce a number of quality initiatives in the investment processes of insurance companies. The traditional approach of passive investment styles must be replaced with the dynamic approaches of measuring, monitoring and managing investments for optimising the return and minimising the risk.

The author is Executive Director & CFO, CRISIL Ltd.

A Noble Pro Called An Agent

—Careful selection, rigorous training maketh a good agent

While the past five years have seen much activity in the area of establishing the need for professional insurance agent training, the years to come may be drastically different, with standards reaching new heights, observes ***Apparao Machiraju.***

The five years coming to a close – when the Indian insurance industry was reborn as a dynamic sector reaching up to global standards – have seen almost every facet of the industry undergo a change. The markets have been opened up to private players; foreign players have set foot into the country, bringing with them high standards and vast experience; and the insurance umbrella is covering a bigger chunk of the population now than was deemed possible a decade ago.

A critical section of the industry has remained more or less oblivious to the rapid evolution happening elsewhere – that of insurance agent recruitment and training. Several players do not follow strict norms during recruitment, and the agent attrition rate remains high. However, things are set to change, as the increasingly competitive environment and IRDA's initiatives goad the insurance companies into setting higher standards for their agents.

What the Committees said

While the Malhotra Committee tabled its recommendations in 1994 and this led to the setting up of the IRDA, etc., the Ganesan Committee was appointed in September 1995 with a slightly different agenda. It was given the specific task of examining the causes for high lapsing of policies and recommending strategies for the development of field personnel.

The Committee, in its report, made a reference to the market specific recommendations of the Malhotra report. The Malhotra Committee, the Ganesan Committee and other earlier committees also voiced their major concern about the marketing/agency culture nurtured by LIC managements for over four-and–a-half decades. With the private sector making an entry, the staid and somber image of the insurance industry predictably has been in for a major revamp.

LIC has adopted the rather crude process of recruiting a large number of agents and waiting for a few successful ones to emerge. By this process, the calling of the agent was stamped almost from the beginning as one that just anybody could follow, at least for a while. Different titles are used in recent times, such as financial advisors, financial planners, and marketing executives, by the private sector insurance companies. These new titles cannot be expected to change the perceptions of the stereotype of the traditional agents' image unless remedial and radical steps are initiated.

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The Malhotra Committee highlighted the following issues directly related to marketing:

- Large untapped potential
- Low insurance awareness among the general public
- Excessive lapse ratio of policies
- Poor marketing, predominantly inefficient and untrained field force, high turnover of agents

The IRDA could have made it mandatory for instituting recruitment and scientific selection procedures before the prospective agent candidates are sponsored for licensing examination. The companies in the private sector also seem to be on the recruiting spree. Regardless of titles, the traditional agent approaches continue to play a vital role at the contact level. However, what kind of men should be selected to solicit life insurance, and what kind to direct the whole life insurance marketing programme, is to be thoroughly examined. Agent productivity and morale, education and training requirements, and a whole host of related problems are involved in addressing the marketing issues.

In all human callings there is an old order representing the past and a new order representing the years ahead. The IRDA has initiated agent licensing procedures subject to the licensees undergoing training for specified number of hours on insurance topics and passing the examination conducted by approved institutes. Similarly, training requirements also are made mandatory for licensing brokers and corporate agents. These procedures, formulated after great deliberations, seem to be overlooked in actual practice.

Some thought leaders suspect that the new initiatives are perhaps taken in a hurry. It is to be conceded, however, that the mindset in life insurance agency culture is undergoing remarkable change in the current competitive environment, and IRDA's initiatives might well lead to an era of marketing so high in standards and attainments as to place it beyond comparison with any earlier period.

The path to professionalism

The job of marketing life insurance has always been of a hybrid nature. At the contact level, a portion of the time spent is to counsel the prospect on the possible economic risks and consequences in his family or business economics, while another portion of that in follow-up contacts are devoted to persuading the prospect to do something about the solutions suggested. Reduced to its simplest terms, the fact-finding and advice-giving phase at the contact level may be considered as the work of counselor; the persuading phase as the work of a salesman. It may be considered axiomatic in life insurance business that the more carefully the job of counselling is performed, the easier and simpler the job of persuading becomes. Thus the combination of science and art

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is salesmanship and practice of professional service concept.

Those who practice salesmanship enjoy the friendship and confidence of their customers, and do more business year after year. The membership of the Million Dollar Round Table, an international association of insurance and financial service professionals, bears testimony to this reality.

Current market place realities

It can be said based on the committee reports cited that we are lagging well behind in marketing methodology — agent recruitment and selection, agency management, education and training.

It is instructive to study the evolution of US career agent distribution channel supported by institution building activities comprising educational and training institutions and also research institutes focusing on both applied and basic research.

Career agency distribution channel has paved the way to the development of other intermediary channels: career ordinary, home service,

Malhotra Recapped

Intermediary issues

"Insurance marketing has some unique features," beging the Malhotra committee report's chapter on intermediaries. "And hence, insurance intermediaries have probably a more onerous marketing job than their counterparts in many other trades and services."

After a brief but well researched litany of the situation in the insurance industry relating to agents, the report made its recommendations that included the following. It is interesting to note that this list is longer than those relating to almost every other topic the report has talked about.

LIC should stop indiscriminate recruitment of agents and concentrate on identifying potentially good material to be groomed and trained as successful agents. There should be pre-recruitment training followed by a test and interview. Agents' training needs to be considerably strengthened. This recommendation would probably not single out LIC if it was to be revisited today! Strangely, companies today too are following the large intake and let's see how many survive strategy, and this is in spite of some measure of training and professional education being required post reforms.

The report says that the Insurance Institute of India should evolve a course suitable for the agency profession, leading to a diploma in life insurance salesmanship. This qualification should be prescribed as an eligibility condition for an agent to become a member of Chairman's Club and for his promotion as development officer. This is what has translated into the 100 hour training and a system of accredited agents training institutes, which is undergoing serious mid-course correction right now.

Institutional channels such as co-operative societies and non-governmental organisation should, on a highly selective basis, be utilised as agents to cover specified market segments, says the report – and this has actually been one of the high points of brokerage, multiple-line exclusive-agent, and multiple–line independent agent, fraternal and personal producing general agent. Per capita coverage in various nations clearly shows that those that have emphasised the career systems excel others by a large margin. Japan, the US, Canada and other developed countries lead the world and are leaders in employing the career systems.

Historians acknowledge that the career agency systems cited originated in the North American continent ably supported by the institution building activities prevalent there. Notable among the institutions devoted to education, training, and marketing research are: The American College, Life Insurance Marketing and Research Association, and the Million Dollar Round Table. These institutions are now over 70 years old, and the history of these institutions is well documented.

In recent times, two more institutions have been promoted: Life and Health Foundation for Insurance Education (LIFE) and Insurance Market Standards Association (IMSA). LIFE seeks to educate the public on insurance. IMSA monitors market conduct practices. A historical perspective and viewpoint can be developed from the study of evolution of these institutions so that we may avoid pitfalls and formulate methodologies relevant to our situation.

Recommended agenda

A vocation does not make a profession of itself overnight, by mere declaration on the part of its practitioners. Rather, the process is evolutionary, through the attainment of higher standards over a period of years. We may ask how and why medicine, law, teaching, accounting, and engineering are so generally given the status. The overwhelming mass of these professions are known to have met high standards of preparation and to conform to a prescribed high order of ethics and conduct. Recognition of them as members of a profession is accorded by the public because such recognition is not merely claimed – it is earned.

And so it must be with life insurance agency work. Inherently, life insurance agency work has all the attributes of a profession. There are very few callings that offer to the practitioner a greater opportunity for service than does life insurance counselling. If pursued in a high-minded way, and this should be the only method, life insurance agency work ranks in nobility and possibility of service with the other time-honoured professions.

Professional educational standards

All the well-recognised professions have viewed the educational standards for their practitioners from essentially the following three principal standpoints:

- a substantial fund of knowledge of a rather difficult nature involving a considerable area of study initially and continued study thereafter to the end of the working life;

the development of rural and social business, another mandated duty of insurance companies today.

The committee had said that the better agents should be given more autonomy and more responsibility in overseeing other parts of the agency system and at the same time, it sought to raise the bar on the minimum performance standards of agents, suggesting that the minimum level of business be raised to Rs. five lakh in urban areas and Rs. four lakh in rural areas. It also wanted the minimum 12 lives norm to go, and be replaced with a more sophisticated system that would weed out tokenism that was being done at the administrative cost of the company. These measures are internal to insurance companies, but the existence of over 10 lakh agents on the books – most of whom aim to manage to just stay eligible for a license - confirms that the minimal standards of the yesteryears still continue.

The committee had also made a stringent recommendation to deal with high lapsation rates. To quote: "The present lapsation rate of LIC is high. Conservation of business is as important as procurement of new business. The bonus commission which is now payable to agents on first year premium income should be paid on the basis of the average of first year, second year and third year premium incomes," it said.

One important recommendation it made relates to changing the hereditary commission system. This change, if effected, could help the agency business of an individual, to be valued and sold to another person should the former want to quit the business. The recommendation reads thus: "According to the Agents Rules 1972, an agent is entitled to renewal commission even after termination of the agency, if it takes place after ten years of even after five years if he has to his credit an in-force business with a sum assured of Rs. two lakh. Considering the increase in the average size of a policy, the renewal commission should be payable to an agent in the event of termination of agency after fiver years if he had an in-force sum assured business of Rs. 10 lakh The existing system of hereditary commission should be replaced by payment of an appropriate lump sum."

- testing the mastery of that knowledge by prescribed examinations of a high and comprehensive order, and
- proper integration of the programme of study with the higher educational system at collegiate level.

Our time honoured professions use colleges and universities for the effective initial preparation of their practitioners and to provide opportunity for continued study. It has to be so with insurance and allied subjects, as well. Insurance and financial counselling as a vocation and profession could advance and acquire stature and dignity in direct proportion to the education received and success achieved by those in business and with the public. To win academic cooperation and respect, the proposed collegiate level courses leading to professional certification should be centred in a recognised university /collegiate level environment. Insurance education in India deserves much more thought, planning and missionary zeal than has been bestowed upon it so far.

The research function: Applied research.

While meaningful figures on research and developmental expenditures by life and general insurance companies are not available, it is the considered opinion of thoughtful observers that very little attention is given to research activities, particularly on marketing research. In distribution of life insurance, the marketing problems are much more serious as the product/service is intangible and abstract. In fact, the intermediary at the contact point can be classified as the “product”. There seems to be a certain truth in the statement often quoted, “If the institution of life insurance has any product to sell, that product is the Agent.”

A moment’s reflection will tell us that research therefore should focus on:

- The people who buy life insurance services
- The people who sell, and
- The people who supervise

Research inputs from time to time can help those in marketing management in formulating recruitment and selection process, training methodology and supervisory procedures. These research based management activities can lead to marketing of life insurance commensurate with the interests of the public. The probability is that the methodology based on research inputs, know-how, good judgment and education can lead to improvements of odds and this can be a real contribution of applied research. The improvements of odds over a period of years to 70-30 or 90-10 could make the difference between *properly insured* and *inadequately and improperly insured* public.

Those in marketing management need to know:

- What is going on in the world at large and the world of insurance
- What is the trend of premium income in relation to national income and household savings
- What kind of people are buying insurance today and how this has changed
- What kind of men/women are contracted today as agents
- How many and how well do they survive
- What has been the trend of lapse rate
- To what extent claims by death amounts are meeting the needs of the dependent families

Insurance market conduct issues:

Irrespective of regulatory and national differences, the movement towards wider disclosure of obligations and greater demands for information will lead to fundamental changes in the functioning of the life insurance industry internationally. Some thought leaders call it a revolution and even crisis, and the situation is symptomatic of profound transformation underway. This transformation is already visible in the US, Australia and several other countries.

These trends and the increasing internationalisation and integration of financial services worldwide suggest that life insurance markets in our part of the world are unlikely to avoid parallel tendencies leading to similar crisis situations and transformation. Many observers believe the business will become more professional. The insurance companies offering quality products with adequate disclosure, quality service from ethical, well-educated and trained agents and employees will be the beneficiaries with a significantly competitive edge.

The author is Director, IIIF, Hyderabad.

Unique Experiment

—Development-Regulation Combine to Build a Strong Market

The Government's experiment of combining the regulator's role with that of insurance market developer will be successful in the right environment and with the correct steps, observes ***Arup Chatterjee.***

The Government's decision to combine the roles of insurance market developer and industry watchdog, and the resultant formation of IRDA, has been an experiment worth watching. Over the past five years, as the insurance industry has been grappling with changes and also tapping exciting new opportunities under the supervision and guidance of IRDA, it is becoming evident that the experiment is laid on solid foundations.

After all, development is central to any regulatory reform. Particularly in the financial sector, the development of a stable and strong insurance system is crucial to sustaining long-term economic growth and efficient resource allocation. To establish a sound insurance market regime, public confidence in the institutions that constitute the sector is of prime importance. Confidence can only be strengthened and maintained if the insurance institutions deliver reliable and quality services.

In this respect, the duty of the regulator assumes significance in securing the long-term stability of financial services providers by monitoring their financial soundness and fair treatment of customers. Therefore supervisory systems geared to assess effectively the actual financial soundness of insurers, as well as development of mechanisms for intervention and for safeguarding interests of insurance consumers, are of primordial importance.

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 more evident in monitoring the operations of the insurance companies rather than in an intrusive type of role. At the same time, the regulator has to constantly guard against pressure in the initial stages of regulatory functioning not to enlarge its role and end up as a super insurer.

> By assigning the developer's 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 insurance market on the other, perhaps one can strike the right balance most efficiently.

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 is required to provide the much-needed benchmarks for assessing the quality of economic and social impact of reforms as well as to motivate the application of the laws and regulations that protect competition.

This implies 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 for new laws and regulations may be taken up after careful consideration and negotiation with all the 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 one hand and the efforts of development of the insurance 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 marketplace 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 as well as the inherent risks and exposures arising out of policy initiatives and take appropriate steps to ensure growth with stability. Helping them is the benefit of the sage advice of the Insurance Advisory Committee that comprises men and women of repute from different faculties.

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 to life and assets of entrepreneurs engaged in all economic activities (whether agriculture, industrial or trading), allowing them to freely take risks in the process of developing their economic interests.

Development Initiatives at IRDA

Development means different things to different people. From the perspective of development of insurance market in India 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 savings 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, through micro-insurance agents, simpler forms of insurance such as property, personal accident, health and life insurance.

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 social sector has been mandated for insurers and as the overall size of the insurance pie expands, more funds will be channeled to finance infrastructure and social sector projects. It also holds the promise for development of the bond market in India.

> 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 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.

Market Discipline

Ineffective market discipline is an issue that has to be effectively tackled for the healthy growth of the insurance market. Public disclosure and consumer education are critical in this area. 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 be able to meet these challenges. Failure to regulate effectively will lead to a deterioration of market integrity and stability and, ultimately, the intervention of the IRDA as supervisory regulator with oversight responsibilities.

It is expected that, in time, much of the developmental role currently played by the IRDA will be taken over by the SROs. In an environment of growth and expansion, it is the SROs that can best facilitate innovation and adaptation to seize competitive opportunities and meet challenges. The Life Insurance Council and the General Insurance Council are presently performing the role of an SRO in a limited manner by setting up market conduct standards for insurers. An exercise is already on to grant the Actuarial Society of India statutory status on the lines of the Institute of Chartered Accountants of India. A similar exercise has also been initiated to set up a self-regulatory body for insurance surveyors and loss assessors.

Initiatives have also been taken to foster international cooperation with 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 markets so as to ensure that market participants do not resort to regulatory arbitrage.

Need for Developing a Strategic Plan

However, appreciating this new 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. The plan should be based on the regulator's mandate and objectives, and should 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 its 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. These are goals or targets to be achieved in a three- to five-year timeframe but generally not longer. The goals should also be ambitious enough to stimulate genuine action but should be few enough in number to permit a concentration of effort on those goals.

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. In such plans the actions for the forthcoming year are described in detail. 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 been met or not. Goals and actions that can be measured or evaluated will make it possible to assess the regulator's performance.

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.

Performance Measurement

The role of performance measurement mechanisms in a quality framework is important to enable a regulatory body to measure its own progress and to do so in an honest and objective way. Significant progress will not take place unless it is being monitored. Good measurement and evaluation mechanisms also enhance the quality of progress. There is a tendency for all of us to think that if we are doing things we are getting somewhere. That is not always the case, as not all our initiatives are successful.

It is important to evaluate our successes and failures in a disciplined way so we can learn from both, and enhance our success rate in the future. A high degree of 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.

There is a need for continued reforms to ensure an insurance regulatory system that is more responsive to the needs of a modern, evolving marketplace. Development is the process of bringing current values of society to bear on current practices of an essential industry, and hence regulation must seek relevance more than permanence.

If we keep in mind, in the simplest terms, what our goals are, we will be best able to pursue those goals relentlessly. If the limited resources of public attention and government power are to do the most good in insurance regulation, they should be directed at helping people get the most insurance for their money.

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

Even Development

—Reaching Rural Areas and the Socially Weak

There is a huge opportunity out there to sell insurance to the economically weaker sections and in rural areas says ***Rajeev Ahuja*** and outlines some changes in approach and extensions of ideas in force to reach this market that is also an obligation.

The insurance regulator in India, the IRDA, is entrusted not only with regulating the Indian insurance market but also developing it. The importance of the "development" brief can be gauged from its explicit mention in its very name! While the broad vision under the development brief is contained in the IRDA Act, the decision on its concrete form was left to the regulator. The insurance regulator, taking a cue from the insurance reforms committee (the Malhotra committee) report, defined and imposed rural and social obligations on all insurance companies, whether public or private, whether life or non-life.[1] These obligations are akin to universal service obligations that are very common in sectors such as telecom and aviation even in advanced countries. However, in the field of insurance such obligations are not very common.

The IRDA-imposed *social* obligations take the form of covering certain minimum number of individuals in certain well-identified sections of the society by both life and non-life insurers in each year of their operations.[2] The *rural* obligations are in terms of certain minimum percentage of total polices written by life insurance companies and, for general insurance companies, these obligations are in terms of percentage of total gross premium collected.[3] Some aspects of these obligations are particularly noteworthy. *First*, the social and rural obligations do not necessarily require (cross) subsidising insurance. *Second*, these obligations are to be fulfilled right from the first year of commencement of operations. *Third*, there is no exit option available to insurers who are not keen on servicing the rural and low-income segment. *Last*, non-fulfilment of these obligations can invite penalties from the regulator.

It is believed that a huge untapped insurance potential exists in rural areas but this potential, which is not very obvious, requires a different marketing paradigm. Imposing such obligations would help the companies discover/ evolve the appropriate paradigm. The rural obligations are meant to tap commercial as well as semi-commercial segments of rural areas where insurance may otherwise take much longer to reach. Social obligations, on the other hand, are meant to extend insurance to the subsistence sector, which admittedly may not be profitable. In comparison to social obligations, rural obligations are easier to fulfil especially after the definition of "rural" was revised.

> One is that social and rural obligations need to be supplemented by other provisions with the view to guide the development of rural and social business in the country. Sensing this, the IRDA has already come out with a concept paper on microinsurance.

Although the Indian insurance market was opened to competition from private players only some four years ago, the fruits of competition are already visible in terms of a wide range of products, innovative bundling of insurance with other financial services, aggressive marketing, and better customer care. In discharge of its rural and social obligations too the insurers have by and large been successful. Almost every insurance company now has a separate cell/unit to look after its rural and social obligations. In order to fulfil these obligations, all insurance companies have come up with products for the poorer sections and low-income individuals. The products are being designed and sold creatively with the help of NGOs and other civil society organisations involved in various social and economic activities and, more generally, in development activities. As a part of their corporate social responsibility, the corporate sector can buy insurance products for the disadvantaged sections of society whom they want to reach through different channels.

Some insurance companies have taken rural and social obligations in a positive spirit and have actually surpassed their obligations while others have taken these as a burden. In the effect of such obligations on the bottomline of the insurers, the experience has been mixed. In some cases insurance companies have actually made profits even on such obligations, while some insurers have cross subsidised them from their profitable lines. Still others have been able to find a donor for paying premium, at least in part, on behalf of the low income people.

The impact of rural and social obligations on extending insurance to the intended people has been positive. However, certain aspects with respect to these obligations are already becoming quite clear. *One* is that social and rural obligations need to be supplemented by other provisions with the view to guide the development of rural and social business in the country. Sensing this, the IRDA has already come out with a concept paper on microinsurance in which it has spelt out its thinking on what these supplementary provisions could be. For example, putting a floor on the minimum level of benefit that must be provided under microinsurance, defining a role of microinsurance agent and so forth. It is not appropriate to comment on the note when discussions among all the stakeholders are already underway and when IRDA has an open mind on the subject. A noteworthy point is that the concept paper is very much in line with promoting insurer-agent model.

Two, the IRDA, that has performed well in generating insurance awareness at the national level, now needs to move forward in doing the same at sub-national and local levels. Insurance awareness in rural areas is very low — a fact highlighted by the insurance reforms committee as well. Insurance education at sub-national and local level can be spread only through the traditional rural idiom using the media of puppetry, story telling, folk songs, street plays etc. By its very nature, local agencies are better placed to carry out propagation of insurance. Perhaps, IRDA can join hands with the state governments in achieving this.

It is instructive to look at some of the other recommendations of the insurance reforms committee in this respect. The committee recognised the merit in extending life insurance through post offices. The post offices in India are already offering postal life insurance (PLI). But PLI is currently open to only employees of government and semi-government organisations. PLI is operated through a vast and well-established network of post offices all over the country. Besides, PLI has several advantages in terms of lower cost per unit of business, lower lapsation of policies, higher efficiency in claims settlement, giving higher bonus. Given the suitability of spreading postal life insurance in rural areas at low marginal costs, the reforms committee was of the view that postal life insurance be made available also to the general public. This is one area where IRDA needs to assume a more active role not just in making postal department perform an agency function but actually underwriting risk for the general public.

As far as rural and social obligations are concerned we are very much in the realm of experimentation where the scope for learning-by-doing is considerable.

Another recommendation made by the committee was to have an enabling provision for state level co-operatives to set up cooperative societies for transacting insurance business. Indeed, the cooperative movement has historically been strong in states such as Gujarat, Maharashtra, Karnataka and a few other states. In particular the committee recommended considering favourably the requests from national and state level cooperatives in entering insurance business. In the life segment the committee also recommended considering lower-than-normal capital requirement for cooperatives.

Although the IRDA has not laid down separate provisions for cooperatives, we find that one of the insurers in non-life business – IFFCO-Tokio – has the background of a cooperative. It is noteworthy that this insurer by its very nature of organisation has actually been able to surpass its obligations. We also find that insurance companies are trying to harness the strengths of state cooperatives by asking them to act as a nodal agency in marketing their insurance products to the members of cooperatives.

Another important recommendation of the insurance reforms committee was on using organisations such as mahila mandals, panchayats etc. in extending insurance especially in the rural areas. This is already being achieved by the IRDA's rural and social obligations, and this trend will get a further boost once a set of regulations for microinsurance are in place.

As far as rural and social obligations are concerned we are very much in the realm of experimentation where the scope for learning-by-doing is considerable. We need to go further in time, before the impact of rural and social obligations can be reviewed. Provisions with respect to these obligations may have to be fine-tuned as evidence and experience accumulates.

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End Notes:

1 The insurance reforms committee (the Malhotra Committee), while acknowledging the role played by public insurers in extending insurance to the poorer and rural sections of society, recognised the need for considerable improvement in this respect. Moreover, the committee feared that once the sector was opened to competition from private players, these players might concentrate only on the lucrative urban market to the neglect of rural and low income segment. Accordingly it had suggested imposing some mandatory requirements in this respect.

2 Social sector obligation is applied to all insurers and it includes covering: five thousand lives in the first financial year, seven thousand five hundred lives in the second year, ten thousand lives in the third year, fifteen thousand lives in the fourth year, and twenty thousand lives in the fifth year. In case of a general insurer, the obligations specified include insurance for crops also.

3 Rural sector obligations in respect of a life insurers is defined in terms of percentage of total policies written and such obligation are: seven per cent in the first financial year, nine per cent in the second year, twelve per cent in the third year, fourteen per cent in the fourth year, and sixteen per cent in the fifth year. Such obligations in respect of general insurers are in terms of total gross premium income written in a year. It is two per cent in the first financial year, three per cent in the second year, and five per cent thereafter.

प्रकाशक का संदेश

पिछले दशक में बीमा उद्योग में सुधारों का आधार ऐसी ही योजनाओं का रहा है जिन्हें भारत सरकार द्वारा वर्ष 1993 में नियुक्त की गई मल्होत्रा कमेटी द्वारा निर्धारित किया गया था। किसी भी क्षेत्र में सुधार स्थिर नहीं होते लेकिन एक समय अवधि में क्षेत्र विशेष अपनी आवश्यकताओं के अनुरूप परिर्वतनों से गुजरते हैं। मल्होत्रा कमेटी रिपोर्ट उद्योग के लिए महत्वपूर्ण निर्देश बिन्दु का काम करती है। जिसके अनुसार विधान में बहुत से परिर्वतन तथा आईआरडीए की स्थापना एक महत्वपूर्ण स्वतन्त्र विनियामक के रूप में हुई है, जो पालसी धारक के हितों का संरक्षण तथा बीमा उद्योग का स्वस्थ विकास करता है।

आईआरडीए जर्नल के इस अंक में हम एक ष्टिपात उद्योग में पिछले पाचँ वर्षो में हुए परिर्वतन पर करेगें। जबसे आईआरडीए अधिनियम 1999 से पारित हुआ है या यूँ कहें कि इस उद्योग में नई सत्ता ने अपनी जडें जमायी है।

इस उद्योग में बहुत कुछ बदला है जिसने बदले परिवेश में अपनी पैठ बनायी है। इस माह हमारे लेखक यह प्रतिबिंबित कर रहे हैं कि यह परिर्वतन किस प्रकार कमेटी के अनुसार है तथा किस प्रकार वास्तविकता में घटनायें सामने आये हैं तथा भविष्य में झांक कर भी देखा गया है।

हमारे अगले अंक में बीमा उद्योग के जीवनरक्त विप्पण क्षेत्र पर केन्द्रित होगा। विशेषत: जीवन तथा व्यक्तिगत जीवन बीमा, बीमा अभिकर्ता इसमें शामिल होगे। इस व्यवसाय पर काफी बातें की गई है पर इसे काफी कम समझा गया है इसको उच्च शिखर पर पहुँचने से पहले कई अवरोधो को पार करना होगा हम इनमें से कुछ को अगले अंक में देखेगें।

सी. एस. राव

“ कुछ तो लोग कहेंगे ”

हमारी कार्ययोजना का एक पहलू यह भी है कि हम ऐसे मानक विधान विकसित करें, जिससे उच्च पारदर्शिता प्राप्त की जा सके। इसके लिए आवश्यक होगा कि ब्रोकर अपनी सभी क्षतिपूर्ति व्यवस्था का प्रकटीकरण करें।

सुश्री डायने कोकेन, नैशनल एसोसियेशन आफ इंश्युरेंस कमिश्नर्स (एनएआईसी) यूएस, अध्यक्ष तथा पेनसेलनेविया की बीमा कमिश्नर।

हेल्थ बीमा क्षेत्र एक बड़ी निराशा रही है। एकल हेल्थ बीमा कंपनियों की आवश्यकता इस सेक्टर में सफलता पाने के लिए जरूरी है।

सी.एस. राव, अध्यक्ष, आईआरडीए

या तो दोनों अंशधारक अपनी हिस्सेदारी को 26 प्रतिशत तक ले आयें अथवा यह धारा हटानी होगी

सी.एस. राव, अध्यक्ष, आईआरडीए

या तो हमें 12 करोड़ पालिसियाँ, 2000, कार्यालयों को सँभालना में शोकाकुल होना पड़ रहा है ; कंप्यूटरीकरण था लेकिन बिगाड़ को रोकने के लिए पर्याप्त न था। अब पालिसिया दो करोड़ प्रति वर्ष की दर से बढ़ रही हैं। हम ऐसे वातावरण में जा रहे हैं, जहाँ हम संख्या का प्रबंधन कर सकेंगे, जबकि अन्य गुणात्मक सुधार के लिए कार्यरत है। हम संख्या की अधिकता से प्रसन्न नहीं रह सकते - संख्या प्रभावशाली है, विकास भी प्रभावशाली है, लेकिन कार्य की गुणवत्ता भी महत्वपूर्ण है।

एस.बी. माथुर, अध्यक्ष एलआईसी

यह आबद्ध बोर्ड है। इनमें चालू तथा भूतपूर्व उद्योग कार्यपालकों का होना अवश्यंभावी है।

श्री जे. रोबोर्ट हंटर, टैक्सेस के भूतपूर्व कमिश्नर, जो अब वाशिंगटन स्थित कंज्यूमर फ़ेडरेशन आफ अमेरिका में इंश्युरेंस निदेशक हैं। ब्रोकरेज बोर्ड के असफल होने पर उच्च पुलिस कार्यपालकों के लिए जिन्होंने एक ऐसी संस्कृति का विकास किया है, जो कठोर फीस तथा आज्ञा को क्षमा करने की बात करती है।

दुनिया के अन्य देशों की अपेक्षा भारतीय हेल्थ शोकाकुल है, यहाँ इस क्षेत्र में सरकार का योगदान उच्च है। भारत में सरकारी हेल्थकेयर की गुणवत्ता चिंता का विषय है। नयी तकनीकों के आने के बाद हेल्थकेयर की लागत एक बडी समस्या समाज के बड़े वर्ग के लिए बन गई है।

डॉ. सी. प्रताप रेड्डी, अध्यक्ष, अपोलो अस्पताल लिमिटेड

निवेश सांख्यिकी

वर्ष 2003-04 में जीवन बीमा निवेश

जी.वी. राव

जीवन बीमा क्षेत्र में धनराशि की स्थिति

मार्च 2004 को समाप्त हुये वित्त वर्ष में जीवन बीमा क्षेत्र में निवेशित राशि 3,52,500 करोड़ रुपये (40 प्रतिशत की वृद्धि) थी, जो पिछले वर्ष की इसी अवधि के 2,61,000 करोड़ रुपये से अधिक है। जीवन बीमा क्षेत्र में एक वर्ष में 91,000 करोड़ रुपये की वृद्धि दर्ज की गयी, जिसमें भारतीय जीवन बीमा निगम (एलआईसी) का करीब-करीब वर्चस्व है। इसमें उसका योगदान 89,000 करोड़ रुपये का है। 13 निजी कंपनियों की वृद्धि हिस्सेदारी 2050 करोड़ रुपये है।

मार्च 2004 के अंत तक जीवन बीमा निगम ने कुल 3,48,000 करोड़ रुपये (35 प्रतिशत की वृद्धि) का निवेश किया और नयी कंपनियों ने 82 प्रतिशत की वृद्धि के साथ 4550 करोड़ रुपये का निवेश किया।

सरकारी प्रतिभूति में निवेश का संपूर्ण परिश्य पिछले वर्ष के 65 प्रतिशत से घटकर 59 प्रतिशत पर आ गया। बाजार प्रतिभूति में निवेश 23 प्रतिशत से बढ़कर 30 प्रतिशत के उच्चतम स्तर पर पहुंच गया। अवरचनात्मक एवं सामाजिक क्षेत्र में निवेश दर 12 प्रतिशत से गिर कर 11 प्रतिशत पर आ गया है। ऐसा शायद इस क्षेत्र में अच्छी परियोजनाओं के अभाव में हुआ।

निवेशित कोष अधिनियम

वर्तमान में निवेश अधिनियमों में यह स्पष्ट किया गया है कि केंद्र एवं राज्य सरकार की प्रतिभूतियों में कुल निवेशित राशि का 50 प्रतिशत से कम हिस्सेदारी नहीं होनी चाहिये। अवरचनात्मक एवं सामाजिक क्षेत्र में 15 प्रतिशत से कम एवं बाजार प्रतिभूति में निवेश हिस्सेदारी 35 प्रतिशत से अधिक नहीं हो सकती।

जीवन बीमा क्षेत्र में निवेश नीति बीमा धारकों सहित शेयर धारकों की महत्वाकांक्षा पर तय की जाती है। बीमाधारकों में बोनस पॉलिसी लेने वालों की अधिकता होती है, जो अतिरिक्त आय से ही देना संभव होता है। बहरहाल निवेश आय ही प्रीमियम एवं बोनस का प्रमुख निर्धारक तत्व है। जैसा कि राष्ट्रीय आर्थिक प्रगति निरंतर तेजी से अग्रसर है और लोगों की जीवन प्रत्याशा में वृद्धि हुयी है। इससे जीवन बीमा की मांग में वृद्धि हुयी है। दूसरे वित्तीय मजबूती का यह एक प्रमुख आधार है। 90,000 करोड़ रुपये से अधिक निवेश कोष जीवन बीमा क्षेत्र से आना इसका प्रमाण है कि भविष्य में देश की अर्थव्यवस्था में इसकी महत्वपूर्ण भूमिका होगी। जीवन बीमा के माध्यम से वैयक्तिक सुरक्षा की भावना सामाजिक सुरक्षा की तुलना में ज्यादा महत्वपूर्ण है और इस सोच में तीव्र वृद्धि हो रही है।

Sectoral Investments by Life Insurers as at March 31, 2004 (March 31, 2003)

Company	CENTRAL GOVERNMENT SECURITIES		STATE GOVT. & OTHER APPROVED SEC (INCLUDING C.G. SEC.)	
	31/3/04	31/3/03	31/3/04	31/3/03
LIC	1,67,44,299.23	1,38,77,030.71	2,05,80,016.00	1,67,51,303.56
Public Sector	1,67,44,299.23	1,38,77,030.71	2,05,80,016.00	1,67,51,303.56
HDFC Standard	26,864.50	16,988.62	27,647.47	16,988.62
MAX New York	286.00	3,801.42	17,186.00	10,409.81
ICICI Prudential	47,335.09	28,675.78	47,335.44	28,676.00
Birla Sunlife	7,054.87	5,111.65	7,703.48	7,016.76
Tata AIG	20,289.00	10,360.19	20,289.00	10,359.89
OM Kotak	7,072.30	7,978.51	7,072.30	7,978.51
SBI Life	22,548.30	12,298.73	22,548.30	12,298.73
Allianz Bajaj	14,440.39	10,013.80	14,440.39	10,513.80
MetLife	6,950.25	5,717.00	6,950.25	5,717.00
AMP Sanmar	6,349.61	6,569.00	6,414.47	6,569.00
ING Vysya	3,768.23	5,380.00	3,768.23	5,880.00
Aviva	7,937.25	6,655.28	7,937.25	6,655.28
Sahara	6,019.25	-	11,508.86	-
Private Sector	1,76,915.05	1,19,549.98	2,00,801.45	1,29,063.40
TOTAL	**1,69,21,214.28**	**1,39,96,580.69**	**2,07,80,817.45**	**1,68,80,366.96**

* Negative figure is the reported Net Current Assets.

जीवन बीमा की प्रगति

सरकारी प्रतिभूतियों में निवेशित कोष 2,05,800 करोड़ रुपये में जीवन बीमा निगम की भागीदारी 59 प्रतिशत है, लेकिन यह पिछले वर्ष के 65 प्रतिशत की तुलना में कम है। इससे 3800 करोड़ रुपये उनके पास बढ़ा। बढ़ी हुई इस राशि के साथ 44,000 करोड़ रुपये बाजार प्रतिभूति में गये, जहां उसका हिस्सा बढ़कर 30 प्रतिशत हो गया, जो पिछले वर्ष 23 प्रतिशत पर था। अवरचनात्मक एवं सामाजिक निवेश पिछले वर्ष के 12 प्रतिशत की तुलना में मार्च 2004 को समाप्त हुये वर्ष में घटकर 11 प्रतिशत हो गया। फिर भी इस क्षेत्र में निवेश राशि बढ़कर 7,000 करोड़ रुपये हो गयी है। समाप्त हुये वित्त वर्ष में बाजार प्रतिभूति में निवेश सराहनीय है। इस क्षेत्र में निवेश सराहनीय है। इस क्षेत्र में निवेश बढ़कर 44,000 करोड़ रुपये से बढ़कर 1,04,000 करोड़ रुपये (72 प्रतिशत की प्रगति) हो गया। जीवन बीमा क्षेत्र के संपूर्ण कोष में जीवन बीमा का 98.7 प्रतिशत पर नियंत्रण है और यह पिछले वर्ष के 99 प्रतिशत से कम है।

नयी कंपनियों की प्रगति

13 नयी कंपनियों ने पूर्व वर्ष 2500 करोड़ से बढ़ाकर अपनी हिस्सेदारी 4,500 करोड़ रुपये कर ली है। सरकारी प्रतिभूतियों में उनका हिस्सा 44 प्रतिशत है। पिछले वर्ष यह 52 प्रतिशत था। बाजार प्रतिभूति में भारी उछाल लेते हुये नयी जीवन बीमा कंपनी का निवेश 35 प्रतिशत से बढ़कर 45 प्रतिशत हो गया। सामाजिक क्षेत्र में गिरावट दर्ज की गयी जो 13 प्रतिशत से दो प्रतिशत घटकर 11 प्रतिशत पर सिमटी।

आईसीआईसीआई प्रुडेंशियल ने बेहतर निवेश प्रगति करते हुये 1,490 करोड़ (612 करोड़ की प्रभावशाली दर) का निवेश किया। इसी तरह बिरला सनलाइफ़ का क्रम इसके बाद था। यह गौरतलब है कि कुल निवेशित कोष में तीन कंपनियों मेटलाइफ़, एममपी सन्मार एवं आईएनजी वैश्य की प्रगति पिछले वर्ष की तुलना में इस वर्ष कम रही। बाजार प्रतिभूति में भी इनकी भागीदारी निम्नतम रही, जबकि बाजार प्रतिभूति में सामान्यत: वृद्धि दर्ज की गयी।

उपसंहार

वर्ष के दौरान राष्ट्रीय अर्थव्यवस्था में जीवन बीमा क्षेत्र ने जो भूमिका अदा की, उसे निवेशित राशि की तुलना में बेहतर नहीं कहा जा सकता। 73 प्रतिशत अतिरिक्त राशि के साथ वृद्धि दर्ज करने वाला बाजार प्रतिभूति अगले वर्ष बेहतर निवेश आय दर्ज कर सकता है। कोष प्रबंधन नाटकीय तौर पर सरकारी प्रतिभूतियों से मुड़कर बाजार प्रतिभूतियों की ओर झुक गयी है।

(Rs.in lakhs)

INFRASTRUCTURE & SOCIAL SECTOR		INVESTMENT SUBJECT TO EXPOSURE NORMS (INCLUDING OTAI)		OTHER THAN APPROVED INVESTMENTS (OTAI)		Total	
31/3/04	31/3/03	31/3/04	31/3/03	31/3/04	31/3/03	31/3/04	31/3/03
38,14,094.21	30,99,816.03	1,04,01,804.00	60,22,102.16	16,69,350.05	1,11,938.09	**3,47,95,914.22**	2,58,73,221.75
38,14,094.21	30,99,816.03	1,04,01,804.00	60,22,102.16	16,69,350.05	1,11,938.09	**3,47,95,914.22**	2,58,73,221.75
5,783.52	3,920.48	12,841.92	5,509.26	2,336.27	911.27	**46,272.91**	26,418.36
4,136.00	2,712.28	3,209.00	4,812.13	1,227.00	500.08	**24,531.00**	17,934.23
10,458.01	6,356.00	91,241.16	26,627.35	13,076.98	4,136.88	**1,49,034.62**	61,659.35
2,842.91	1,514.21	48,220.89	8,995.27	2,950.84	298.14	**58,767.28**	17,526.24
3,480.00	2,493.43	3,550.00	5,404.34	-	439.35	**27,319.00**	18,257.65
2,769.01	2,649.30	9,700.01	6,221.65	-	1,824.93	**19,541.32**	16,849.46
6,208.64	3,129.00	9,860.57	6,108.05	3,050.33	1,796.00	**38,617.51**	21,535.78
4,626.92	3,767.59	6,459.39	4,274.54	1.02	*(37.51)	**25,526.70**	18,555.92
2,582.13	1,518.00	2,530.54	5,066.05	1,179.03	754.00	**12,062.92**	12,301.05
1,596.10	1,880.00	2,841.10	4,322.05	1,207.14	-	**10,851.67**	12,771.05
1,568.20	1,525.00	4,272.18	4,312.05	644.44	-	**9,608.61**	11,717.05
2,965.29	2,307.66	8,079.10	5,615.59	272.46	351.17	**18,981.64**	14,578.53
572.95		2,247.39	-	360.41	-	**14,329.20**	-
49,589.67	33,772.94	2,05,053.26	87,268.34	26,305.93	10,974.31	**4,55,444.38**	2,50,104.69
38,63,683.89	**31,33,588.97**	**1,06,06,857.26**	**61,09,370.50**	**16,95,655.98**	**1,22,912.40**	**3,52,51,358.60**	**2,61,23,326.44**

निवेश सांख्यिकी

वर्ष 2003-04 में गैर-जीवन बीमा निवेश

जी.वी. राव

मार्च 2004 को समाप्त हुये वित्त वर्ष में गैर-जीवन बीमा में कुल 34,300 करोड़ रुपये का निवेश किया गया, जो पिछले वर्ष (2002-03) की इसी अवधि के निवेश का 13 प्रतिशत अधिक है। पिछले वर्ष गैर-जीवन बीमा निवेश 10.7 प्रतिशत था। भारतीय जीवन बीमा निगम एवं भारतीय कृषि बीमा निगम के साथ चार बीमा कंपनियां कुल 32,450 करोड़ रुपये (95 प्रतिशत) का निवेश किया और अन्य कंपनियों ने 1,850 करोड़ रुपये (पांच प्रतिशत) का निवेश किया। गैर-जीवन बीमा उद्योग में निवेशित राशि में 3,970 करोड़ रुपये की वृद्धि हुई। इसमें से 2,400 करोड़ रुपये सरकारी प्रतिभूतियों, 870 करोड़ रुपये आधारभूत संरचनात्मक ढांचा, 435 करोड़ रुपये बाजार प्रतिभूतियों एवं करीब 270 करोड़ रुपये आवासीय ऋण व अग्निनिरोधक उपकरणों में लगाया गया।

निवेश अधिनियमों के मुताबिक गैर-जीवन बीमा के ग्राहकों से प्रीमियम राशि के रूप में प्राप्त राशि को केंद्र व राज्य सरकार की प्रतिभूतियों में कम से कम 30 प्रतिशत, 10 प्रतिशत आधारभूत संरचनात्मक परियोजनाओं, पांच प्रतिशत राशि आवास ऋण व अग्नि निरोधक उपकरणों में निवेशित करना अनिवार्य है और बाजार प्रतिभूतियों में 55 प्रतिशत से अधिक राशि किसी भी दशा में निवेश नहीं की जा सकती।

पिछले वर्ष सरकारी प्रतिभूतियों में निवेश का हिस्सा 36 प्रतिशत था, जो वर्ष 2003-04 में बढ़कर 39 प्रतिशत हो गया। बाजार पूंजी में निवेश 48 प्रतिशत से घटकर 44 प्रतिशत हो गया। इससे यह स्पष्ट होता है कि कंपनियों ने सरकारी प्रतिभूति को महत्व दिया है। सात प्रतिशत कोष ऋण के रूप में निवेश किया गया और अवरचनात्मक क्षेत्र में 10 प्रतिशत निवेशित किया गया।

तेल कंपनियों का निवेश

इस क्षेत्र की प्रमुख कंपनियों ने विश्वास के साथ सरकारी प्रतिभूतियों में 41 प्रतिशत निवेश किया, जो पिछले वर्ष 38 प्रतिशत से तीन प्रतिशत अधिक है। बाजार प्रतिभूतियों में इनका हिस्सा 47 प्रतिशत से घटकर 43 प्रतिशत पर आ गया। इन कंपनियों में राष्ट्रीय बीमा का सरकारी प्रतिभूति में निवेश हिस्सा ज्यादा करीब 44 प्रतिशत है। न्यू इंडिया का सरकारी प्रतिभूतियों में निवेश हिस्सा पिछले वर्ष 35 प्रतिशत से बढ़ाकर 40 प्रतिशत किया गया। इसमें सबसे कम हिस्सा 33 प्रतिशत जीआईसी का है। यूनाइटेड इंडिया की सरकारी प्रतिभूति में भागीदारी 42 प्रतिशत है, जो पिछले वर्ष के 40 प्रतिशत से दो प्रतिशत अधिक है।

जीआईसी का बाजार प्रतिभूतियों में निवेश 48 प्रतिशत (पिछले वर्ष 54 प्रतिशत) है। न्यू इंडिया, जिसका हिस्सा बाजार प्रतिभूतियों में सबसे

Sectoral Investments by Non-Life Insurers as at March 31, 2004 (March 31, 2003)

Company	CENTRAL GOVERNMENT SECURITIES		STATE GOVT. & OTHER APPROVED SEC (INCLUDING C.G. SEC.)		LOANS TO HOUSING & FIRE FIGHTING	
	31/3/04	31/3/03	31/3/04	31/3/03	31/3/04	31/3/03
GIC	2,43,675.00	2,20,091.00	3,21,094.00	2,69,962.00	84,148.00	68,894.00
New India	2,39,716.00	1,96,696.00	3,20,738.00	2,53,972.00	43,100.00	42,111.00
National	1,26,698.00	1,21,087.54	1,66,559.00	1,57,395.19	26,894.00	21,249.92
United India	1,68,382.18	1,61,690.00	2,58,320.00	2,16,895.00	35,626.34	37,114.00
Oriental Insurance Co.	1,19,525.01	98,171.00	1,72,246.59	1,34,581.00	28,921.96	27,940.00
AICI	9,000.00		9,000.00		1,000.00	
Public Sector	9,06,996.19	7,97,735.54	12,47,957.59	10,32,805.19	2,19,690.30	1,97,308.92
Reliance	11,308.99	10,544.00	11,308.99	10,544.00	1,163.98	1,206.00
Royal Sundaram	9,957.64	6,775.50	10,235.29	7,454.78	2,633.39	1,979.84
IFFCO-Tokio	9,760.00	7,185.98	9,760.00	7,185.98	1,588.00	1,245.61
Tata AIG	14,533.00	11,367.25	14,533.00	11,367.25	2,151.00	1,591.83
Bajaj Allianz	14,823.00	10,251.36	14,823.00	10,751.06	3,285.00	2,439.27
ICICI-Lombard	10,246.48	9,460.00	14,792.17	9,460.00	2,500.00	1,855.83
CHNHB Association	279.43	228.32	295.67	228.32	80.31	60.05
Cholamandalam	11,706.00	8,181.52	11,706.00	8,181.52	1,583.00	505.95
HDFC Chubb	9,111.32	6,980.00	9,111.32	6,980.00	1,057.14	527.00
Private Sector	91,725.86	70,973.93	96,565.44	72,152.91	16,041.82	11,411.39
TOTAL	**9,98,722.05**	**8,68,709.46**	**13,44,523.03**	**11,04,958.10**	**2,35,732.12**	**2,08,720.31**

* Negative figure is the reported Net Current Assets.

Note: The above statistics does not include the investment figures of ECGC India Ltd

अधिक (54 प्रतिशत) था, ने 10 प्रतिशत घटाकर 44 प्रतिशत पर समेट लिया, जबकि ओरिएंटल की बाजार प्रतिभूति में हिस्सेदारी पिछले वर्ष के स्तर पर ही 47 प्रतिशत बरकरार है।

अन्य सभी कंपनियों में जीआईसी सबसे आगे है। वर्ष के दौरान जीआईसी ने 1370 करोड़ रुपये निवेशित किया, जबकि यूआईआईसी ने 760 करोड़ रुपये, न्यू इंडिया ने 565 करोड़ एवं ओरिएंटल ने 542 करोड़ रुपये का निवेश किया। राष्ट्रीय बीमा ने इस वर्ष सबसे कम मात्र 140 करोड़ रुपये का निवेश किया। इस कंपनी ने बाजार में वर्ष 2003-04 के दौरान सर्वाधिक प्रीमियम दर्शायी।

उपर्युक्त विश्लेषण से यह स्पष्ट है कि बीमा क्षेत्र की ये कंपनियां सरकारी प्रतिभूति में निवेश करके जोखिम उठाने से सुरक्षित रास्ता अख्तियार कर रही हैं और वे बाजार प्रतिभूति में निवेश का साहस नहीं जुटा रही हैं, लेकिन यह स्पष्ट नहीं है कि इन कंपनियों की निवेश नीति क्या है? इनमें सरकार निवेश करती है और वही नियंत्रित करती है। सभी कंपनियों का बोर्ड निवेश नीतियों को स्वीकृत करता है।

नयी कंपनियों का निवेश

नयी कंपनियों का निवेश 350 करोड़ रुपये की वृद्धि के साथ 1850 करोड़ रुपये है। इनका 50 प्रतिशत निवेश सरकारी प्रतिभूतियों में है। बाजार में करीब 25 प्रतिशत निवेश भागीदारी है, जबकि अवरचनात्मक क्षेत्र में करीब 16 प्रतिशत की भागीदारी है। बजाज एलायंस कुल 350 करोड़ रुपये का निवेश करके नई कंपनियों में सबसे आगे है।

उपसंहार

इस क्षेत्र में कंपनियों की निवेश नीति या शैली का पता चलता है। इससे यह संकेत मिलता है कि कंपनियों का निवेश झुकाव किस ओर है। एक विश्लेषक यह अच्छी तरह जांचने का इच्छुक होगा कि अलग-अलग क्षेत्रों में निवेश से आय का क्या अंतर है? और बीमा कंपनियों का निवेश का लक्ष्य क्या है?

शेयरधारकों का निवेशित राशि से आय एवं उपभोक्ताओं में विश्वास कायम करने की तुलना में वित्तीय प्रबंधन कभी भी महत्वपूर्ण नहीं हो सकता। उपभोक्ता का यह विश्वास महत्वपूर्ण कि कि कंपनी भविष्य में दावे की प्रतिपूर्ति या निपटान करने में सक्षम है। बीमा क्षेत्र में वित्तीय प्रबंधन से ज्यादा उपभोक्ताओं को बेहतर प्रीमियम दर देने की जरूरत है।

(लेखक ओरिएंटल इंश्/रेंस कंपनी के सेवानिवृत्त मुख/ प्रबंध निदेशक हैं।)

(Rs.in lakhs)

INFRASTRUCTURE & SOCIAL SECTOR		INVESTMENT SUBJECT TO EXPOSURE NORMS (INCLUDING OTAI)		OTHER THAN APPROVED INVESTMENTS (OTAI)		Total	
31/3/04	31/3/03	31/3/04	31/3/03	31/3/04	31/3/03	31/3/04	31/3/03
1,05,170.00	68,680.00	4,73,264.00	4,38,851.00	1,37,979.00	96,478.00	**9,83,676.00**	8,46,387.00
77,231.00	44,692.00	3,51,755.00	3,95,521.00	83,316.00	1,26,890.00	**7,92,824.00**	7,36,296.00
38,762.00	27,001.55	1,49,703.00	1,62,205.54	48,569.00	38,049.38	**3,81,918.00**	3,67,852.21
70,452.69	71,340.00	2,48,388.07	2,11,060.00	82,522.56	62,455.00	**6,12,787.10**	5,36,409.00
39,329.75	43,623.00	2,10,757.03	1,89,834.00	57,551.06	33,139.00	**4,51,255.33**	3,95,978.00
1,000.00		12,033.00		-		**23,033.00**	
3,31,945.44	2,55,336.55	14,45,900.10	13,97,471.54	4,09,937.62	3,57,011.38	**32,45,493.43**	28,82,922.21
3,175.15	2,033.00	2,562.48	4,367.00	1,025.65	1,802.00	**18,210.60**	18,150.00
4,590.69	2,165.60	4,498.90	5,486.39	554.41	-	**21,958.27**	17,086.61
2,771.00	2,672.71	4,590.00	8,871.00	-	2,575.23	**18,709.00**	19,975.30
3,585.00	3,017.62	2,644.00	7,022.02	149.00	4,052.66	**22,913.00**	22,998.73
5,728.00	3,455.93	11,026.00	12,835.19	2,480.00	3,869.20	**34,862.00**	29,481.45
4,751.14	2,939.15	12,723.48	7,525.66	2,690.75	2,334.09	**34,766.79**	21,780.65
161.73	115.47	604.32	645.12	176.27	219.82	**1,142.03**	1,048.96
2,215.00	1,140.00	1,577.00	1,060.27	1,065.00	549.27	**17,081.00**	10,887.75
2,112.48	1,045.00	3,105.38	546.00	1,288.59	*(34.00)	**15,386.32**	9,098.00
29,090.19	18,584.48	43,331.56	48,358.67	9,429.67	15,368.27	**1,85,029.01**	150,507.45
3,61,035.63	**2,73,921.03**	**14,89,231.66**	**14,45,830.21**	**4,19,367.29**	**3,72,379.65**	**34,30,522.44**	**30,33,429.65**

सब के लिए

ग़रीबों के लिए भी हो स्वास्थ्य बीमा

पी.सी. जेम्स

(पिछले अंक का शेष)

सामर्थ्य एवं क्षमता के बावजूद हमें अभी चिकित्सा सेवा को सभी के लिये सुगम एवं पहुंच में लाना एक दूर का ख्वाब है। रोग का भार बिलकुल ही भारी है। संक्रमण से फैलने वाले रोगों को रोकना एक कठिन काम है। करीब 50.3 प्रतिशत रोग भार संक्रमण से फैलने वाली बीमारियों का ही है। इसके अतिरिक्त डायबिटीस, हृदय रोग से संबंधी बीमारियों के लिये भी चिकित्सा सुविधा मुहैया कराने की आवश्यकता है और इन रोगों का इलाज भी आम लोगों के लिये आसान नहीं है और यह एक बड़ा सामाजिक मुद्दा है।

गरीबों के लिये स्वास्थ्य बीमा क्यों?

गरीब लगातार अभावों में जीता है और व अपने आपको न केवल उपेक्षित और बाहरी महसूस करता है, बल्कि सामाजिक परख, साक्षरता, शक्तिहीनता के एहसास के कारण भी वह समाज की मुख्य धारा से जुड़ नहीं पाता। दूर-दराज के क्षेत्रों में चिकित्सा सुविधा ही नहीं है। इन क्षेत्रों में गरीबों द्वारा इलाज कराने से कोई खास फ़ायदा नहीं होने से यहां कोई भी अपना पैसा व शक्ति संसाधनों का निवेश नहीं करना चाहता। पर्याप्त चिकित्सा सेवा के अभाव में भी गरीब गरीबी के अभिशाप से ग्रस्त रहता है।

बीमा को गरीबों के सामाजिक एवं आर्थिक सशक्तीकरण के एक साधन के रूप में देखा जा सकता है। खासतौर से स्वास्थ्य बीमा का खास महत्व है। आज की वैश्विकृत दुनिया में पहले जैसे संयुक्त परिवार, सामाजिक समूहों या सरकार की सहायता अब उपलब्ध नहीं है। दूसरे शब्दों में जोखिम बढ़ रहा है। इस संदर्भ में बीमाकर्ता का यह कर्तव्य है कि वह समाज की एक इकाई के तौर पर व्यक्ति को स्वास्थ्य सुरक्षा प्रदान करे। इस दिशा में बीमाकर्ता की भूमिका एवं क्षमता को समय एवं सरकार की भूमिका को देखते हुये बढ़ाने की जरूरत है।

स्वास्थ्य की सुरक्षा किसी देश का सबसे बड़ा लाभांश है। इसलिये सरकारें, अर्थशास्त्री, कल्याणकारी संस्थाएं सामाजिक कार्यकर्ता स्वास्थ्य खतरों को शीघ्रातिशीघ्र दूर करने के लिये हमेशा चिंतित रहते हैं। एक समुचित स्वास्थ्य व चिकित्सा ढांचा न केवल देश की अर्थव्यवस्था की तस्वीर बदल सकता है, बल्कि वह सामाजिक इंजीनियरिंग (परिवर्तन) में भी एक उत्प्रेरक का काम कर सकता है।

स्वास्थ्य बीमा वैयक्तिक सुरक्षा का एक आवश्यक अंग है। इस प्रकार ऐसे अनेक कारण बताये जा सकते हैं कि स्वास्थ्य बीमा क्यों जरूरी है। स्वास्थ्य बीमा इसलिये जरूरी है कि -

1) स्वास्थ्य जोखिम सीमित नहीं होता, बल्कि यह आवृत्तिक जोखिम है, जो सभी वर्गों, आयु के लोगों को प्रभावित करता है।

2) बीमारी की लागत रोग के साथ ही बढ़ती जाती है। जीवन शैली, पर्यावरण क्षरण एवं खाने की आदतों से भी स्वास्थ्य पर प्रभाव पड़ा है।

3) चिकित्सा खर्च बढ़ रहा है और किसी भी रोग का विषय के विशेषज्ञ से ही इलाज सामान्य हो गया है, लेकिन इलाज का खर्च बेतरतीब बढ़ गया है।

4) लंबी आयु एवं मृत्यु दर में गिरावट से सामाजिक स्थिति का विकास किया है। इससे बीमारी, रोगों या दुर्घटना एवं स्वास्थ्य को बरकरार रखना महंगा हो गया है।

5) नये तरह के रोग देखने में आ रहे हैं। जीवन शैली से पैदा होने वाले रोगों ने स्वास्थ्य जोखिम बढ़ा दिया है।

6) आय वृद्धि एवं संपन्नता से अपेक्षाएं बढ़ी हैं और इससे स्वास्थ्य पर खर्च बढ़ा है। 1999-2000 में एनएसएसओ के एक सर्वेक्षण में प्रति माह आय के आधार पर लोगों को बारह श्रेणियों में वर्गीकृत किया गया। इस सर्वेक्षण से यह स्पष्ट हुआ है कि उच्च आय वर्ग का इलाज खर्च निम्न आय वर्ग के इलाज खर्च से बारह गुना अधिक है, लेकिन चिकित्सा में 28 गुना अधिक खर्च प्राप्त किया गया।

सभी को स्वास्थ्य बीमा के दायरे में लाने, खासतौर से गरीबों को, की आवश्यकता है। यह बीमाकर्ताओं की ही आवश्यकता है कि वे स्वास्थ्य सुरक्षा की मिश्रित प्रकृति को समझें और गरीबों की पहुंच में बीमा प्रणाली को लाएं।

स्वास्थ्य बीमा एक सरल विषय नहीं है, खास तौर से जब यह गरीबों से संबंधित हो। बीमाकर्ताओं के सामने जो दिक्कतें आती हैं उनमें -

1) स्वास्थ्य बीमा मिश्रित विषय स्वास्थ्यता दर, जो आयु, आय, व्यवसाय, लिंग, आनुवांशिक, पर्यावरण व अन्य अनेक प्रकार के तथ्यों पर निर्भर करता है।

2) अन्य बीमा से हटकर स्वास्थ्य बीमा में दावा का उद्देश्य निहित रहता है। इसका मतलब यह है कि दावा जरूर किया जाएगा। यदि जोखिम को ईमानदारी से नहीं मूल्यांकित किया गया है तो परिणाम ठीक नहीं निकाला जा सकेगा।

3) नैतिक संकट एवं प्रतिकूल चयन भी स्वास्थ्य बीमा की संभावनाओं को कम करता है।

4) चिकित्सा खर्च ऐतिहासिक रूप से बढ़ा-चढ़ा कर दिखाया जाता है।

5) स्वास्थ्य बीमा क्षति भावनात्मक एवं सेवापरक व्यवसाय है। स्वास्थ्य बीमा को उच्च विशेषीकृत सेवा प्रदाता जैसे टीपीए प्रदान करने की आवश्यकता है। क्रेडिट सेवा, आपातकालिक सहायता, अस्पताल से संपर्क, कॉल सेंटर्स, तीव्र एवं जिम्मेदारीपूर्ण दावा निस्तारण व शिकायत निवारण।

6) अंत में सबसे महत्वपूर्ण है इस क्षेत्र में शामिल स्वास्थ्य बीमा प्रदाता कंपनियों की सक्रियता। इसी पर इसकी सफलता निर्भर है। सरकार द्वारा स्वास्थ्य बीमा के स्तरीय एवं कोडिंग, अस्पताल खर्च की दर एवं अन्य स्थाई मानक चिकित्सा में तय करने की आवश्यकता है। बिल भुगतान एवं लागत पारदर्शिता का मानकीकरण भी प्रदाता की जरूरत है। बीमाकर्ता को गरीबों के ग्रामीण बाजार के अध्ययन की आवश्यकता है।

गरीबों का जोखिम खाका

क्या गरीबों का जोखिम गया गुजरा जोखिम है? स्वास्थ्य बीमा में निम्न कारणों से स्वीकार्य जोखिम पर विचार किया जा सकता है-

1) गरीब शारीरिक कार्य (मेहनत) करते हैं। वे महंगे इलाज वाले रोगों की बजाय छोटी-मोटी बीमारियों से ही ग्रस्त होते हैं। यह भी उनके आस-पास शुद्ध जल की कमी और गंदगी के कारण होता है।
2) गरीब सामान्यत: इलाज कराने के इच्छुक नहीं होते, क्योंकि इससे उनकी कमाई कम हो जाती है।
3) वे कम खर्चीले इलाज से ही संतुष्ट और ठीक हो जाते हैं और सरकारी अस्पतालों में ही इलाज करा लेते हैं और इलाज खर्च कम आता है।
4) गरीब वैयक्तिक बीमा के प्रति बहुत कम उत्सुक होते हैं। इससे उनका सामुदायिक व समूह के आधार पर सरलतापूर्वक स्वास्थ्य बीमा किया जा सकता है।
5) अंत में गरीब उपभोक्ता क्रम के विशाल आधार हैं। उनकी संख्या विविधता आकर्षण उन्हें बेहतर उपभोक्ता वर्ग बनाता है।

गरीबों का बीमा करने की रणनीति

1) सस्ता एवं उनकी पहुंच में हो। मूल्य, खासतौर से वार्षिक प्रीमियम के रूप में की जाने वाली अदायगी, बहुतों को स्वास्थ्य बीमा के घेरे में ला सकती है। गरीबों के मामले में वेतन एक बड़ी बाधा है। उनके पास बचत नहीं होती। उनके ऊपर भार कम करने के लिये कई कदम उठाये जा सकते हैं।
2) नगद बीमा राशि कम रखें। कर्नाटक के तालुके में नगद 2,500 रुपये के प्रीमियम पर स्वास्थ्य बीमा एक आदर्श के रूप में शुरू किया जा चुका है। इसका प्रीमियम 30 रुपये रखा गया और यह सफल रहा है।
3) दूर-दराज के लोगों को बीमा निरर्थक ही होगा, खासतौर से यदि निजी चिकित्सा सेवा का उपयोग नहीं किया जाता है।
4) न्यूनतम प्रीमियम पर परिवार के सदस्यों की सहायता से बीमा कराया जा सकता है।
5) प्रीमियम राशि को बस किराये या रोज के खाने के खर्च की तरह बांध दिया जा सकता है। जैसे एक रुपया रोज जमा करके स्वास्थ्य सुरक्षा पर सजगता लायी जा सकती है।
6) प्रीमियम अदायगी के वर्तमान नियमों के होते इसे संभव किया जा सकेगा, लेकिन रोज एक रुपया जमा करना व्यावहारिक नहीं है। इसमें निम्न क्षेत्रों में कठिनाई है-

1. संग्रहण की अत्यधिक लागत।
2. लेखा की कठिनाई।
3. यदि समय से प्रीमियम का भुगतान नहीं किया गया तो जोखिम टूट जाएगा।
4. कठिनाई होने पर दोनों पक्षों से बीमा रद्द या खत्म करने में कठिनाई।
5. ऐसे श्रमिक, जिनका काम बारह माह नहीं चलता, उनके द्वारा प्रीमियम दे पाना संभव नहीं।

इन कठिनाइयों को निम्न रूप से दूर किया जा सकता है-

1. ऐसे बीमा सामूहिक रूप से शुरू किये जा सकते हैं।
2. एसएचजी एवं गैर-सरकारी संगठन इसमें शामिल हो सकते हैं और प्रीमियम की वित्तीय गारंटी ले सकते हैं।
3. ये संगठन साप्ताहिक रूप से प्रीमियम संग्रहण एवं उसको जमा करने का दायित्व ले सकते हैं।
4. ऐसी सेवाओं के लिये संस्थानिक वित्तीय, संग्रहण एवं गारंटी का उपयुक्त शुल्क लें।
5. प्रतिदिन/मासिक बचत लक्ष्य पहले से ही तय कर प्रीमियम संग्रहण का यांत्रिकीकरण किया जा सकता है।

उपयुक्त उत्पाद (बीमा) को तैयार करना

स्वास्थ्य बीमा सेवा में उपभोक्ता की मांग अधिक हो सकती है। यह निदानात्मक, नियंत्रक एवं रखरखाव के रूप में हो सकता है। समय के अनुसार उपभोक्ता की अपेक्षाओं में बदलाव आता है। अस्पताल खर्च पर अंकुश लगाने की भी आवश्यकता पड़ेगी, ताकि प्रीमियम दर पर विपरीत प्रभाव न पड़े।

गरीबों के लिये किये गये अध्ययनों से निम्न लाभ की इच्छा देखने को मिली-

1. अस्पताल सेवा
2. बाह्य रोगी उपचार
3. पुराने रोगों का इलाज
4. मातृत्व देखरेख
5. शिशुओं व बच्चों की चिकित्सा
6. विशेष रोगों का इलाज

निदान के लिये गरीबों को अन्य लाभ भी दिये जाने की आवश्यकता है, जैसे-

दैनिक वेतन हानि

अतिरिक्त जेब खर्च

यात्रा खर्च

मृत्यु/विकलांगता आदि अस्पताल की उपेक्षा के कारण/दुर्घटना के कारण मृत्यु/विकलांगता।

कम आय वाले लोगों को उपर्युक्त बीमा सेवाएं दे पाना थोड़ा टेढ़ी खीर है। न्यूनतम एवं नियंत्रित लागत पर उपर्युक्त बीमा पॉलिसियों को सामूहिक रूप दिया जा सकता है। उक्त बीमा पर विचार किया जा सकता है।

सेवा की लागत एवं उपयोगिता को नियंत्रित करने के लिये विभिन्न रणनीति अपनाई जा सकती है-

मात्र सरकारी सुविधाओं का इस्तेमाल।

नामांकित चैरिटेबल अस्पताल से ही इलाज।

नामांकित अस्पताल, जहां न्यूनतम लागत से इलाज के लिये प्रबंध करना।

(शेष भाग अगले अंक में)

लेखक राष्ट्रीय बीमा कंपनी लि. के प्रबंधक हैं। यहाँ व्यक्त विचार उनके अपने हैं।

Report Card:LIFE

49.24% growth in October

The life insurance industry underwrote a premium of Rs.1,52,672.57 lakh during the month of October, 2004, taking the cumulative premium underwritten during the current year 2004-05 to Rs.9,95,205.86 lakh. The break up of non-linked and linked premium underwritten by the life insurers constituted Rs.7,54,032.71 lakh and Rs.2,41,173.14 lakh respectively, constituting 75.77 per cent and 24.23 per cent of the premium underwritten during April to October, 2004. In terms of number of policies, 92.83 per cent were non-linked and 7.17 per cent were linked.

The total Individual premium and Group premium underwritten was Rs.7,95,961.14 lakh (75.76 per cent) and Rs.1,99,244.71 lakh (24.24 per cent) respectively as against Rs. 5,44,236.75 lakh (81.61 per cent) and Rs.1,22,597.21 lakh (18.39 per cent) underwritten in the corresponding period of the previous year. The premium underwritten by the industry up to October, 2004, towards individual single and non-single policies stood at Rs.1,71,247.76 lakh and Rs.6,24,713.39 lakh respectively accounting for 3,99,325 and 1,00,57,765 policies. The group single and non-single premium accounted for Rs.1,82,578.12 lakh and Rs.16,666.60 lakh.

LIC underwrote premium of Rs.8,00,575.66 lakh during the period i.e., a market share of 80.44 per cent, followed by ICICI Prudential and BirlaSunLife with premium underwritten (market share) of Rs.56,838.20 lakh (5.71 per cent) and Rs.28,607.78 lakh (2.87 per cent) respectively.

The number of lives covered by the industry under the various group schemes was 36,38,202 during the period ended October, 2004. LIC covered 23,47,302 lives under the group schemes accounting for 64.52 per cent of the market, followed by SBI Life with 5,16,312 lives (14.19 per cent), Tata AIG with 1,65,108 lives (4.54 per cent) and MetLife with 1,07,247 lives (2.95 per cent).

While LIC's market share declined from 88.76 per cent for the period ended October, 2003, all new life insurers increased their market share, over the corresponding previous year numbers. Cumulatively, the new players underwrote first year premium of Rs.1,94,630.20 lakh. In terms of policies underwritten, the market share of the new players and LIC was 9.09 per cent and 90.91 per cent as against 5.77 per cent and 94.23 per cent respectively in the corresponding period in the year 2003-04.

First Year Premium – October, 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
		Oct	Upto Oct	Upto Oct	Oct	Upto Oct	Upto Oct	Oct	Upto Oct	Upto Oct
1	**Bajaj Allianz**	**4,431.48**	**23,538.03**	**2.37**	**21,577**	**1,19,704**	**1.14**	**33,376**	**93,971**	**2.58**
	Individual Single Premium	1,847.92	8,534.34		2,155	9,130				
	Individual Non-Single Premium	2,564.07	14,790.54		19,416	1,10,517				
	Group Single Premium									
	Group Non-Single Premium	19.49	213.15		6	57		33,376	93,971	
2	**ING Vysya**	**823.50**	**4,425.54**	**0.44**	**5,665**	**51,172**	**0.49**	**931**	**8,582**	**0.24**
	Individual Single Premium	0.19	32.51		10	4,781				
	Individual Non-Single Premium	745.51	4,084.32		5,648	46,369				
	Group Single Premium	76.69	283.87		1	3		203	674	
	Group Non-Single Premium	1.11	24.83		6	19		728	7,908	
3	**AMP Sanmar**	**884.51**	**3,290.91**	**0.33**	**2,705**	**17,571**	**0.17**	**28,003**	**51,830**	**1.42**
	Individual Single Premium	650.85	1,893.97		993	3,476				
	Individual Non-Single Premium	192.17	1,221.71		1,707	14,056				
	Group Single Premium	5.46	41.12		0	1		0	190	
	Group Non-Single Premium	36.02	134.10		5	38		28,003	51,640	
4	**SBI Life**	**5,034.79**	**21,974.01**	**2.21**	**7,641**	**51,930**	**0.50**	**1,31,140**	**5,16,312**	**14.19**
	Individual Single Premium	505.16	3,803.10		585	2,580				
	Individual Non-Single Premium	422.49	3,061.99		6,677	47,465				
	Group Single Premium	3,904.31	12,035.35		0	3		38,118	1,24,012	
	Group Non-Single Premium	202.83	3,073.57		379	1,882		93,022	3,92,300	

(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
		Oct	Upto Oct	Upto Oct	Oct	Upto Oct	Upto Oct	Oct	Upto Oct	Upto Oct
5	**Tata AIG**	**2,576.88**	**13,814.43**	**1.39**	**19,781**	**1,17,708**	**1.12**	**10,396**	**1,65,108**	**4.54**
	Individual Single Premium									
	Individual Non-Single Premium	2,459.79	11,550.44		19,768	1,17,574				
	Group Single Premium	38.81	335.93		0	0		7,671	54,288	
	Group Non-Single Premium	78.28	1,928.05		13	134		2,725	1,10,820	
6	**HDFC Standard**	**3,013.44**	**15,713.28**	**1.58**	**15,921**	**73,075**	**0.70**	**11,504**	**86,985**	**2.39**
	Individual Single Premium	707.28	4,065.73		2,212	15,402				
	Individual Non-Single Premium	2,074.79	10,834.75		13,696	57,572				
	Group Single Premium	231.37	636.88		13	94		11,504	78,665	
	Group Non-Single Premium	0.00	175.92		0	7		0	8,320	
7	**ICICI Prudential**	**9,008.60**	**56,838.20**	**5.71**	**36,687**	**2,51,860**	**2.41**	**7,418**	**42,188**	**1.16**
	Individual Single Premium	528.26	7,799.66		403	4,965				
	Individual Non-Single Premium	7,882.48	44,352.29		36,281	2,46,834				
	Group Single Premium	15.95	32.25		1	9		3,953	5,339	
	Group Non-Single Premium	581.91	4,654.01		2	52		3,465	36,849	
8	**Birla Sunlife**	**4,904.58**	**28,607.78**	**2.87**	**15,190**	**77,980**	**0.74**	**10,508**	**51,312**	**1.41**
	Individual Single Premium	89.65	729.94		5,007	19,690				
	Individual Non-Single Premium	4,262.93	22,404.18		10,174	58,238				
	Group Single Premium	44.51	262.25		0	0		423	2,272	
	Group Non-Single Premium	507.49	5,211.41		9	52		10,085	49,040	
9	**Aviva**	**1,259.89**	**8,287.37**	**0.83**	**5,818**	**42,212**	**0.40**	**8,500**	**70,319**	**1.93**
	Individual Single Premium	25.13	199.20		125	400				
	Individual Non-Single Premium	1,216.66	7,950.77		5,691	41,793				
	Group Single Premium	9.18	22.58		0	1		71	202	
	Group Non-Single Premium	8.92	114.82		2	18		8,429	70,117	
10	**Kotak Mahindra Old Mutual**	**1,258.22**	**6,186.49**	**0.62**	**4,561**	**26,372**	**0.25**	**6,729**	**47,592**	**1.31**
	Individual Single Premium	384.81	1,360.25		178	831				
	Individual Non-Single Premium	839.27	4,113.67		4,382	25,508				
	Group Single Premium									
	Group Non-Single Premium	34.14	712.58		1	33		6,729	47,592	
11	**Max New York**	**1,704.77**	**9,604.32**	**0.97**	**19,825**	**1,03,482**	**0.99**	**5,300**	**49,454**	**1.36**
	Individual Single Premium	21.45	145.48		17	148				
	Individual Non-Single Premium	1,673.01	9,381.62		19,798	1,03,285				
	Group Single Premium									
	Group Non-Single Premium	10.31	77.22		10	49		5,300	49,454	
12	**MetLife**	**415.89**	**2,349.84**	**0.24**	**3,834**	**18,135**	**0.17**	**20,601**	**1,07,247**	**2.95**
	Individual Single Premium	11.73	80.46		48	231				
	Individual Non-Single Premium	389.07	1,922.45		3,764	17,838				
	Group Single Premium									
	Group Non-Single Premium	15.09	346.93		22	66		20,601	1,07,247	
13	**LIC**	**1,17,356.01**	**8,00,575.66**	**80.44**	**13,34,175**	**95,16,018**	**90.91**	**2,46,338**	**23,47,302**	**64.52**
	Individual Single Premium	19,893.62	1,42,603.12		44,357	3,37,691				
	Individual Non-Single Premium	76,837.87	4,89,044.66		12,88,547	9,17,0716				
	Group Single Premium	20,624.52	1,68,927.88		1,271	7,611		2,46,338	23,47,302	
	Group Non-Single Premium									
	Total	**1,52,672.57**	**9,95,205.86**	**100.00**	**14,93,380**	**1,04,67,219**	**100.00**	**5,20,744**	**36,38,202**	**100.00**

Report Card:GENERAL

October growth spurts to 21.5 %

G. V. Rao

Performance during October 2004

A peep into the review of performance for the month of September had shown that the non-life sector had performed beyond all market expectations. There was an impressive premium accretion of Rs. 252 crore (20 per cent growth), with the four established players having played a pivotal role. They had added Rs. 159 crore (15.5 per cent growth) to the premium income, with the eight new players adding yet another Rs. 87 crore (51 per cent growth). ECGC had come up with an accretion of Rs. six crore.

The performance in the month of October is even more notable, as it has excelled the performance in September. The accretion in the October premium income is about Rs. 261 crore (21.5 per cent growth). This time around, it is the new players that have taken the lead with an accretion of Rs. 137 crore (81 per cent growth). The four established players have recorded only Rs. 119 crore (11.5 per cent growth). ECGC has come up with an accretion of Rs. five crore.

The significant feature of the performance in October is the running competition for the top slot. New India has wrested it back in October by recording a growth rate of 21 per cent with an accretion of Rs. 65 crore. National Insurance surprisingly has dropped its growth rate in October to 12 per cent (Rs 30 crore accretion)—an unusual situation for it to be in perhaps for the first time. Its monthly growth rate of 12 per cent ranks the third among the established players.

United India, with its October premium sliding by an additional Rs. 18 crore has lost renewal premium for the third month in succession. It is the only player to have recorded a fall in comparative business among the entire set of non-life insurers. Is it pruning its loss-making portfolio? This performance has also pushed its ranking to the fourth position, as at the end of October, making Oriental regain

GROSS DIRECT PREMIUM (within India) OCTOBER, 2004

(Rs.in lakhs)

INSURER	PREMIUM 2004-05 FOR OCT 04	PREMIUM 2004-05 UPTO OCT 04	PREMIUM 2003-04 FOR OCT 03	PREMIUM 2003-04 UPTO OCT 03	MARKET SHARE UPTO OCT, 2004	GROWTH % YEAR ON YEAR
Royal Sundaram	2,381.61	18,132.81	1,680.05	14,902.42	1.70	21.68
Tata AIG	3,249.75	27,270.19	2,350.78	21,751.89	2.55	25.37
Reliance General	1,629.11	10,411.42	1,153.91	9,246.45	0.97	12.60
IFFCO-Tokio	3,660.32	26,275.18	2,038.68	18,808.19	2.46	39.70
ICICI Lombard	9,231.80	50,015.84	4,073.68	27,559.30	4.68	81.48
Bajaj Allianz	7,316.69	46,663.56	3,973.81	25,780.37	4.37	81.00
HDFC Chubb	1,682.33	9,762.53	1,147.05	4,742.23	0.91	105.86
Cholamandalam*	1,591.68	10,254.86	579.87	5,227.40	0.96	96.18
New India*	37,158.00	2,44,265.00	30,665.00	2,26,069.00	22.86	8.05
National*	28,022.00	2,35,242.00	24,971.00	1,88,686.00	22.02	24.67
United India*	20,630.00	1,78,974.00	22,452.00	1,87,715.00	16.75	-4.66
Oriental*	26,656.00	1,82,973.00	22,546.00	1,68,206.00	17.12	8.78
ECGC	4,153.4	28,240.92	3,619.08	23,893.69	2.64	18.19
TOTAL	1,47,362.69	10,68,481.31	1,21,250.91	9,22,587.93	100.00	15.81

**** Data revised by the respective insurers for the corresponding month of the previous year.***

the third rank that it had occupied for a long time.

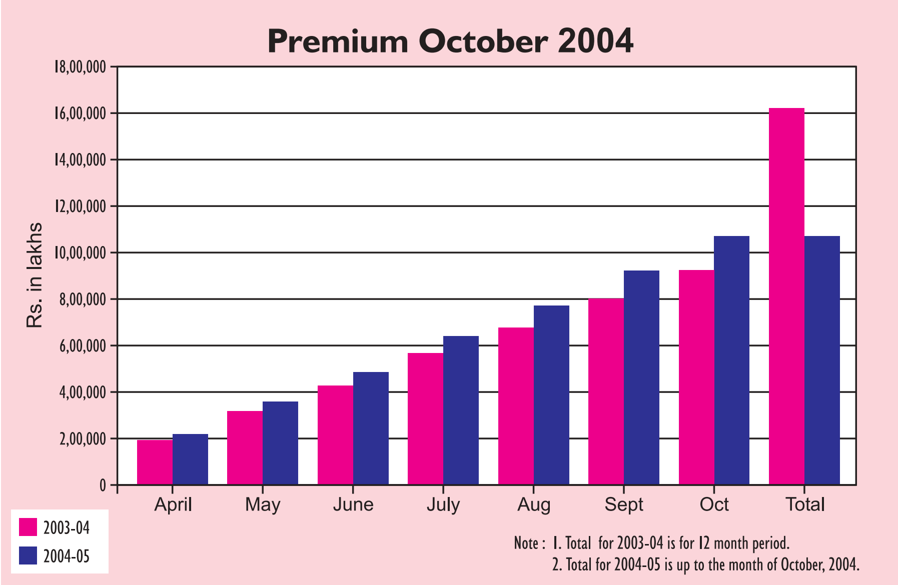
Among the new players, ICICI Lombard continues to lead the others by an impressive margin in terms of accretion of Rs. 51 crore (124 per cent growth). Bajaj Allianz, a close second till recently, having recorded an accretion of Rs. 33 crore (83 per cent growth) finds the gap between the two has increased. Both these players in terms of accretion lead the rest of the new players by a substantial margin. Between the two of them they have a market share of nine per cent.

With National Insurance showing a new trend of relatively lower growth rate and with United India not being able to overcome its losing trend, the situation for the established players is likely become more challenging in the months ahead. The initiative of the new players who have outstripped the quantum accretions of the established players is indeed impressive and a positive sign for the future. Their consolidation will make the market more competitive.

Performance up to October 2004

The impressive growth rate of 21.5 per cent in the month of October has pushed the overall growth rate of the market to 15.8 per cent from the 15 per cent as at the end of September. With the exception of United India, all the remaining players have shown appreciable growth rates. The market premium has increased by about Rs. 1,460 crore (15.8 per cent growth). The private players have contributed about Rs. 710 crore (55 per cent growth) and the established players including ECGC about Rs. 750 crore (9.5 per cent growth). The accretion of the four established players, however, is only Rs. 708 crore, about Rs. two crore less than the private players, an odd situation for established players to be in.

National Insurance alone has contributed Rs. 465 crore (24.7 per cent growth), followed by New India Rs. 183 crore (eight per cent growth) and Oriental Rs. 148 crore (9 per cent growth). The



uneven growth rates among the four are indicative of the respective competitive pressures they have generated against each other in the market.

The private players can be categorised, based on their premium performance, in to four categories; ICICI and Bajaj in one category (Rs. 450/500 crore range), Tata AIG and IFFCO-Tokio in another category (Rs. 250/275 crore), with Royal Sundaram occupying the third category (Rs. 180 crore) and Reliance, Cholamandalam and HDFC Chubb in the fourth category of about Rs. 100 crore each.

With upcoming changes in the stewardship of three of four old players, their premium growth can be expected to undergo unpredictable changes. Will the private players see these changes as opportunities to become more aggressive to consolidate their growth trends? Has this situation already emerged? What portfolios are driving the market?

The market share of the private players that is now almost 19 per cent; and it may go even go up by the end of the fiscal. What are the forces driving the growth strategies of each player? With the established players having lost many from their officers cadre and marketing force, are they able to retain renewals of most of their corporate accounts? What inroads have the corporate agency structures of the banks made into their profitable segments? With the market proving to be friendly in terms of having recorded fewer major losses, it is advantage new players for the present. How will the market segment itself in the future?

The month of October has been significant for the very impressive growth in the market premium; the struggle that National Insurance is experiencing for the first time to maintain its past growth tempo, the continued sluggishness of United India in maintaining its past growth rates and the vibrancy the new players have shown in overhauling the market trends.

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

AGENT NORMS MAY NOT APPLY TO BANKS: IRDA

The IRDA will be drafting guidelines for corporate agents to avoid mis-selling and to place proper checks on the industry, it is reported. Mr. C. S. Rao, Chairman, IRDA, however, said the regulator may exempt banks in this regard.

"Insurance companies do not have proper control over the corporate agents due to which some of them have been issuing policies that they are not eligible to. The insured are thus getting confused between the insurer and the intermediary, and do not know whom to turn to. There is no proper disclosure of terms and conditions also," Mr. Rao is reported to have said.

In September, IRDA decided to temporarily suspend issuing new licences to corporate agents because of reported cases of mis-selling. It is currently reviewing their performance and will not issue further licences till then.

"There will be relaxations with regard to banks as compared to other corporate agents, as banks cannot get elusive. They have huge staff and are more responsible too," Mr. Rao reportedly said.

"We do not want multi-level marketing to take place in the insurance business. So the guidelines that we will draft will be to ensure that the agents who are selling insurance policies have the required licence for it. Insurance companies also need to have greater supervision over the corporate agents and test-checking will also be recommended. Sales need to be accounted for and companies should ensure that clients are fully aware of the terms and conditions."

RBI GOVERNOR MOOTS RISK MANAGEMENT POLICY FOR AGRICULTURE

The existing crop and credit insurance frameworks for rural credit and agriculture are insufficient, according to Dr. Y. V. Reddy, Governor, Reserve Bank of India. It has been reported that he favours a comprehensive public policy on risk management in agriculture, as this would not only work as a means of relief for distressed farmers but also pave the way for more efficient commercialised agriculture.

When it comes to risk-mitigation, "it is held that experiments with crop or credit insurance in India have not been very satisfactory so far," he is reported saying.

In support of the argument of farmers, Dr. Reddy said that where compulsory insurance was resorted to, it heightened the burden of borrowing from institutional sources and once transaction costs were added, the overall costs exceeded the prime lending rates (PLR) significantly.

"There are several risks that a farmer faces, and of these future price and monsoon conditions are the most severe and almost entirely beyond the control of the farmer. While minimum support price is a mechanism that has served us well, its cost-effectiveness is subject to debate and in any case, the coverage is limited to cereals such as rice and wheat and in some areas, cotton," he was reported saying.

Emphasising the need for a comprehensive public policy on risk management in agriculture, he said the components of such a policy should be worked out in detail. It should enable the establishment of a well articulated, objective and independent assessment of impact of adverse monsoon conditions and appropriate relief to farmers on an assured basis. It should facilitate farmers to assure themselves of a price for all their products before harvesting, or even sowing the seed, through a well-regulated network of forward, futures and options markets, he reportedly said.

Meanwhile, Mr. P. Chidambaram, Union Finance Minister, is reported saying that the Centre is closely studying /three types of crop insurance schemes.' These have been introduced on a trial basis, he said.

AND NOW, INSURANCE FOR WEDDINGS!

Bajaj Allianz General Insurance Company has launched an insurance coverage for weddings cancellation or postponement.

The insurance package covers the monetary loss following the cancellation or postponement of wedding due to fire and allied perils, accident to bride/groom, accident to blood relatives resulting in hospitalisation within seven days prior to the printed/declared wedding date, damage to property, Money in safe, Burglary and Public Liability etc..

In a press release from the company, Mr. Kamesh Goyal, CEO, Bajaj Allianz General Insurance, said, "These days weddings have become quite expensive and elaborate affair. People do take care to make this once in a lifetime event a memorable one. In case of any postponement or cancellations, there is a certain risk of monetary loss. The wedding insurance package can compensate the monetary loss. This unique package product covers the specific risks related to weddings."

Bajaj Allianz has launched this package product with four Sum Insured options starting with as low as Rs.2,00,000 to Rs.8,00,000. One can also choose among six types of coverage and get a section discount except in case of tariff products. The company believes that there is a large scope for such customised package products like Wedding Insurance package and the Indian market is still at its nascent stages.

Wedding Insurance package is a customised Event Insurance package to cover the specific risks related to that Event. Bajaj Allianz is also one of the few insurance companies who have entered the Event insurance in a big way says the press release, and has identified Sports, Films and Entertainment and has insured events like golf tournaments, cricket match, award nites, product launches etc.

INSURANCE MAJORS LINE UP TO LINUX

Insurance majors in India are all set to spend Rs. 400 crore over the next four years to create a single IT platform based on Linux, it is reported.

Life Insurance Corporation of India, the country's largest insurance company, is already onto Linux. Three of the four government-owned general insurance majors in the country — National Insurance Co., United Insurance and New India Assurance — have reportedly decided to use Linux as the backend operating system to run their core insurance solutions.

Linux is popular because of its open source code. The insurance companies have opted for it because of the ease with which new modules can be added and the low cost of ownership.

CMC Ltd., the Tata outfit mandated to roll out a centralised insurance application software called Genisys, has already started putting the core system in place.

The three insurance majors currently have various operating systems ranging from Windows to SCO Unix. All their applications would now be ported to the Linux platform, it has been reported.

National Insurance, which is spending about Rs. 180 crore for its IT modernisation programme, will start its Linux implementation from March next year. The company's backend servers will have Red Hat Linux while the front end will be Windows 2000.

"The reason to choose Linux is for its security provisions. The technical team we appointed to choose our IT architecture felt that Linux is the right OS for the backend servers which will store the customer information and other important data," Mr. T. K. Das, Director and General Manager (IT), National Insurance, is quoted saying.

The three general insurance majors plan to invest around Rs. 400 crore over the next three to four years in phases to create one IT platform where customers, motor dealers, insurance agents and travel agents can access the database and use it as per their requirements.

Mr. Rathin Ray, head of CMC's insurance practice, is reported to have said that the company's solutions have a 67 per cent share of the market and are currently used by NIC, UIA and NIA at their branches across the country.

HEALTH COVER FOR BPL FAMILIES IN DELHI SOON

The Centre is set to launch a novel health insurance scheme soon to cover over three lakh people in Delhi living below the poverty line (BPL), it has been reported. The scheme will be funded through a Rs. 400 to 500 corpus fund by charging market rate from private hospitals allotted land at concessional rate by Delhi Development Authority (DDA) and L&DO of the Centre.

As per the Urban Development Ministry scheme, private hospitals will be asked to pay the difference of money to the ministry against the land allotted to them. It has been reported that some of the private hospitals have agreed to pay the difference and the ministry plans to add that to the corpus fund. This will be commissioned to an appropriate authority.

The scheme was a result of the ministry noting that private hospitals in the capital, which were given land at concessional rates, were not adhering to the norm of providing 25 per cent free medical care to the poor.

While the details of the scheme would be ironed out with an insurance company, the people having a BPL card could be easily brought under the scheme and the premium of the insurance would be paid out of the interest accruing on the corpus fund, it is reported. Broadly, a family under the BPL would be provided an insurance cover of nearly Rs. 30,000 and Rs. 25,000 in case of death due to accident.

The interest on the corpus fund will also be utilised to provide health care to people living under the BPL, it is reported.

AXA LOOKS AT INDIA

Axa Asia Pacific Holdings, Australia's second-largest life insurer, said it was searching for an Indian joint-venture partner and would soon get permission to extend its China operations.

"We're looking at possible entry to the Indian market, the rules in India are that you have to have a joint venture partner, foreign life insurers are restricted to a maximum at the moment of 26 percent of the equity," Axa Asia Pacific chief executive Mr. Les Owen is reported saying.

Predicting rapid growth in the Chinese market, Mr. Owen said the company was looking to grow organically rather than via acquisition, and needed to enter the Indian market before deciding on acquisitions there.

The group expected to get a licence extension to operate in Foshan, China, within the next couple of months, but would see how successful its business was there before applying for licences in other Chinese cities.

COFACE PONDERS INDIA MARKET

Coface, the French export credit insurance agency, is reported to have asked the Indian Government to ease norms for doing business in India. "We have requested the Indian government to raise the foreign holding limit in insurance from 26 per cent to 49 per cent and also reduce the minimum capital investment requirement of $20 million", Mr. Francois David, Chairman of Coface has been quoted saying.

Mr. David met Mr. Rakesh Mohan, Secretary, Department of Economic Affairs, and Mr. K.T. Chacko, Director-General of Foreign Trade.

Coface is a subsidiary of Natexis Banques Populares Group. Its services include credit insurance, credit information, corporate ratings, management of receivables and country risk assessment.

It has direct presence in 57 countries and operates in 93 countries via its partners in the Credit Alliance worldwide network. In India it partners with ICICI Lombard Insurance and Tokio Marine Insurance.

With WTO regime set to open fresh trade opportunities, India's export would grow at a faster pace -- like, for example in textiles.

Right now over 90 per cent of the total export insurance premium business, which amounts to about $25 million, is dominated by the Government owned Export Credit Guarantee Commission (ECGC).

"We have global expertise and would be keen to participate with greater freedom in the opportunities in Asia including India," said Mr. David.

China requires a minimum of $30 million as capital upfront before a foreign player can set up operations in India.

US INSURANCE WATCHDOG UNVEILS NEW RULES FOR BROKERS

The US' National Association of Insurance Commissioners (NAIC) has unveiled new rules to help state regulators address conflicts of interest among brokers.

The NAIC, which represents state insurance regulators, took action after Mr. Eliot Spitzer, New York Attorney General sued Marsh & McLennan Cos. (MMC) for allegedly rigging bids and accepting so-called contingent commissions in return for steering business to favoured insurers. Marsh & McLennan is the world's largest insurance broker.

The draft proposal, which would amend the NAIC's current Producer Licensing Model Act, requires brokers to obtain written consent from clients before receiving compensation from an insurer. Brokers would also be required to disclose how much compensation they get from insurers and how those fees were calculated, said NAIC. When the amount of future contingent commissions is not known, brokers will have to provide a reasonable estimate of the fees they expect to receive and how that sum is calculated.

Insurance is currently regulated at the state level in the US. Partly in an effort to head off calls for federal regulation, the NAIC formed a task force last month to tackle the conflicts of interest exposed by Mr. Spitzer.

SPITZER WIDENS INSURANCE PROBE WITH SECOND LAWSUIT

Some of the biggest US insurers, including MetLife and Prudential, colluded to inflate the cost of employees benefits coverage, according to a suit filed by Mr. Eliot Spitzer, New York Attorney General. The civil lawsuit is the second legal action filed by Mr. Spitzer in his widening investigation into alleged corruption in the US insurance industry.

The suit alleges that the insurers paid higher commissions to a broker, San Diego-based Universal Life Resources (ULR), in return for business from companies including Viacom, Marriott, Colgate-Palmolive and United Parcel Service. Also, ULR allegedly received hefty fees from insurers for "communications services", such as printing informational materials and other activities. These payments last year accounted for more than $17 million of ULR's total revenues of $25.3 million.

Though no life insurers are named as defendants, Mr. Spitzer is "certainly not finished with this investigation", said reports.

According to the suit, in many cases, it was agreed in advance that fees would be tacked on to premiums charged to employees who buy supplemental insurance. Insurers involved understood that co-operating with ULR "to conceal these side arrangements" was necessary to obtain business.

CHALLENGING 2005 TO FOLLOW STRONG 2004: ERNST & YOUNG REPORT

The insurance industry, both life and property/casualty, has managed to perform well in 2004, but is set to witness new challenges in the year to come, says a report. At Ernst & Young's "State of the Financial Services Industry" press briefing, Mr. Peter R. Porrino, Global Director of insurance industry services, is reported to have said that the property/casualty industry since early 2003 had achieved average returns on equity of about 14-15 per cent, which was "very rare for the industry".

Life insurers, after seeing their returns on equity fall from an average of about 13 per cent in the mid-1990s to less than 6 per cent in 2001, had rebuilt their average returns to nearly 12 per cent through growth in assets and a reduction in general expenses, Mr. Porrino said.

According to the report, consolidation in the industry is likely to pick up in 2005, driven by cost pressure, lacklustre sales, the need to grow distribution, and back-office rationalization. Also, European companies, out of the market since 2001, are likely to regain buying interest as balance sheets strengthen.

The business practices of property/casualty personal lines and life insurance are expected to suffer some regulatory fallout from the current investigations into commercial property/casualty lines. Mr. Porrino has reportedly said he expects personal lines to next feel pressure to reform their business practices, followed by life insurance in 2005. Requirements on disclosure of incentives and compensation would increase.

LLOYD'S SEEKS ASSURANCE ON FAIR TRADE

As a sign of the investigation in the US on the insurance industry having repercussions in the UK, Lloyd's is taking action on the side of caution. It is telling insurers that write business in its market to examine their operations to make sure they are not engaging in anti-competitive practices.

Lloyd's is reported to be telling the 45 managing agents that run 66 Lloyd's syndicates that they should take necessary steps to satisfy themselves that their underwriters and staff are not engaging in bid rigging or price fixing. It also expects them to carry out internal reviews to satisfy their own boards and Lloyd's, in its role as supervisor of the market, that these activities are not taking place.

However, Lloyd's does not expect them to look at the existence of so-called contingent commissions, bonuses paid by underwriters to brokers for placing large volumes of business with them. These bonuses are at the centre of Mr. Spitzer's investigation but are not considered illegal in the UK.

'TERRORISM REMAINS INSURERS' BIGGEST THREAT'

While the insurance industry grapples with far-ranging investigations into broker practices and finite reinsurance transactions, terrorism remains the biggest threat to the industry, according to Mr. Ramani Ayer, President and CEO, Hartford Financial Services Group Inc. This is particularly significant as the clock ticks on the looming expiration of the US federal government's terrorism backstop programme, he is quoted to have said.

Speaking at the 16th Annual Executive Conference for the Property-Casualty Industry, Mr. Ayer said there was "a reduced sense of urgency surrounding the issue of terrorism" three years after the September 11 catastrophe. "We have a duty not be alarmist, but we cannot afford to let our attention to the issue slip," he said.

The largest source of financial aid to the victims of 9/11 was private insurance, he pointed out. "I am and always will be extremely proud of our industry's response to 9/11," he said. "We paid out claims quickly, and without a dollar of assistance from the government."

The Terrorism Risk Insurance Act, set to expire within a year, has been a good temporary public-private solution to calm markets in the wake of the insurance industry's largest single disaster ever. The insurance industry may be ready to address terrorism-related risk without government backing, but the scale of possible terrorism-related losses in future attacks meant the federal government must have some kind of role, Mr. Ayer said, as per reports.

He said the impact of a worst-case scenario – a suitcase nuclear bomb detonated in midtown Manhattan – could be an industry killer. Models for such an attack put possible deaths at half a million, and insured losses of more than $300 billion – approaching the total capacity of the property/casualty industry of about $370 billion.

The biggest problem concerning terrorism as a loss threat was that it was impossible to predict when and where an attack may take place, said Mr. Ayer. For that reason, terrorism insurance capacity would probably always be in short supply.

GUJARATI WOMAN IS TOP US INSURANCE AGENT

An Indian American woman who grew up in a small Gujarat town and taught herself English and marketing skills only after arriving in the US is now one of the top agents for New York Life in the US.

Before joining New York Life, her only selling experience was in a video store on Chicago's Devon Avenue, Jayshree Patel, 32, said.

Nevertheless, within months of joining New York life as an agent in 1997, she made it to the company's executive council, an acknowledgement of her marketing skills.

Less than seven years later, Patel has sold policies with a total face value of $300 million. She has done business worth $60 million this year alone, putting her among the top New York Life agents nationwide and in the fourth rank in the company's West Central region that includes the Midwest.

Patel, whose family hails from Sokhda town in Gujarat, credits her success to an unwavering ambition. She said even as the fourth of five sisters, who had lost their father when very young, she had the urge to "achieve something in life".

In 2000, she made it to the New York Life Chairman's Cabinet, an honour given to the top 50 agents. It is a distinction she has won every year since then.

Despite her success, Jayshree Patel does not believe in hard sell. "I explain the benefits of life insurance to my potential clients. The example they most relate to is that life insurance is like the safety net over which acrobats perform. Death disturbs most Indian Americans.

But it is a reality they cannot run away from. I tell them now is the time to think about income replacement for your family when you are not around.

"I never push them to buy insurance from me," she added, "If they say 'we will think about it' I leave them alone."

"Most Indian Americans do not have retirement planning. If you are the breadwinner of the family, it makes sense to insure yourself. Even a million dollar policy can be very competitive if you are healthy. A policy makes sense because today even a good funeral costs over $10,000."

Most of her clients remain Indian Americans. "We share the same culture and sometimes the same language. It is easy to relate to them."

EXPORTS AND CII

Confederation of Indian Industry (CII) held a two day Conference on Export Excellence on November 5 and 6 at Hyderabad with a special session on Finance and Insurance.

L to R: Dr. Y.S. Rajashekar Reddy, Chief Minister, Andhra Pradesh, inaugurated CII's Conference on Export Excellence.

INSURANCE AND THE ACCOUNTING PROFESSION

A one day National Conclave on Insurance was held by the Institute of Chartered Accountants of India (ICAI) in Hyderabad on November 6 to highlight opportunities for accounting professionals in the insurance industry.

L to R: Mr. B. Ram Mohan Reddy, Secretary, Hyderabad Chapter, ICAI, Mr. C. Ramachandram, Chairman, Hyderabad Chapter, ICAI, Mr. Kamlesh S. Vikamse, Vice President, ICAI and Mr. Shantilal Daga, Chairman of the Insurance Committee, ICAI look on as Mr. C. S. Rao, Chairman, IRDA lights the lamp to inaugurate the Conclave.

AGENTS UNITE!

The Life Underwriters' Guild of India (LUGI), an association of top performing life insurance agents, inaugurated its Hyderabad Chapter on November 3.

L to R:Mr. Mark J. Hanna, Member of the Top of the Table Committee of the Million Dollar Round Table (MDRT), the US, the theme speaker at the LUGI event, receives a memento from Mr. P. Srinivasan, Founder President, LUGI. Also in the picture are Mr. G. Jaishankar, Secretary General, LUGi, Mr. Suri Seeta Ram, President, Hyderabad Chapter, LUGI, Mr. Koutike Vittal, Secretary, Hyderabad Chapter, LUGI.

"LAUNCHED"

TRACKING THE NUMBERS!

Interlink Insurance Brokers Pvt. Ltd., Mumbai, released its 2003-04 edition of the business statistics of the Indian Insurance Industry (Non-Life) on November 18 at Hyderabad.

L to R: Mr. G. V. Rao, Retired CMD, The Oriental Insurance Company Ltd., Mr C. S. Rao, Chairman, IRDA, Mrs. K. H. Parekh, Chairperson, Interlink and Mr H. P. Parekh, CEO, Interlink at the release function of the 2003-04 statistics booklet.

Complementary

I read your November (Vol. II number 12) issue on the web and am impressed with many thoughtful articles. Dr. Kelkar points out the high and avoidable cost of Hospital acquired infections (HAI). As a practicing physician in the US, I am aware of HAI in the US where about 90, 000 patients die in US and so was very interested in his article. He has extrapolated that the cost per annum due to HAI could be high as Rs.1,624 crore per year. Alok Gupta has pointed out that Health insurance is not profitable in India and therefore attracting capital investment and is decreasing its growth rate. P.C. James makes a strong case for increasing availability of health insurance to poor and a review of Rakesh Mohan Committee report indicates that Rs. 90, 000 crores for a ten year period would be needed for road development alone.

Taken together it seems that reducing HAI would save 1,60,240 crores in ten year, enough to pay for all the road development in India and would make health insurance more affordable to people and an attractive investment for health insurers. Perhaps IRDA could support or sponsor further study the claims made by Dr. Kelkar's article and find ways and means to reduce HAI.

Vishvanath V. Date, MD, MRCP, 619 S Scout Trail, Anaheim, CA 92807, USA

Good Opinion!

This has reference to my article published in the October issue of the Journal.

My understanding that only General insurers were permitted to underwrite health insurance business arose from the regulation 4(2) in chapter II of the IRDA (Registration of Indian Insurance Companies) Regulations, 2000.

The regulation reads as under:

"The classes of business of insurance for which requisition for registration application may be made are:

(a) Life insurance business consisting of linked business, non – linked business or both; Or

(a) General insurance business including health insurance business (health cover)."

Mr. K. S. Subrahmanyam has, in his learned article appearing in the September issue of the Journal, cited sub – section 2AA of Section 3 of the Insurance Act, 1938, reading as under –

"The Authority shall give preference to register the applicant and grant him a certificate of registration if such applicant agrees, in form and manner as may be specified by the regulations made by the Authority, to carry on the life insurance business or general insurance business for providing health cover to individuals or group of individuals."

This reference was intended to clarify that a life insurer may also transact health insurance business. Mr. Subrahmanyam must be thanked for clarifying not only my impression but also that of some other learned authors who had, in fact, advocated (in the Journal) that the life insurers should also be allowed to do health insurance business.

As you are aware my article was sent to you before the September issue in which Mr. Subrahmanyam's article was published. Hence the clarification now provided by Mr. Subrahmanyam was not available to me.

Please be good enough to publish this letter in the Journal for the benefit of the esteemed readers.

Warm regards

Piyush I. Majmudar, Partner - K. A. Pandit, Consultants & Actuaries, Mumbai

Strong Suggestions

We hereby congratulate IRDA, you and the Editorial Board on the completion of two years of the Journal, for a most informative tool as far as insurance related news and customer awareness is concerned.

As you called for suggestions we would like to give the following:

While thanking IRDA for framing the protection of policyholders' interest (PPI) regulations, we want that action taken against any company for violation should be published.

Apart from business report card, the grievance report card should also be published in the Journal so that readers can know which company has fewer complaints against it, and which one, more.

Time limits should be fixed for redressal of customer grievances like payment of claims etc. after complaint to IRDA, so that it can be known how seriously insurance companies are taking IRDA. It is the experience that insurance companies don't bother about complaints to IRDA and they don't take the redressal of these complaints on a priority basis.

Claim complaints and decisions in favour of customers should be published regularly.

No insurance company is paying penal interest on delayed payment of claims as per the provisions made in PPI regulations unless complaint is made to IRDA or the court directs, though it is mandatory. This is violation of PPI regulations and strong action should be taken against such companies.

Forget about reply to customer letters within 10 days, most of the public sector companies do not reply for months together and sometimes never reply. Action should be taken against such companies.

Most of the insurance companies are having grievance redressal systems only on paper and that is why customers have lost faith in the system. A survery revealed that 90 per cent of dissatisfied customers do not complain. Only 10 per cent complain, only five per cent write reminders and only two per cent fight till the end result. So, fewer complaints should not be taken to mean that things are going smoothly. It may mean a loss of faith in the grievance redressal system also.

We hereby thank IRDA for its stand against rebating (section 41 of the Insurance Act, 1938) and the publicity given for the same to educate customers.

We also request you to publish customer education advertisements in bold letters so we can re-publish them in our magazines.

Finally, you have to ensure that PPI regulation does not become a mockery.

Yours Faithfully,

M. L. Bapna, Editor - LIAFI's News, Life Insurance Agents' Federation

One of the three components of our action plan is to achieve greater transparency through development of model legislation that will require brokers to disclose all compensation arrangements.

Ms Diane Koken, National Association of Insurance Commissioners (NAIC), US, President and Pennsylvania's Insurance Commissioner

The Indian health scenario is dismal as compared to other countries of the world, where government involvement in the sector is higher. The quality of government healthcare in India is an area of concern. With introduction of new technology, the cost of healthcare has become a problem for large sections of society.

Dr. Prathap C. Reddy, Chairman, Apollo Hospitals Limited

Health insurance sector has been a major disappointment. Stand-alone health insurance companies are required for a breakthrough in this sector.

Mr. C. S. Rao, Chairman, IRDA

Earlier, we were obsessed with handling volumes - 12 crore policies, 2,000 offices; computerisation was there, but wasn't all-pervasive. Now policies are increasing at two crore per year. So we are getting into an environment where we manage numbers while others are working on qualitative improvements. We can't go on taking pride from numbers - numbers are impressive, growth is impressive, but quality of work is important.

Mr. S. B. Mathur, Chairman, LIC

These are captive boards.They tend to be dominated by current and former industry executives.

Mr. J. Robert Hunter, former Texas Insurance Commissioner who is now insurance director at the Consumer Federation of America in Washington on the failure of brokerage boards to police top executives which helped create a culture that condoned rigged bids and fees.

Either both shareholders should bring down their stake to 26 per cent, or that section will have to go.

Mr. C. S. Rao, Chairman, IRDA

RNI No: APBIL/2002/9589

Events

13 - 14 December 2004

Venue: Pune

Seminar on Reinsurance & Capital Market by National Insurance Academy, Pune

16 - 18 December 2004

Venue: Pune

Management of Change by NIA, Pune

24 - 25 January 2005

Venue: Pune

Seminar on IT Business Process Outsourcing by NIA, Pune

28 February - 1 March 2005

Venue: Pune

Seminar on Frontline Effects of Insurance Regulations by NIA, Pune