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From the Publisher

Investments in infrastructure and insurance are inexorably linked. Infrastructure investments depend on long term funds and insurance companies look for opportunities for investments in long term paper to match the liabilities and the assets. A vibrant economic growth with emphasis on development of infrastructure is what the insurers look for.

The opening up of the insurance industry for private participation has coincided with renewed emphasis on development of infrastructure with large private sector participation. Those who advocated reforms in the insurance sector in the early nineties pointed out that a thriving insurance industry will be a major provider of resources for investment in infrastructure.

In this issue of **IRDA Journal** we have a variety of views from people outside the insurance industry writing about what they see as the opportunity in investing in infrastructure and some suggestions on bridging gaps between opportunity and realisation.

With this issue, we complete two years of publication of the Journal. In this period the publication has come to be recognised as a valuable forum of communication for its stakeholders and the industry itself which is in the process of redefining itself.

The December issue will be the special Annual issue and will focus on the path we have trodden in the five years since the passing of the IRDA Act in November 1999. The starting point of the exploration will be the Malhotra committee's report and we would like to examine, with your help, what we have been able to achieve so far and assess the tasks that lie ahead of us.

As always we look forward to your contributions on this topic, and also to suggestions on future themes to cover.

C.S.Rao

C.S.RAO

Inside

ISSUE FOCUS

Building it Up...

To fulfil one's Dharma it is necessary to take care of the 'shareera.' Shareera madhyam khalu dharma sadhanam. Another way to put it comes from a Tamil proverb. Unless you have a wall (canvas), how can you paint a picture?'

Indeed, how can you build a modern economy and society, without suitable infrastructure? We in India are trying to telescope the development both of the economy and the tools that help build the economy.

In this issue of **IRDA Journal** we take a look at infrastructure financing and the opportunities that wait for insurers in that sector. Mr. R. Krishnamurthy, former Managing Director of SBI Life Insurance Company, writes about the new opportunities, the power of insurance sector investments to catalyse infrastructure and what we need to do to seize the opportunities. Mr. Chandru Badrinarayanan of Crisil Investment and Risk Management Services has a quick suggestion on the type of infrastructure projects to look at. We try to recap what the Rakesh Mohan committee said in terms of infrastructure needs and Mr. Suresh Mathur, Deputy Director of IRDA speaks in the larger context of long term investment avenues for the insurance industry.

We follow through on our October topic of health insurance with two interesting articles. One by Mr. Michael Sze on the state of data for health insurance, and Dr. Uday Kelkar pointing out that hospital acquired infections account for an unhealthy slice of healthcare expenses that we should contain.

We bring you, apart from half yearly premium statistics of the industry, annual investment statistics as well. As with every issue, this would be the most sought after section, and we hope you find enough to ponder over in these pages.

This issue of **IRDA Journal** marks the end of its second year. Communicating with and about the insurance industry, and that too during a crucial period of its infancy, has been my special privilege.

The December issue is our annual special, and this time too it will be an introspective journey, taking stock of five years of the new regime in insurance. Join us again then!

K. Nitya Kalyani

New Rules for Agents' Institutes

IRDA has announced standard instructions and guidelines applicable for approval/renewal of Agents' Training Institutes. These instructions are applicable from October 31, 2004 to all training institutes including in-house training institutes of insurers.

Any violation of these instructions shall be treated as violation of provisions of IRDA Act, Insurance Act and regulations made thereunder requiring practical training for the grant of license to an insurance agent and renewal thereof and met with penal provisions including fine, suspension, and cancellation of the approval granted by the Authority from time to time. Some of the important stipulations are as follows (the full set of guidelines is available on the IRDA website at www.irdaindia.org):

The applicant shall have to undergo at least 100 hours practical training in life or general insurance business which may be spread over three to four weeks, where such applicant is seeking license for the first time to act as an insurance agent. The approved training institutes will cover the syllabus already prescribed by the Authority during this period. In case of 50 hours of training, the duration will be half as mentioned above.

The training duration should be minimum 18 working days excluding Sundays and holidays with six hours per day excluding lunch and tea break applicable for full time batches. For part-time batches the training can be imparted three hours daily in the evening excluding tea break and the minimum duration of the training will be 34 working days excluding Sundays and holidays.

No product training/market survey should be included in this hundred 100 hours training. The product training, if any, to be given by the insurance company should be over and above the minimum training hours prescribed by the Authority. However, the revision examination may form part of 100 hours of training.

The attendance record of the trainees should be maintained at the institute for necessary inspection at any given point of time. No relaxation in attendance is permitted. In case of short-fall of attendance, extra class may be permitted but the extra hours may be specified separately with proper attendance and details of faculty.

Every Institute should have at least one qualified permanent faculty who is an Associate or Fellow from the Insurance Institute of India for each stream i.e. for Life and Non-Life or fulfil this requirement within two years.

The record of the payment made to faculty should be maintained at the training institute.

The faculty should provide details of the other Institutes with whom they have been empanelled as part-time/guest faculty. The faculty must also inform the other Institutes of his/her leaving one institute and joining any other training institute.

The sponsorship letter must be available with the training institute at the time of commencement of training session. The insurer should affix a photograph of on the sponsoring letter.

Fresh accreditation will be given on need basis after assessing the needs of the particular city/town. This may not apply to the in-house training institutes of the insurers.

The initial approval will be for a period of three years and consideration of further renewal upto three years would depend on the satisfactory compliance of requirements of accreditation.

The insurance companies would regularly send their officials to the oversee the proper conduct of the training at the institutes and would not sponsor candidates to those institutes that are not maintaining the required standards of and facilities for the training.

The training institute must display the certificate of accreditation to impart training issued by the Authority at the training institute.

The Institute should not allow a franchisee to conduct courses on its behalf even if the faculty is that of the Institute. The Institute should conduct the training on its own premises or hired premises with proper infrastructure.

No marketing fee/consultancy fee payment is permitted for getting the training batches.

Henceforth, no temporary accreditation will be given by the Authority. The existing institutes, who have been granted temporary accreditation shall cease to operate by 31 December, 2004 or the actual date of expiry whichever is earlier.

It will be the responsibility of the Insurance Company to check the status of the institute before sponsoring any candidates for training. If the name of the training institute is not displayed on the IRDA website, no insurer should sponsor the candidate for training to such an institute.

In case of mofussil areas or the cities where there are no accredited institutes and an insurance company intends to appoint agents, it will be the responsibility of the insurance company to conduct training. The employed faculty only of the in-house training centres may impart training at such places. No temporary/guest faculty is permissible for the in-house training centres of the insurers.

No accreditation will be given to the institutes that are imparting training in the hotels. Fresh accreditation/renewal, if any, will be granted by the Authority only to Institutes who are maintaining good infrastructure and complying with all other requirements specified in the application form for licence/renewal of the criteria of obtaining marks already prescribed by the Authority in this behalf.

The Institute should confine its activities only to the place/city for which it has been given the approval. No training outside the said place/city is permitted. The premises approved for the training shall not be used for any other purposes i.e. the institute will have dedicated class-rooms which will not be used for any other purposes even though the institute is not running any training batch and if during the course of the inspection by the officials of the Authority, it is found that the institute is not maintaining dedicated class-rooms, the accreditation of the institute will stand cancelled without giving any notice.

Separate draft guidelines will be issued for on-line training institutes.

The training institutes should impart training only to the prospective agents of the insurance companies registered with the Authority. A list of the registered insurance companies is available on the web-site of the Authority (www.irdaindia.org).

For 25/50 hours training requirement at the time of renewal of agency licences, no separate syllabus is proposed at this stage by the Authority. The institutes may devise the syllabus in consultation with the insurers which should include: -

- New regulations/notifications/circulars issued by IRDA [which affect intermediaries or policyholders]
- New products introduced by the insurers in the market;
- All tax matters relating to and benefits accruing from such products.
- Advanced Sales Training
- Services which policyholders expect from agents and provisions of agents' code of conduct
- Protection of policyholders' interests and grievance redressal mechanism.
- Any other item which the insurer may deem fit from time to time.

IRDA Suspends Broker for Non-disclosure

The insurance broking licence of Pegasus Insurance Brokers Pvt. Ltd. has been suspended by IRDA with effect from October 13, 2004.

The company had been functioning without a Principal Officer since January 27, 2004 following the death of Mr. Bhaskar De, its Principal Officer. The company failed to bring this fact to the notice of the Authority and functioned without a Principal Officer and also without trained manpower as required as by Regulations 9(2)(F),9(3),Reg. 21 r/w the Clause 12 of code of conduct prescribed under the IRDA (Insurance Brokers) Regulations, 2002.

Later, on June 30, 2004, the company informed the Authority about Mr. Bhasker De being replaced by Mr. Shoubhik De as Director, but failed to disclose the death of the Principal Officer and its consequent functioning without a Principal Officer with prescribed requirements and also without trained manpower, hence failing to abide by the circular No. DA/BRO/36/AUG-04 dated 18.8.04 issued by the Authority cautioning broking companies from working without a Principal Officer even for temporary periods.

The Authority in September 2004 issued a show cause notice to Pegasus Insurance Brokers as to why its broking license be not suspended for above violations to which the latter responded admitting to the lapses and requested the Authority to condone the same and to provide it some time to complete all the formalities as prescribed by the IRDA (Insurance Brokers) Regulations, 2002.

"The Authority has carefully examined the matter and it is satisfied that the above irregularities are of a grave nature and impairs the ability of the broker to act in a professional manner," and suspended the licence of the broker, allowing it to apply for revocation of this suspension order after achieving full compliance with the regulations and providing evidence of this to the satisfaction of the Authority.

RBI PERMITS RRBs TO BE CORPORATE AGENTS

The Reserve Bank of India has said that Regional Rural Banks (RRBs) may henceforth undertake insurance business as corporate agents, without risk participation.

RRBs desirous of doing so must have a positive net worth and must have with the prudential norms on income recognition, asset classification, provisioning, investment norms, exposure norms, the central bank said in a circular.

The bank should not have violated any directive in the last two years and should not have gross NPAs than 10 per cent. The bank should be in net profit during last three years and should not have any accumulated losses, the RBI has said.

The RRBs wanting to undertake such business should comply with the IRDA norms and should not adopt any restrictive practice of forcing its customers to go in only for a particular insurance company in respect of assets financed by the bank. The customers should be allowed to exercise their own choice, the RBI has said.

IRDA to come out with corporate agent guidelines

IRDA is to come up with guidelines for corporate agents to safeguard the interest of consumers and insurers.

The IRDA Chairman has said that these would be about the manner of selection of corporate agents, the manner in which their activities should be monitored, and precautions to be taken so that there is complete disclosure of the policy implications for the clients.

IRDA also plans to come up with a guideline that would ensure that corporate agents provide full disclosures to insurers on the policies sold by them, the number of individuals covered and for how many years.

Agents of Good Faith

—The Ideal Role of Insurance Agents

As an intermediary between the insurer and the insured, the agent ought to be a person of trust and confidence for both the parties. His motto must be "service to the policyholder," says *H. K. Awasthi.*

An insurance policy is a document of contract of insurance in good faith. It is only when it is utilised to make quick profit that trouble arises. A policy is the result of a proposal and a declaration by the insured to the insurer, which is accepted by the latter, subject to payment of (or a promise to pay) the premium and adherence to the terms and conditions given in the policy document.

Since the premium is the consideration in the insurance contract, its payment is made a condition for operation of the policy. The following four principles relate to payment of premium and its effect:

- Prepayment of premium is a condition as per law and no risk shall attach unless the premium is paid – this is part of the stipulations attached to a policy
- Where there is such stipulation, it cannot be waived and must be given effect to
- The insured's consent to such stipulation may be express or implied
- A mere recital in the policy that the premium has been paid does not amount to a waiver of the condition as to prepayment

If the rate of premium actually charged is higher than usual, it may amount to sufficient evidence of the fact that the assured had made full disclosure of material facts and the insurer knew of the additional risk involved.

The fact that the premium had been charged at ordinary rates leads to the inference that the insurer was unaware of certain circumstances which, if known, would have induced him to charge a higher premium.

The cost of insurance to the consumer is increased because of his ignorance. The agents of the company, with an eye on the commission, may lead a person to over-insure a property. Again, he may sell useless policies to the consumer – for instance, taking insurance against a cyclone in Delhi. At times the agents quote all-inclusive rates or a package deal that includes unnecessary risk coverage. A person who never travels or rarely travels is burdened with baggage insurance by the agent who suggests that the insured may decide to travel, after all. But, as such, one can always take a baggage policy when one decides to travel and for only the period of travel and for the amount of valuables carried by him.

> Since the premium is the consideration in the insurance contract, its payment is made a condition for operation of the policy.

As an intermediary between the insurer and the insured, the agent ought to be a man of trust and confidence for both the parties. The insurance company appoints agents to canvass business creation based on the merits of the schemes, keeping in view the financial gains and security of life and material. The role of the agent varies in respect of life insurance and general insurance. The relationship between the agent of life insurance and the policyholder is a long-term one, whereas the role of a general insurance agent is a limited one because such policies are issued on a year-to-year basis and, monetary gain to the agent is also relatively meagre.

There have been instances where the insurance agent, after receiving the premium on behalf of LIC, has pocketed the money and not paid it to the corporation. The insured wakes up to the misappropriation of money only when he does not receive policy cover till the next date of payment of premium falls due.

The question of insurance agents' liability in collecting premium from the insured on behalf of LIC came up for decision by the National Consumer Disputes Redressal Commission (NCDRC). In the case of LIC vs. Consumer Education & Research Society 111 (1994) CPJ32 (NC), the CERC contended that in collecting the premium the agent acts on behalf of the insurer, the LIC. If there was delay on the part of the insurance agent in depositing the insurance premium with the LIC it does not affect or abrogate the contract of insurance.

On the contrary, the LIC relied on the Agents Rules formed under the LIC Act. When the person deposits the premium on behalf of the life assured, he acts on behalf of the life assured and not as an agent of the Corporation. The onus of depositing the premium is on the life assured. The Apex Consumer Court held that the insurance agent receiving a bearer cheque from the insured towards payment of the premium was not acting as the agent of the insurer, LIC, nor can it be deemed that insurer LIC had received the premium on the date the bearer cheque towards the premium was received by the insurance agent.

Section 41 to 44A of the Insurance Act, 1938, as amended by the Insurance Regulatory & Development Authority Act, 1999 deal with classification of agents, licensing and registration,

regulation, prohibition of rebates and cessation of payments of commission and power to call for information. There will be here classes of agents, viz. principal agent, chief agent and special agent. An agent, having registered himself on paying the prescribed fee of Rs. 250, will be issued a licence valid for three years, for procuring business. The licence may be to act as an agent for a life insurer, for a general insurer or as a composite agent combing both kinds of work.

The contract is for an assigned area for procuring life insurance business. A register of insurance agents with details shall be maintained by the LIC. These agents are entitled to commission from the Corporation. They shall not offer any inducement to any person to take out or renew or continue with an insurance policy in respect of any kind of risk relating to lives or property in India. In case of any default in his behalf, the agent may be punished with fine up to Rs. 500. If any unlicensed person acts as agent he may be fined up to Rs. 500. If the party contravening the provision is a company or a firm, then the fine may extend up to Rs. 5,000.

On April 26, 2002, the IRDA notified Protection of Policyholders' Interests Regulations, 2002. Some of the salient features of these regulations are:

(i) The insurer or the agent or any other intermediary shall provide all material information about the proposed cover so as to choose the best cover

(ii) Decision on proposals, acceptance or otherwise, shall be communicated to the proposers within 15 days

(iii) The insurer shall provide a copy of the proposal form to all proposers

(iv) The proposer can review the terms and conditions of the policy within a period of 15 days after receipt of the policy

Thus, the agent has to conduct business in a transparent manner in the best interest of the insurer and the policyholders.

(v) The insurer shall pay interest at two per cent above the bank rate if there is delay in processing the claim

(vi) The insurer should respond within 10 days on receipt of any communication from its policyholders. As for grievance redressal, every insurer shall set up proper procedures and effective mechanisms to deal with grievances of policyholders efficiently and quickly. The policyholders shall be provided information about the insurance ombudsman along with the policy document for settlement of unresolved disputes between the insurer and the policyholders.

The Licensing of Insurance Agents Regulations lay down a code of conduct for agents. The salient features of the code, *inter alia*, are that the agent shall disclose the licence on demand, explain all available options to the prospect, disclose the scales of commission, advise policyholders to effect nomination, not induce to submit wrong information, and not demand or receive share of proceeds. Thus, the agent has to conduct business in a transparent manner in the best interest of the insurer and the policyholders. His motto has to be "service to the policyholder"

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Report Card:LIFE

Life new business grows 55 % in September

The life insurance industry underwrote a premium of Rs.1,32,376.03 lakh during the month of September, 2004, taking the cumulative premium underwritten during the current year 2004-05 to Rs.8,42,506.09 lakh.

LIC underwrote premium of Rs.6,83,219.65 lakh during the first half of the financial year i.e., a market share of 81.09 per cent, followed by ICICI Prudential and Birla Sunlife with premium underwritten (market share) of Rs.47,829.60 lakh (5.68 per cent) and Rs.23703.19 lakh (2.81 per cent) respectively. While LIC's market share declined from 89.05 per cent for the period ended September, 2003, all new life insurers increased their market share, over the corresponding previous year numbers.

Cumulatively, the new players underwrote first year premium of Rs.1,59,286.44 lakh. In terms of policies underwritten, the market share of the new players and LIC was 8.84 per cent and 91.16 per cent as against 5.68 per cent and 94.32 per cent respectively in the corresponding period in the year 2003-04.

The premium underwritten by the industry upto September, 2004, towards individual single and non-single policies stood at Rs.1,46,585.97 lakh and Rs.5,23,145.15 lakh respectively accounting for 3,43,483 and 86,23,479 policies. The group single and non-single premium accounted for Rs.1,57,627.15 lakh and Rs.15,147.83 lakh.

> The life insurance industry underwrote a premium of Rs.1,32,376.03 lakh during the month of September, 2004.

The total Individual premium and Group premium underwritten was Rs.6,69,731.11 lakh and Rs.1,72,774.98 lakh respectively as against Rs. 4,41,760.09 lakh and Rs.1,01,835.78 lakh underwritten in the corresponding period of the previous year. The number of lives covered by the industry under the various group schemes was 31,04,339 during the period ended September, 2004. LIC covered 21,00,964 lives under the group schemes accounting for 67.68 per cent of the market, followed by SBI Life with 3,85,172 lives (12.41 per cent), Tata-AIG with 1,54,712 lives (4.98 per cent) and MetLife with 86,646 lives (2.79 per cent).

During the six month period ended September, 2004, 20 per cent of the policies were underwritten in the rural sector, garnering premium of Rs.53,374.83 lakh (6.33 per cent). Simultaneously, 7,98,184 lives have been covered in the social sector, during the period under reporting.

First Year Premium – September 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
		Sept.	Upto Sept.	Upto Sept.	Sept.	Upto Sept.	Upto Sept.	Sept.	Upto Sept.	Upto Sept.
1	**Bajaj Allianz**	**4656.18**	**19052.20**	**2.26**	**18848**	**88599**	**0.99**	**4136**	**56344**	**1.82**
	Individual Single Premium	1750.49	6686.41		1770	7210				
	Individual Non-Single Premium	2836.37	12195.84		17065	81345				
	Group Single Premium									
	Group Non-Single Premium	69.32	169.96		13	44		4136	56344	
2	**ING Vysya**	**996.15**	**3602.23**	**0.43**	**10599**	**45517**	**0.51**	**1753**	**7651**	**0.25**
	Individual Single Premium	0.19	32.51		10	4781				
	Individual Non-Single Premium	906.02	3338.81		10580	40721				
	Group Single Premium	86.04	207.18		1	2		216	471	
	Group Non-Single Premium	3.89	23.72		8	13		1537	7180	
3	**AMP Sanmar**	**583.16**	**2406.40**	**0.29**	**2545**	**14866**	**0.17**	**2522**	**23827**	**0.77**
	Individual Single Premium	394.99	1243.11		698	2483				
	Individual Non-Single Premium	177.66	1029.54		1842	12349				
	Group Single Premium	5.13	35.66			1			190	
	Group Non-Single Premium	5.39	98.09		5	33		2522	23637	
4	**SBI Life**	**4175.51**	**16939.21**	**2.01**	**10166**	**44289**	**0.49**	**120377**	**385172**	**12.41**
	Individual Single Premium	656.05	3297.93		516	1995				
	Individual Non-Single Premium	645.26	2639.50		9147	40788				
	Group Single Premium	2287.75	8131.04			3		21181	85894	
	Group Non-Single Premium	586.45	2870.74		503	1503		99196	299278	

(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
		Sept.	Upto Sept.	Upto Sept.	Sept.	Upto Sept.	Upto Sept.	Sept.	Upto Sept.	Upto Sept.
5	**Tata AIG**	**2087.47**	**11237.54**	**1.33**	**18254**	**97927**	**1.09**	**24785**	**154712**	**4.98**
	Individual Single Premium									
	Individual Non-Single Premium	1922.20	9090.65		18241	97806				
	Group Single Premium	45.66	297.12					8592	46617	
	Group Non-Single Premium	119.61	1849.77		13	121		16193	108095	
6	**HDFC Standard**	**3028.30**	**12699.67**	**1.51**	**21454**	**68010**	**0.76**	**18118**	**75481**	**2.43**
	Individual Single Premium	509.60	3358.45		6967	13190				
	Individual Non-Single Premium	2374.60	8759.96		14466	54732				
	Group Single Premium	133.41	405.34		20	81		17834	67161	
	Group Non-Single Premium	10.70	175.92		1	7		284	8320	
7	**ICICI Prudential**	**7852.05**	**47829.60**	**5.68**	**33538**	**215173**	**2.40**	**2805**	**34770**	**1.12**
	Individual Single Premium	734.60	7271.40		447	4562				
	Individual Non-Single Premium	6843.79	36469.80		33082	210553				
	Group Single Premium	1.34	16.30		2	8		285	1386	
	Group Non-Single Premium	272.32	4072.10		7	50		2520	33384	
8	**Birla Sunlife**	**5552.60**	**23703.19**	**2.81**	**15018**	**62915**	**0.70**	**21386**	**40721**	**1.31**
	Individual Single Premium	98.44	640.29		5074	14684				
	Individual Non-Single Premium	4276.88	18141.25		9933	48188				
	Group Single Premium	40.55	217.74					403	1849	
	Group Non-Single Premium	1136.73	4703.91		11	43		20983	38872	
9	**Aviva**	**1404.28**	**7027.49**	**0.83**	**6873**	**36394**	**0.41**	**12772**	**61819**	**1.99**
	Individual Single Premium	25.27	174.07		95	275				
	Individual Non-Single Premium	1361.48	6734.12		6776	36102				
	Group Single Premium	7.02	13.40			1		65	131	
	Group Non-Single Premium	10.52	105.90		2	16		12707	61688	
10	**Kotak Mahindra Old Mutual**	**1336.91**	**4954.91**	**0.59**	**5670**	**21852**	**0.24**	**5854**	**40863**	**1.32**
	Individual Single Premium	272.50	979.07		186	655				
	Individual Non-Single Premium	990.82	3296.91		5467	21165				
	Group Single Premium									
	Group Non-Single Premium	73.58	678.93		17	32		5854	40863	
11	**Max New York**	**1543.28**	**7899.59**	**0.94**	**18150**	**83655**	**0.93**	**500**	**35369**	**1.14**
	Individual Single Premium	15.96	124.04		26	131				
	Individual Non-Single Premium	1523.07	7708.61		18123	83487				
	Group Single Premium									
	Group Non-Single Premium	4.26	66.95		1	37		500	35369	
12	**MetLife**	**411.57**	**1934.40**	**0.23**	**3812**	**14301**	**0.16**	**2145**	**86646**	**2.79**
	Individual Single Premium	17.57	69.19		60	183				
	Individual Non-Single Premium	385.53	1533.37		3747	14074				
	Group Single Premium									
	Group Non-Single Premium	8.47	331.84		5	44		2145	86646	
	Private Total	**33627.46**	**159286.44**	**18.91**	**164927**	**793498**	**8.84**	**217153**	**1003375**	**32.32**
13	**LIC**	**98748.57**	**683219.65**	**81.09**	**1158657**	**8181843**	**91.16**	**301523**	**2100964**	**67.68**
	Individual Single Premium	23709.91	122709.50		54481	293334				
	Individual Non-Single Premium	59919.15	412206.79		1102744	7882169				
	Group Single Premium	15119.51	148303.36		1432	6340		301523	2100964	
	Group Non-Single Premium									
	Grand Total	**132376.03**	**842506.09**	**100.00**	**1323584**	**8975341**	**100.00**	**518676**	**3104339**	**100.00**

Report Card: GENERAL

Non-Life premiums hit 20% in September

G. V. Rao

Performance during September 2004

The industry's performance for the month of September is notable for the highest growth rate recorded so far in the current financial year of 20 per cent (Rs. 252 crore). The four old companies have recorded an increase of Rs. 159 crore (15.5 per cent) and the new companies Rs. 87 crore (51 per cent) with the ECGC adding another Rs. six crore (11 per cent).

National Insurance, pursuing the goal of reaching the number one rank in premium volume, has pushed ahead of New India in this month, with its total volume of premium income up to September 2004 touching Rs. 2,071 crore, though the margin between the two is just over Rs. one crore. What is even more impressive is the massive increase in premium in September by over Rs. 104 crore by National Insurance, with one of the highest growth rates ever of almost 39 per cent. It is this performance that has catapulted it to overtake New India.

United India has yet again lost Rs. 30 crore in September in its renewal business. New India has recorded a growth rate of almost 20 per cent in September with an accretion of Rs. 59 crore. Oriental too has done well to record Rs. 27 crore as increase to achieve a growth of 13.5 per cent. The established players must be reasonably happy at the growth rate of 15.5 per cent but it the substantial contribution of the National Insurance that has enabled this performance.

The new players have recorded a growth of Rs. 87 crore (51 per cent). ICICI Lombard and Allianz Bajaj together have contributed Rs. 64 crore to it. Tata AIG has dropped its business slightly. Chubb and Cholamandalam have recorded good increases. The uneven growth in the business among the new players is something not expected. Perhaps business strategies are getting fine-tuned.

GROSS DIRECT PREMIUM (within India) SEPTEMBER, 2004

(Rs.in lakhs)

INSURER	PREMIUM 2004-05		PREMIUM 2003-04		MARKET SHARE UPTO SEPT. 2004	GROWTH % YEAR ON YEAR
	FOR SEPT. 04	UPTO SEPT. 04	FOR SEPT. 03	UPTO SEPT. 03		
Royal Sundaram	2,621.20	15,752.20	2,146.41	13,221.37	1.71	19.14
Tata AIG	2,888.15	24,020.44	2,954.26	19,401.11	2.61	23.81
Reliance General	1,417.37	8,782.26	800.50	8,092.49	0.95	8.52
IFFCO-Tokio	2,681.47	22,614.86	2,364.32	16,769.51	2.46	34.86
ICICI Lombard	7,048.12	40,784.03	3,938.48	23,485.62	4.43	73.66
Bajaj Allianz	6,742.26	39,483.05	3,502.34	21,806.56	4.29	81.06
HDFC Chubb	1,413.37	8,080.20	755.99	3,595.18	0.88	124.75
Cholamandalam	1,133.85	8,663.18	744.29	4,355.37	0.94	98.91
New India	36,240.00	2,06,977.00	30,316.00	1,95,115.00	22.47	6.08
National	37,388.00	2,07,149.00	26,980.00	1,63,699.00	22.49	26.54
United India	22,724.00	1,58,344.00	25,745.00	1,65,263.00	17.19	-4.19
Oriental	22,758.00	1,56,434.00	20,112.00	1,45,659.00	16.98	7.40
ECGC	4,107.14	24,087.52	3,510.01	20,191.49	2.61	19.30
TOTAL	1,49,162.93	9,21,171.74	1,23,869.60	8,00,654.69	100.00	15.05

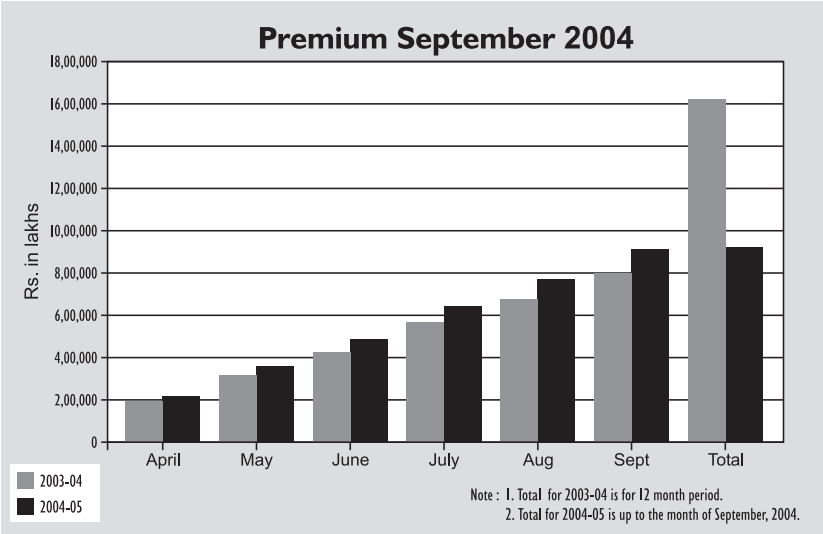
**** Data revised by the respective insurers for the corresponding month of the previous year.***

Performance up to September 2004

The performance of the industry midway in the fiscal seems impressive with the growth rate topping 15 per cent (Rs. 1,205 crore). The four established players have recorded Rs. 590 crore (8.8 per cent) and the new players Rs. 575 crore (52 per cent). ECGC has recorded a growth of Rs. 40 crore (19 per cent).

National Insurance with a growth rate of 26.5 per cent (Rs. 434 crore) has contributed the most; New India with Rs. 119 crore and Oriental with Rs. 107 crore follow. United India has recorded a fall of Rs. 70 crore, an inexplicable feat, when every insurer in the market has shown improved results.

Among the new players, Allianz Bajaj and ICICI Lombard seem to be in a race to widen the gap between them and the rest of the new players. The remaining new players have done well but they have quite a way to go before they can catch up with these two.



Summary

The performance during the month and for the first two quarters, despite the difficulties that the players have encountered, is impressive. If the National Insurance juggernaut slows down, it will be an altogether new game in the market. The new players too are finding it tough to carry on the strategies of targeting only on Fire, Engineering and Marine for growth.

The author is retired CMD, Oriental Insurance Company.


RECAP

Report Card:GENERAL

Growth rate yet to catch up with last year

Investment Portfolio: Life

—March 31, 2004, with comparative figures

Life Sector Investments Grow 40%

G. V. Rao

The invested funds in life insurance sector, at the end of March 2004, stood at an impressive figure of Rs. 3,52,500 crore (40 per cent growth) up from Rs. 261,000 crore. The increase in the invested funds of Rs. 91,000 crore in the year is dominated by the contribution from the Life Insurance Corporation of India (LIC) of Rs. 89,000 crore. The 13 private players' share in the increase is Rs. 2,050 crore.

The LIC has total invested funds of Rs. 3,48,000 crore (35 per cent growth) and the new players have Rs. 4,550 crore (82 per cent growth) at the end of March 2004.

The overall investment position in the government securities is down to 59 per cent from the previous 65 per cent. The investment in market securities is higher at 30 per cent up from 23 per cent. The share of infrastructure and social sectors is down to 11 per cent from the previous 12 per cent perhaps due to lack of good projects needing the investment.

Regulations on invested funds

The current investment regulations prescribe that the deployment of invested funds should not be less than 50 per cent in government securities of the Centre and the states; not less than 15 per cent in the infrastructure and social sectors and not more than 35 per cent in market securities.

The investment policy in the life insurance sector will have to take into account the aspirations of all the stakeholders, including those of the policyholders, as the majority of policies do attract bonuses out of the surpluses generated. Investment income, therefore, is a key determinant in the fixation of premium rates and in bonus declarations. As the national economy continues to grow rapidly and with people living longer, there is a greater demand for life insurance as a key instrument in the growth of financial services. The impressive increase in invested funds by over Rs. 90,000 crore is a testimony to the role the life insurance sector is expected to play in the national economy in the future. Personal security through life insurance is becoming increasingly more important than social security.

Performance of LIC

The LIC has 59 per cent of its invested funds at Rs. 2,05,800 crore in government securities. But it is down from the previous level of 65 per cent

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.

though quantum-wise, they grew by Rs. 38,300 crore. Bulk of the increased funds at Rs. 44,000 crore went into market securities, raising its share from 23 per cent to 30 per cent of the total. The investment in infrastructure and social sectors at 11 per cent is down from the previous 12 per cent, though there is an increased investment of Rs. 7,000 crore in it. The investment bias towards market securities during the year is noteworthy, as this investment grew by Rs. 44,000 crore (73 per cent growth) to touch Rs. 1,04,000 crore. LIC controls 98.7 per cent of the total funds in the life insurance sector and it is slightly down from the previous 99 per cent.

Performance of new players

The 13 new players have mobilised finds of Rs. 4,500 crore up from Rs. 2,500 crore in the previous year. Their share in government securities is down to 44 per cent of the total from the previous 52 per cent. Their investment in market securities has jumped to 45 per cent up from 35 per cent of the previous year. The social sector is 11 per cent down from 13 per cent earlier.

The ICICI Prudential has shown an impressive investment growth at Rs. 1,490 crore (Rs. 612 crore), followed by Birla Sunlife and HDFC Standard. SBI Life ranks next. It is observed that the total invested funds of three players, MetLife, AMP Sanmar and ING Vysya, are lower than the levels they maintained last year. All three of them have lowered their share in the market securities contrary to the trends of increased investment in market securities.

Conclusion

The role that life insurance sector has played in the national economy during the year cannot be better demonstrated than the impressive growth in the invested funds. The bias towards market securities which has seen an increase of 73 per cent extra funds pumped in is not only evident but can be significant to generate higher investment income returns next year. Fund management is dramatically shifting from reliance on government securities to investment in market instruments.

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

(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**

Investment Portfolio: General

—March 31, 2004, with comparative figures

Non-Life Investments Up 13%

G. V. Rao

The invested funds of non-life insurers at the end of March 2004 stood at Rs. 34,300 crore, up by 13 per cent (10.7 per cent last year). The four old players along with the General Insurance Corporation of India and the Agricultural Corporation of India have invested funds of Rs.32, 450 crore (95 per cent) and the others have invested funds that amount to Rs. 1,850 crore (five per cent).

The invested funds of the industry increased by Rs. 3,970 crore. Of this Rs. 2, 400 crore went into government securities, Rs. 870 crore into infrastructure, Rs. 435 crore into market securities, and about Rs. 270 crore into loans for housing and fire fighting equipments.

Compliance with investment regulations

The investment regulations prescribe that not less than 30 per cent of the invested funds should be in securities of the Central and state governments, not less than 10 per cent in infrastructure projects, not less than five per cent as loans to fire fighting establishments and housing and not more than 55 per cent in market securities.

The share of investment in the government securities has gone up in 2003-04 to 39 per cent from 36 per cent last year; simultaneously the invested funds in the market securities has gone down to 44 per cent from 48 per cent showing a greater reliance on government securities against capital depreciation and increased investment income. The loan portfolio is seven per cent (seven per cent) and investment in infrastructure is 10 per cent (nine per cent).

Old companies' investments

The established players have shown a higher reliance on investing in government securities at 41 per cent (38 per cent last year). The share of invested funds in the market securities is down to 43 per cent (47 per cent last year). Among these players, National Insurance has a higher share in government securities at almost 44 per cent with Oriental at 38 per cent. New India has raised its share in government securities to 40 per cent (35 per cent last year). GIC has the lowest share of 33 per cent in government securities. United India has a share of 42 per cent (40 per cent last year).

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

The investment in the market securities of GIC is 48 per cent (52 per cent last year). New India that has the highest share of investments by value in the market securities among all the players dropped its share to 44 per cent (54 per cent last year). Oriental has market securities of 47 per cent the same as in the previous year.

GIC leads others. during the year in increased invested funds at Rs. 1,370 crore, with the UIIC at Rs. 760 crore, New India at Rs. 565 crore and Oriental at Rs. 542 crore. National Insurance, that showed the largest accretion in market volumes of premiums in 2003-04, has the lowest increase in the invested funds at Rs. 140 crore.

From the above analysis it is evident that the established players have played safe during the year by putting enhanced funds in government securities and reduced their exposure to the volatile market securities. But it is unclear what guides the investment policies of these players as these seem to be varying when the sole investor, that is the Government, is controlling all of them. The boards of each player will have to approve their respective investment policies, but what rationale goes into making them?

New companies' investments

The invested portfolio of the new players at Rs. 1,850 crore has increased by Rs. 350 crore. Their investment in government securities is almost 50 per cent of the total. The investment in market securities is about 26 per cent. In infrastructure it is about 16 per cent. Bajaj-Allianz leads the new players with total invested funds of Rs. 350 crores.

Conclusion

While the published figures would indicate the pattern of investments made and compliance with the investment regulations by each insurer, an analyst would be interested in examining the income yields of each segment and what objectives each insurer has to protect its liquid assets and to get the best returns out of them. Finance management was never more important than now to generate adequate returns to the shareholders and to inspire confidence in the customers that their insurer is financially solid to pay future claims.

There is a greater need now than before for skilful fund management to ensure that the premium rates for customers remain within the limits imposed by best management practices.

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

(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**

Work in Progress...

K. Nitya Kalyani

Time flies. Especially when one is busy. The first five years of insurance sector liberalisation have flown by already. It's almost five years to the day now that the IRDA Act was passed and with that the first formal step towards developments that have changed the insurance and the financial sector considerably.

Exactly how? That is the question that we explore in the next issue of **IRDA Journal**.

This period has seen the advent of over 20 new companies, about 200 brokers, agents enlisted with IRDA and licensed by it, who are now coming up for renewal of their licences in fact, third party administrators in the field of health insurance, new products including aggressive, market oriented unit linked policies and a proximity to detariffing the non-life sector progressively.

The period has also seen the markets dip and boom again but investment portfolios have eroded, to much consternation. This has led to a niggling feeling that it is time for scientific underwriting to come to the fore, both in non-life and life insurance.

The IRDA has been busy with two phases of its work during this period. The first was the framing of regulations following which, it turned around and worked on implementing them and ironing out teething troubles.

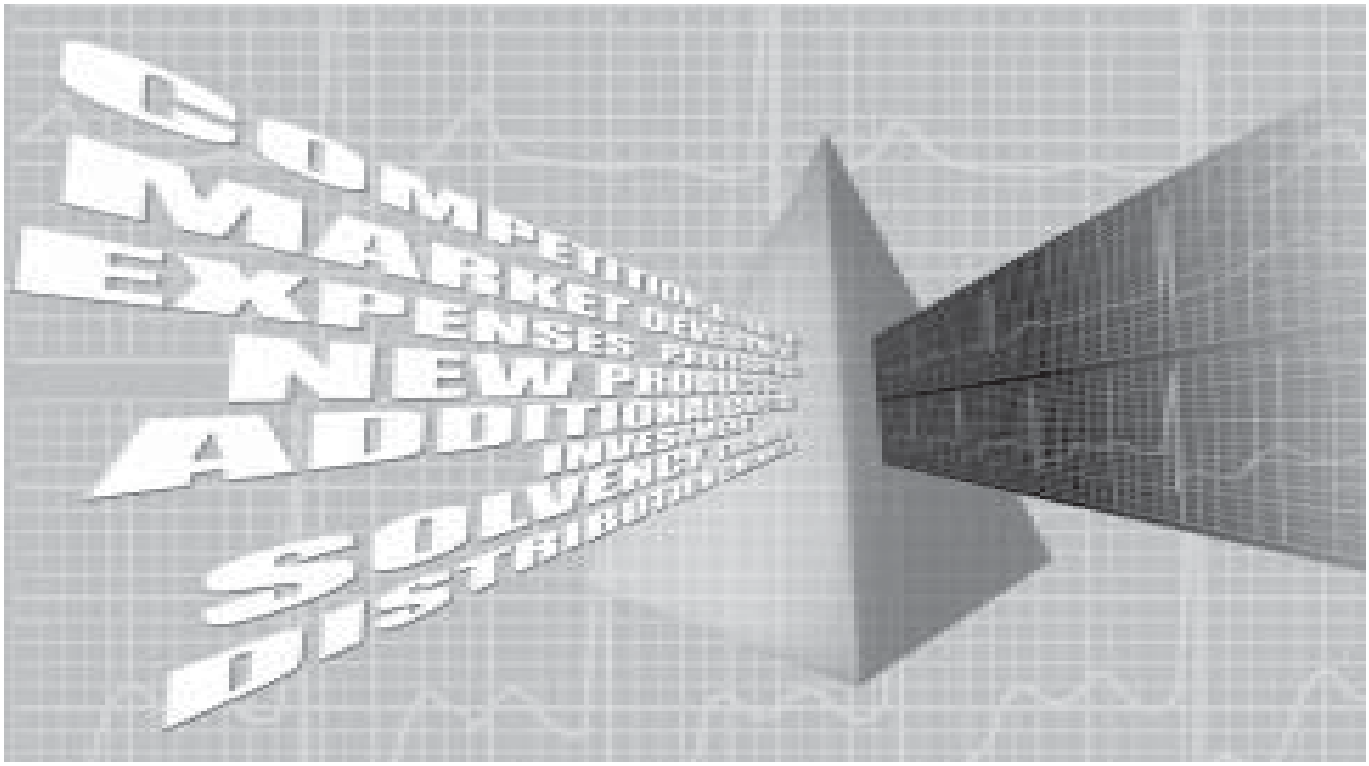
> Regulation, it is often said, is work in progress. And that's a good thing because business is never static.

Regulation, it is often said, is work in progress. And that's a good thing. Business is never static and, where it ventures, regulation must follow. In some matters – usually where social and national concerns don't translate into commercial logic – regulation leads, and business must tag along.

The issues that the Malhotra committee went into were comprehensive. Beginning from the historical and structural status of the industry, the report analysed every aspect of its working and recommended some actions and reforms to set it on the path of competitive growth.

What we will try to do in the next issue is track how far we have come along that path, how new developments have shaped these courses and altered them, and where we stand today in our journey.

So look forward to a cross section of views from within and outside the industry assessing our progress over five years in the next issue of **IRDA Journal.**



The Grand Vision

The Role of the Insurance Industry in Building Infrastructure

R. Krishnamurthy

Insurance industry funding of infrastructure last larger repercussions. If can catalyse development says R. Krishnamurthy but insurers have to learn how to do it right.

Talk of infrastructure development in any country, and the insurance industry is at the centre stage of discussion. Global insurance companies hold a major part of their investment assets in the infrastructure sector: by way of direct loans, guarantees, equity and mezzanine funding, subscription to bond issues, warrants, convertibles and a host of such financial instruments to thousands of firms engaged in building power plants, airports, highways, telecom networks, steel mills, port modernisation, township development, hotels and a range of such projects designed to upgrade or build physical infrastructure.

The opening up of the insurance industry in India had stoked such visions of large investments pouring from the new generation companies for building infrastructure. The Malhotra committee report that provided the rationale for opening the insurance sector had made detailed references to this benefit, and during the subsequent debates in the Parliament this aspect had received prominent mention. The Rakesh Mohan Committee Report on Infrastructure had featured the benefits of investments from insurance companies.

Expectations

There are three reasons why the expectations from insurance companies by way of infrastructure investment are high worldwide.

The first is the sheer size of long-term funds mobilised by them from policyholders. A simple analysis of the experience of our Life Insurance Corporation (LIC) shows that close to three-fourths of the policies issued by it are by way of long term saving contracts: endowment and money-back policies extending over a tenor of 15 years and longer. Based on the trend of renewal and early closure (lapse ratio), insurance companies can clearly estimate the available funds for long-term investment from the policies in force, and lock into assets matching with the liabilities to policyholders.

The second aspect is their purportedly better risk assessment and risk management capabilities. Insurance companies are in the very business of covering risks. Compared to commercial banks, worldwide insurance companies are armed with a battery of specialists to appraise complex infrastructure projects, identify the core risks present in them at various stages, and take effective steps to hedge against such risks. Due to their involvement from an early stage in every project, insurance companies become familiar with the management of the project, get to know the key strengths and weaknesses of promoters, and they exercise a proactive role in resolving issues during implementation and facilitating turnaround when the projects are beset with deeper problems.

> With the collapse of the development banking institutions in the country, there is now an urgent need for this role to be assumed by a new set of institutions for infrastructure projects.

In one of the cases involving complex project funding by insurance companies and other agencies to an elevated railway project in Thailand in the last decade, the long term lenders played a crucial role in re-working the economics of the project in the face of the government's decision to limit hiking the toll fee contrary to its earlier assurances and, later, in restructuring the financial framework of the project. Likewise, the long-term lenders and insurance companies in UK have played a big role in financing and subsequently restructuring the financial fortunes of the ambitious Euro-tunnel project.

The third aspect is that the involvement of insurance companies in evaluating the risks of infrastructure projects and financing them enhances the commercial image of the project and opens the door for bank finance and other cost effective funding means to flow.

As early insiders to the project, often with presence on the boards of assisted companies, insurance companies lend an air of credibility to the projects assisted. Based on such support, there are instances elsewhere of infrastructure projects seeking to make an early listing in stock exchanges to raise public equity, or venturing into expansion schemes ahead of their earlier projections.

In India, in the decades of the 70s and 80s, commercial projects that had been appraised by the all India term lending institutions such as ICICI and IDBI were known to receive such favourable attention at the IPO stage and attract better terms from working capital lenders. With the collapse of the development banking institutions in the country, there is now an urgent need for this role to be assumed by a new set of institutions for infrastructure projects. Insurance companies are one of the obvious choices.

Reality

It is relevant to assess whether our insurance companies in the life and non-life sectors are yet in a position to play a leading role in the evaluation of infrastructure projects and take an active role in financing them.

On the resources front, as published statistics show, the clout of insurance companies is rapidly expanding. Most new insurance companies have now aggressively introduced long dated saving products, having realised that the potential for building larger corpus on a consistent basis lies in marketing long-term saving-oriented products such as endowment policies and children's education schemes.

Several companies now offer endowment products both on the traditional 'guaranteed' basis as well as on unit-linked platforms. While meaningful experience in respect of renewals and lapse ratio are yet to emerge in the life business, going by the profile of the policyholders attracted and the current ticket size, the insurance companies should be able to confidently project the rate of accretion to their long-term resources, which can be parked in good quality infrastructure loan assets.

On the deployment front, LIC has no doubt been in the forefront of taking a major role in assisting several power projects, water work schemes, urban sanitation, and others.

However the infrastructure involvement of LIC and the other state owned insurance companies hitherto is by providing loans to projects promoted by the Central PSUs or those coming up in the state sector backed by the guarantee of the governments concerned. Insurance companies do not subject the economics of such projects to the type of scrutiny that private sector lenders normally would, nor do they insist on sound pre-disbursement and post-utilisation conditions. Often, the loans are for a duration of seven to eight years when the underlying project — such as irrigation or water works — would take two to three decades to reach a stage of commercial viability (provided other supportive measures are taken).

Since the lending support to government sector infrastructure projects is based on recourse to government revenues, insurance companies have hitherto paid little attention to commercial aspects in designing and executing the projects.

State governments raise large amounts from insurance companies in the name of state infrastructure financing agencies without even having any credible plan to spend it in distinct projects. The funds are mostly diverted to the state's consolidated finances, without any accountability for utilisation.

Since the lending support to government sector infrastructure projects is based on recourse to government revenues, insurance companies have hitherto paid little attention to commercial aspects in designing and executing the projects.

Mercifully, this situation is now poised for change. The new guidelines recently announced by the Central Government concerning private-public participation in infrastructure projects would hopefully provide a template for long-term lenders to step in to finance infrastructure projects on a professional framework. The guidelines provide the extent of maximum participation by the state, the role of the private sector participant and the rules concerning bidding and contract awarding procedures.

We are beginning to see several projects reaching the appraisal stage based on such public-private participation, such as container terminals, building railway infrastructure to improve connectivity to ports, cold storage chains and several highway projects in the states.

Another reason for the declining role of state-sponsored projects in the infrastructure sector is the limited availability of government guarantee for the borrowings made in the name of the state bodies. Most state governments have over-reached their guarantee commitments, and even the credibility of their guarantees is increasingly debatable.

It is relevant that till recently the banking regulations had permitted banks to evergreen the loan exposure to state governments that are backed by their guarantees. Banks were permitted not to make any provision for delayed payment of interest or principal amortisations under government-guaranteed loans.

The Reserve Bank of India (RBI) had made a sweeping change to this regulation two years ago by asking banks to make loss provisions for impaired

loans to states and also assign full capital risk weight for such loans. There have been quite a few cases of default by state governments in respect of guaranteed borrowings, and open demands made by states to lenders to take a haircut on their guaranteed commitments.

Insurers' risk assessment capabilities

If the environment is thus becoming conducive for insurance companies to take on infrastructure schemes, are they equipped to handle the work relating to appraisal of the projects and offer meaningful handholding support to the promoters? The answer is, obviously, no.

Most insurance companies today have only a treasury desk, which is concerned with deploying policyholders' funds in government securities, and a limited operation through the equity and debt traders (wherever not outsourced) in respect of funds mobilised under unit-linked schemes. Even where insurance companies receive debt proposals, their obvious choice is to consider those backed by government guarantees for the simple reason that they do not have capabilities to appraise project proposals that involve non-recourse financing.

This points to the need for insurance companies to seriously look at building their internal project appraisal skills and project risk management capabilities. While most insurance companies may not find the necessity to create large project appraisal departments, it is important to have a set of core personnel with project appraisal and/or investment banking skills so that infrastructure projects can be entertained actively.

Most insurance companies would tend to debate the need to create such in-house teams to undertake this work, when they could outsource the function and rely on external agencies to carry out the function. From the perspective of insurance companies, which are long-term players, it is important to build in-house capabilities on this score, not only to evaluate the new infrastructure loan proposals, but also to continually evaluate the quality and composition of the existing portfolio.

Insurance companies need to take a cue from the recent move of the IRDA forbidding them to outsource the investment function and making them perform this role as in-house activity in the interest of building their long term capabilities, and as a sound measure to protect the policyholders' interests.

In the meantime, it is important for insurance companies to establish close linkages with established infrastructure financing agencies such as Infrastructure Development and Finance Company (IDFC) to explore co-financing opportunities, and to benefit from the high appraisal, risk evaluation and management standards brought into practice by such agencies.

> The involvement of insurance companies in evaluating the risks of infrastructure projects and financing them enhances the commercial image of the project and opens the door for bank finance and other cost effective funding means to flow.

Investment regulations

If a favourable environment for development and financing of infrastructure projects is emerging in the country, do the insurance regulations provide a supportive environment?

There have been several discussions in the past in **IRDA Journal** and other forums about the rigidities in the regulations relating to the investment of controlled funds (i.e. policyholders' and shareholders' funds) and the need to re-align them in the light of the current trends. At the core of the discussion is the fact that the regulations had been framed against the background of the Government pre-empting a major slice of the resources of banks and financial institutions to finance the borrowing programmes of Central and state governments. There is now a genuine need for a re-look at this requirement.

The best way to create a new mindset is to ask insurance companies to create the investment portfolio based on a mix of assets bearing different credit ratings. The investment regulations should mandate the deployment of policyholders' funds in terms of credit rating attached to the investments concerned, instead of demarcating investments in terms of government securities and 'unapproved' investments. Insurance companies should be allowed to invest only in instruments that are credit rated, with the bulk of the investments to be held in the form of securities that bear the highest rating. Obviously, Central Government securities are triple-A rated, and the securities issued by state governments would fall under one or more credit ratings below depending on the rating enjoyed by the state.

The chief merit of emphasising credit-rating based investment norms is the sharpened awareness of the risk, and the risk-mitigating exercises that would need to engage the attention of insurance companies. This will be especially useful in the case of infrastructure funding where the rating attached to an investment instrument at the time of investment might indicate a high risk, but with progressive implementation of the project, the risk level could diminish, thereby improving the rating of the instrument. Since the return on the asset reflects its underlying risk, insurance companies would choose to park funds in an array of infrastructure projects at various stages so as to minimise the overall risk and optimise the returns.

Insurance companies would also consciously search for opportunities to

take infrastructure investment instruments that bear a high risk, and the scope to 'reinsure' a portion of the risk until such time the credit rating improves. The market practices in developed markets provide ample opportunities for such inter-play between insurance and re-insurance companies so as to take active exposure and at the same time remain exposed on prudential lines.

There are several countries, notably the US, which govern investment of controlled funds by insurance companies through the credit rating approach. Given the growing sophistication of credit rating agencies in our country, and their extensive involvement in assessing the infrastructure needs through in-house research, the replacement of investment guidelines in the insurance regulations with a risk-based assessment would be an ideal alternative.

The investment regulations should also permit insurance companies to extend support to infrastructure projects by way of bonds, debentures, loans or any such instrument. The objective behind the current regulations that favour investment by way of bonds is that, as an instrument that can be actively traded in the market, bonds provide better liquidity option to the insurer. In infrastructure financing, extending financial support by way of bonds carrying a bullet or staggered repayment terms could be more risky than by way of loans that amortise over the productive life of the project. Likewise, the regulations should also recognise the role of insurance companies to provide guarantee support to infrastructure projects. Insurance companies abroad earn sizeable fee income by assuming contingent risks by extending guarantees for a variety of purposes. We need this facility to broaden the investment and risk horizon of our insurance companies.

The investment regulations mandate that insurance companies should deploy not less than 10 per cent of their funds in the infrastructure sector. The infrastructure sector has, however, been clubbed with the 'social sector' for this purpose. While this was acceptable in the early stage of opening the sector when insurers had modest resources to lock into long term projects, we should now seriously consider making it mandatory for insurance companies' funds to be diverted to infrastructure schemes with a sense of mission.

The infrastructure sector has been clubbed with the 'social sector' for investments. While this was acceptable in the early stages , we should now make it mandatory for insurance companies' funds to be diverted to infrastructure schemes with a sense of mission.

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The Facilities We Need

—And What it Will Cost

The ***Rakesh Mohan*** Committee report on infrastructure is an exhaustive study on the infrastructure requirements of the country. This 1998 report touches upon the following infrastructure gaps which give an idea of how much money it is all going to cost.

Power

The country needs to add 60,000 MW by 2002, with private producers expected to contribute half of this capacity.

In contrast, 18,000 MW were added in the Eighth Plan (1992-97) and a bare 1070 MW from Independent Power Producers (IPPs) in the seven years since economic reforms began.

SEBs need to be made financially viable before private investment can flow in. The key to turning SEBs around is reforming distribution.

Communications

India's teledensity, around two fixed lines per 100 persons, is less than half that of China's (4.5) and one-fifth of the world's (10). Cellular telephony penetration is similarly abysmal, at 0.1 per cent compared to 1.1 per cent for China and two per cent for Malaysia.

Provided supply can keep pace, this demand could explode to 31 million lines by 2001 and 64 million by 2006 for basic services. Similarly, in the cellular sector, demand could touch 2 million lines by 2001, growing to 5 million lines by 2006. Further, the demand for Internet services could explode over 50 times in the next four years, from 150,000 connections today to over eight million in 2002.

Improved communications are not just basic to industry, but are essential for attaining equally important social objectives like distance education and tele-medicine in rural and remote areas.

Digital technology has opened up unprecedented possibilities in achieving these objectives by creating a convergence between telecom and computers. Now the same infrastructure can carry both data and voice. Hence, Internet Service Providers (ISPs) can use digital technology to offer all telecom services.

The challenge for policy makers is to harness this emerging technology to spread teledensity at the lowest possible cost, and to make available a full array of value-added services.

The Government's far-sighted policy for ISPs will help India leapfrog into the cutting edge of convergent technology.

However, the Government's ISP policy has created an asymmetry between ISPs and telecom operators, due to the high license fees charged to the latter and none to the former.

Roads

India faces severe, and worsening, strain on capacity as annual growth in road length (less than five per cent) has been less than half the growth in traffic (over 10 per cent). What is worse, National and State highways, which are just 10 per cent of the nation's roads but carry 75 per cent of the traffic, have grown at an even lower rate. The emphasis, so far, has been on providing connectivity rather than ensuring mobility on the high density corridors.

One reason for slow growth in road capacity is that access to funds is restricted to inadequate budgetary allocations. The Rakesh Mohan committee estimated a need for Rs. 90,000 crore for National and State Highways over 1996-2006. However, total expenditure (Centre and States) in the Eighth Plan period (1992-97) was just around Rs. 13,000 crore.

The Government must continue to play a dominant role in this sector since most road projects have low financial returns. Their viability depends on valuing externalities (such as all-round economic development of a region) which are captured only by the Government.

However, in projects which are financially viable, private sector participation is feasible and should be encouraged.

Ports

Currently, India's 11 major ports handle 227 million tonnes of cargo. This is projected to jump to 400 million tonnes by 2000-01 and 650 million tonnes by 2005-06.

Around Rs. 25,000 crore will be required to meet the expected increase in demand. However, the plan allocation for ports was only Rs. 4,240 crore between 1990-97. The need for attracting private sector funds has long been felt but Government policies have not been conducive enough to bring this about.

India's ports need to become far more efficient. The average ship turnaround time for Indian ports is seven days: for Singapore it is six to eight hours. The number of containers handled per ship per hour ranges between seven to 15 at Indian ports: the comparable figure for Colombo is 25, for Singapore 30.

Pipelines

Demand for transporting petroleum products over long distances is expected to total 54.6 million tonnes in 2001-2002 and around 87.3 million tonnes in 2006-07.

Pipeline transportation is the most efficient way of moving petroleum products across long distances. In India, barely 25 percent of long distance movement of petroleum products is by pipelines. In contrast, in the developed countries almost all such movement is through pipelines.

Around Rs. 30,000 crore is expected to be invested over the next decade in setting up pipeline networks.

Urban Water and Sewerage

India's urban population is ill-served by urban water supply utilities. One out of five Indians has no access to safe drinking water. The situation regarding sewerage is worse: the coverage of organised sewerage systems ranges from 75 per cent in class I cities to a pathetic 35 per cent in class IV towns. Moreover, most of the sewerage is not treated before being discharged.

Most urban water utilities are in a poor state. Their assets are rapidly deteriorating; they have high leakage rates, suffer widespread tampering with meters and theft of water and achieve poor billing and collection rates. This state of affairs is caused mainly by a non-market ambience in water supply, in which the total revenues generated from user charges do not even cover operations and maintenance costs.

State Governments have tried to tackle these problems by focusing on augmenting the supply of water but have met with little success due to paucity of funds. The Planning commission estimates sectoral investment needs of about Rs. 15,000 crore per annum over the next 10 years. In contrast, the Eighth Plan provided a meagre Rs. 5,700 crore for this purpose.

Some State Governments have attempted Build Operate and Transfer (BOT) agreements with the private sector. But the inefficiencies in distribution have made these schemes unviable.

Hitting the Infrastructure Jackpot

— It's in the Small Projects!

Chandru Badrinarayanan, through this article, tries to set off a thought process amongst insurance companies to consider investing in small infrastructure projects.

Ask 10 people what comes first to their mind when they think infrastructure, nine of them would say bridges, power structures, ports, roads or telecom.

Most investment managers either in banking, mutual funds or insurance companies would also be among those nine. Think slightly harder and we may expand our scope to include maybe dams and few other large structures.

Somehow, we have come to associate the word infrastructure with gargantuan and mammoth structures. Everything to do with infrastructure may not come in Giant Packs. We have the 'sachet' sized infrastructure ventures also.

Would you not term a mini-hydel plant tucked away in remote mountain areas, powering nearby settlements as an infrastructure venture? What about garbage recycling plants, water reservoir projects in villages, water recycling plants, wind-powered energy generation units, solar powered units, housing & dwelling units and parking lots? Would they not qualify as "INFRASTRUCTURE?"

Once we expand the horizon of the term 'infrastructure' the next step is to look into

- The viability of investing directly in infrastructure projects
- The skill sets required for assessing the repayment (conversely the default) risk of such projects
- Other systems (software, database) required for lending, for reviewing and tracking payments
- Any other associated benefits or pitfalls

Enough newsprint and bandwidth has been spent on discussing the need for investment in infrastructure and, it is a given now that it benefits all stakeholders in an economy. No country can develop into a powerhouse if investment into infrastructure is curtailed.

Given that there is a general agreement on the 'necessity' of investment in infrastructure, let's now look at the issues stated above.

The viability of direct investment

Considering the evolutionary stage at which our insurance industry is in at present, not all insurance companies can afford to look at investment in infrastructure a la LIC or GIC and lend to large infrastructure projects, directly or indirectly.

> Everything to do with infrastructure may not come in Giant Packs. We have the 'sachet' sized infrastructure ventures also.

Companies with growing corpuses have an option of 'passive' investment in bonds and debentures of infrastructure companies in small lots (which may remain illiquid for quite some time) or invest directly in mini-infrastructure projects.

Direct investment has many advantages vis-à-vis indirect investment, such as diversification of risks, higher Return on Investment (ROI), appropriate Risk adjusted Return on Capital (RAROC), avoiding disintermediation costs, improvement of risk assessment skill sets and broadening the avenues of investment.

Looking at the issue from an Asset-Liability Management angle, with the kind of mix of liabilities which insurance companies attract, these seem to stretch across all tenors – short to long. Therefore investments in short payback infrastructure projects would be more beneficial. Further, most times it does pay to run an ALM book skewed with a positive or negative gap across various buckets.

The skill sets required for assessing repayment and default risks

A major constraint in most financial institutions (banks, mutual funds, insurance companies) is that there is a dearth of skill sets required for assessing the default risk of investments, especially those related to infrastructure as also scientifically pricing such assets.

The most common route has been to invest in bonds and debentures of infrastructure companies, carrying published ratings from rating companies.

But given that direct lending has more benefits compared to indirect lending, institutions need to develop adequate skill sets to assess the default risk.

In a sense, every rating (external or internal) is a measure of default risk. For example, CRISIL's AA rating denotes that the default risk of a borrower carrying the rating is 0.2 per cent, or the chance that a AA rated borrower will default within one year is 0.2 per cent. Default risk increases as one goes down the rating scale.

The process of arriving at a credit rating is a judicious mix of objective and judgemental processes, utilising all available information. To arrive at a credit rating, at a broad level the elements of Financial risk, Business risk, Management risk and Industry risk need to be assessed. Each of the four risk elements will have various sub and sub-sub elements.

Each of the elements in the process would have different weights and these in turn need to be scored either objectively or subjectively. A rating is a weighted average score of various elements converted into an easily comprehensible term.

To arrive at the default risk for each rating category, an institution should have carried out the rating over a period of at least three to five years.

Development of skill sets internally for such default risk assessments (Internal Rating models) is not very difficult and agencies such as CRISIL have successfully imparted such skill sets in the past to numerous banks and financial institutions.

The point to be noted however is, that there is no 'one-size fits all' solution for rating different projects and each project type has its specific flavour of risk and needs to be looked at differently. A road project is as different from a port project as would the latter be from a power project.

Lending, for reviewing and tracking payments

A cursory search on the net of the term "Infrastructure Investment" brings forth about 4.6 million results and the most popular site seems to be www.pennvest.state.pa.us which is the official website of the Pennsylvania Infrastructure Investment Authority. The site is a real eye-opener on how an institution can go about investing in infrastructure projects. Pennvest seeks to lend to infrastructure projects solely in 'three' categories viz., Drinking water, Storm water and Waste water.

To date, Pennvest has disbursed millions of dollars to several projects in the said three categories. But the highlight of the investments are not just the categories alone, it is also the way in which the authority has gone about locating investments.

The authority's web site is designed completely to assist prospective loan seekers to apply on-site, to track the various stages of their loan sanctioning process, submit documents in soft-form and also make necessary payments and repayments over the net.

> Considering the evolutionary stage at which our insurance industry is in at present, not all insurance companies can afford to look at investment in infrastructure *a la* LIC or GIC and lend to large infrastructure projects, directly or indirectly.

The Pennvest site would give an example of an interface with customers. However the back-end processes are as much important as the front-end. A vital element of the back-end process is a Credit Appraisal and Credit Risk Assessment software system built around a robust database and which is fully automated.

A typical Credit Appraisal and Credit Risk assessment software system must enable users to access the system across the enterprise with varied access rights. The system should be able to capture all pre-sanction information of the borrower and also help in doing thorough financial analysis.

Another pre-requisite of the system is that it should be able to assess the Credit Risk of various categories of borrowers and to this effect have a variety of rating modules such as for say power, telecom, roads or windmills.

Over a period of time, once its history of ratings and default history is built up, it would be able to move towards a scientific "Loan Pricing" framework, which would also aid in computing the Risk Adjusted Return on Risk (RAROC) for each loan proposal.

Any other associated benefits or pitfalls

With interest rates on the downswing till a few months ago, it was party time for most investment managers with portfolios with older higher rated paper. The situation has now turned hot and is likely to become more grilling in months to come. Now is the time insurance companies have to look at direct investments into infrastructure projects according to their respective corpus sizes and make ready their own internal credit appraisal and credit risk assessment systems. This would ensure they hit the jackpot before others wake up to the potential.

The author is Head – CRISIL Investment & Risk Management Services, CRISIL Ltd. The views expressed here his own.

Low Risk, Good Returns

—Why Life Insurers Can Bank On Long Term Debt

For life insurance companies to meet liabilities spanning a long time-period, long-terms debt offers a viable investment avenue, says ***Suresh Mathur***, adding suggestions for the RBI to beef up measures in this regard.

Life insurance companies require a sound investment strategy in order to grow their business and meet their liabilities. Long-term debt instruments provide a viable solution, especially since the life insurance business by its very nature calls for a strategy that covers a vast time period.

Present Scenario

At present, nearly three-fourths of the debt instruments in India are accounted for by Government securities, of which a significant volume is composed of Central Government securities. The Central Government, in the past, has issued securities of various maturity profiles ranging from one to 30 years. It is only in the past two to three years that the Reserve Bank of India (RBI) has evinced interest in the need to develop debt with a long-term maturity structure.

Till the 1990s, most of the government bond issuance was in the form of plain vanilla fixed coupon securities in order to enable the market to meet the diverse funding and hedging needs of its participants. Today, a wide array of instruments needs to be made available.

Risks faced by the life insurance sector

Life insurance, by its very nature, has traditionally been a contract in which the policyholder pays premium over a long time period in return for the insurer taking on the responsibility of making payments of the contracted amount on the happening of a contingency insured for. Whereas the premium payments are upfront, the contingency insured for takes place at a relatively later point of time. Therefore, life insurance companies have always been long-term investors.

Insurers also face risks that derive from the assets they hold, their liability profiles and the relationship between the two. Life insurance companies manage a portfolio of claims that may have a payment pattern stretching over several years. The prudent approach to investment of assets is to select a range of investments that is likely to produce a cash flow, and which matches the expected cash outflow required to meet the liabilities. The liabilities of an insurance company can extend even beyond 30 to 40 years. However, at present, the longest maturity of any fixed income security available in the Indian market is 2032 for the Government of India paper.

The prudent approach to investment of assets is to select a range of investments that is likely to produce a cash flow, and which matches the expected cash outflow required to meet the liabilities.

The excess of premiums received after meeting the liabilities and other expenses of management is called surplus, which keeps increasing for a growing company and has to be safely invested. The investment is governed by the investment policy of the organisation, the regulatory framework as well as the overall investment environment. The controlled funds of the insurer have to be kept invested in the manner specified under the Insurance Act, 1938 and investment regulations made thereunder. There are separate stipulations for different funds, viz., Life, Group and Superannuation, Unit Linked Business, etc.

As per regulatory requirements, at least 50 per cent of the controlled funds have to be invested in Central, state government and other approved securities. The argument in favour of G-Secs is well known: absence of credit risk, liquidity and fulfillment of statutory requirements. While these are seen to be giving lower yields, in the light of falling yields and compressing spreads that have been witnessed in the recent past, it has remained a moot point for the insurers as to whether they should be entering the market by purchasing higher rated risk bearing corporate paper for yield pickups.

The insurers will generally find themselves left with at least some mismatch between assets and liabilities despite their best efforts. The risk borne by the Indian insurer at present is not concomitantly linked to the policyholder's life expectancy, as the volumes of annuities are not very significant and private pension schemes have not yet taken roots. In fact, the insurer guarantees the policyholder a minimum return on invested sums. Hence the need to structure their asset portfolio in a manner that they can generate more than guaranteed returns at an optimal level of risk.

Suggestions

Matching of assets and liabilities should not be the only guiding principle for an insurance company to decide its investment strategy. Various

suggestions that have been made on this issue are as follows:

- The insurance business, being a seasonal one, receives most of the inflows in the last three months of the financial year. RBI can issue government securities especially for insurance companies during this period in order to meet the specific requirements of these companies. There can be a separate window opened by RBI for insurance companies for the purchase and sale of securities.
- Floating rate G-Secs can be used to mitigate interest rate risk. However, the proportion of floating rate G-Secs to the total G-Sec portfolio only stands at three per cent currently. A conscious increase in the same by the RBI may go a long way in insulating the insurance sector from interest rate risks.
- RBI is actively pursuing the creation and development of a Separate Trading for Registered Interest and Principal of Securities (STRIPS) market. The longer duration STRIPS are expected to find natural demand from insurance companies who typically have long-term liabilities. Besides, STRIPS will help in addressing the asset-liability mismatch problem of insurance companies as well as the reinvestment risk faced by them.
- In extreme situations, the RBI can provide the refinancing facility to insurance companies for a temporary period of time. This will help in reducing the liquidity concern in the longer maturity segment.
- The infrastructure sector bonds, which are guaranteed, need to be classified separately. Insurance companies may be allowed to include Government guaranteed infrastructure bonds within the definition of G-Sec limit. This will help in increasing the overall yield of the portfolio.
- Introduction of long-term government securities with term in excess of 45 years.
- Introduction of Index linked government bonds to guard against long-term compounded inflation.
- Introduction of zero coupon bonds to mitigate the reinvestment risk in a decreasing interest rate environment and also reduce the asset-liability duration gap.

> The maximum maturity (of government paper) needs to be gradually elongated from 20 years to 40 years based on the life insurance market's requirements today.

The RBI needs to take significant steps towards deepening and widening the Government securities market, both in its primary and secondary segments, in the near future. These include elongation of the maturity profile in bond issuances, retailing of government securities through non-competitive bidding, and introduction of uniform price auctions on an experimental basis. The maximum maturity needs to be gradually elongated from 20 years to 40 years based on the life insurance market's requirements today.

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

Infrastructure Funding Without Tears

—The demand for infrastructure is growing, as are the plans to meet it

Port sector investment has seen many changes in approach, and the recent ideas implemented to ensure revenues and returns bode well for this to be a good choice for the portfolios of insurance companies, says ***K. Nitya Kalyani.***

For insurance majors, lending to infrastructure projects represents a unique, stable and solid addition to their portfolio. By their very nature, infrastructure projects are homegrown (cannot be whisked away in the middle of the night) short gestation and long utility facilities offering a steady flow of income. The assets are tangible and meant for long term usage. And with the shortage of port and related infrastructure relative to growing demand, capacity utilisation and revenues can be dependably high.

Generic issues applicable for all funding apply to such investments of course, and, in addition, there are some specific sectoral characteristics of the infrastructure market.

- Does the borrower have the ability to pay?
- Does the borrower have the willingness to pay? (Directly a function of the past record of the borrowers as well as their business philosophy.)
- Is the business plan adequate?
- Is the management professional and competent and does it have true freedom to manage the affairs of the entity?

Sectoral issues

The development of ports and related infrastructure has a peculiar set of challenges to address. The initial investment is massive and the facility has to be unique to reach commercially feasible capacity utilisation levels.

Competition, though desirable and usually leading to better service levels, can become counterproductive in this sector with breakeven periods lengthening. Hence the new trend towards creating competition in the management of competing infrastructure within the same facility rather than creating a competing facility.

Given this framework here are some of the several issues that have to be considered by potential investors, and some of the opportunities that present themselves in the Indian economy at the present state of its development.

Traffic levels and potential users are always difficult to predict in the long term because of the very long horizon that typical infrastructure projects have. Lenders can therefore have access to equally competent advice on the viability and sustainability of an infrastructure project as the borrower himself has.

> In the case of port sector, the viability of the project can be further improved by entering into a long term agreements with key potential users through an MoU or even by offering an equity stake to a potential user.

Therefore, this concern can be addressed with the help of competent professional advice.

With regard to port infrastructure projects, the broad national perspective looks extremely promising. India's GDP is growing at the rate of at least seven per cent. Indian industry has matured and the service sector has performed spectacularly. Indian goods and products are increasingly gaining acceptance overseas. The Government also has fairly encouraging policies and, most importantly, changes in guard at the centre have not resulted in any significant policy shift, thereby promising policy stability economic issues including those related to international trade.

The new Foreign Trade Policy aims at a target of $150 billion by 2009 which will translate into a sharp rise of 1.5 per cent of total international trade. While this is ambitious, it is eminently achievable. World trade itself is growing at an average of 3.5 per cent a year which augurs well for sustained growth.

Notwithstanding the spectacular achievement of the Indian services sector, in particular information technology (IT) and IT enabled services (ITES), merchandise exports have done equally well and continue to show great promise.

Equally important is the Indian imports trade which is also growing, thereby assuring two way traffic for any port infrastructure project.

A quick glance at some of the future plans of core industries, particularly steel and power plants reveals a rosy picture of sustained development, which in turn guarantees imports of raw material and export of finished products on a scale not seen till now. All this augurs well for port projects.

State governments have also realised the importance of industrial and other business investments, and are pegging the exploitation of their

resources to locating manufacturing facilities in their region. This in turn will trigger off development of port infrastructure on nearby coastal locations. A case in point is the Orissa Government which has stipulated in the tender that iron ore mining rights will be given to investors who locate manufacturing facilities within the state.

The fly in the ointment remains the woeful inadequacy of infrastructure per se.

The National Highway Development Project ushered in by the previous Government is the first example of a major modern highway network attempted in the country after close to 400 years. The impressive progress of this project (about 11 kms per day being added) and the unique funding mechanism which has proved to be a successful model have served to underscore the necessity of infrastructure projects, the country's ability to implement them and the attractiveness of such projects as business models.

In an Indian context, highway projects are amenable for annuity schemes which have proved to be preferable to tolling or shadow tolling.

In the case of the ports sector, the viability of the project can be further improved by entering into long term agreements with key potential users. This can be done either by the MoU route or, in the case of private ports, even by offering an equity stake to a potential user. Apart from ensuring a long term customer, base traffic and fixed source of revenue, the presence of a major customer also helps enormously in the marketing of the port project.

Captive berths or captive jetties are dedicated port projects set up by the end user himself and are limited in scope and ability to handle different types of cargo since they cater to a single entity's traffic profile. This kind of project comes readymade with utilisation and revenue promises provided they are implemented through a special purpose vehicle (SPV).

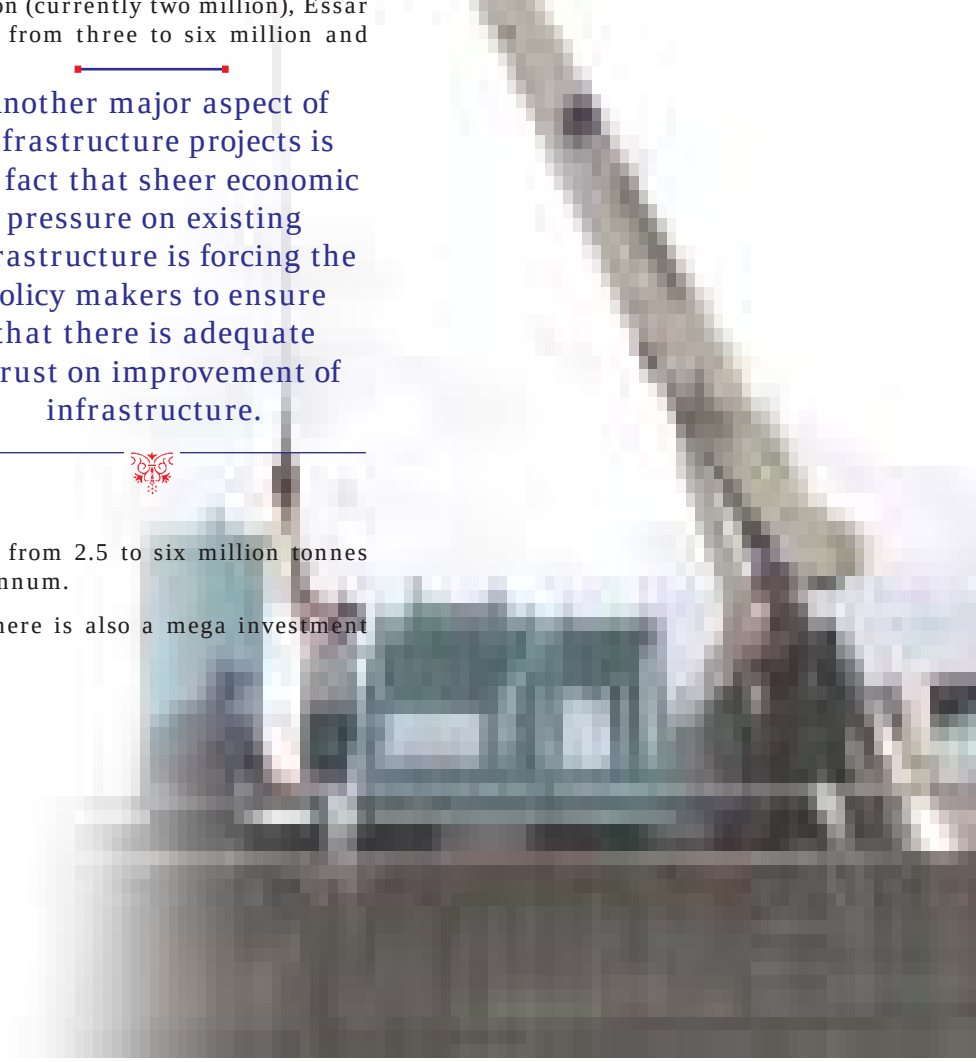
Another major aspect of infrastructure projects is the fact that sheer economic pressure on existing infrastructure is forcing the policy makers to ensure that there is adequate thrust on improvement of infrastructure.

For example, the steel industry is poised for spectacular growth. SAIL is planning to increase production to 20 million tonnes by 2010 (current capacity 11 million), Tata Steel to eight million (current capacity four million) Jindal Vijayanagar to eight million (currently two million), Essar Steel from three to six million and Ispat from 2.5 to six million tonnes per annum.

Another major aspect of infrastructure projects is the fact that sheer economic pressure on existing infrastructure is forcing the policy makers to ensure that there is adequate thrust on improvement of infrastructure.

There is also a mega investment project being considered that of BHP - Billiton/Posco to build a 10 million tonne steel plant in Orissa. Inward flow of raw material and outward flow of finished products simply do not have adequate infrastructure facilities and mega investments in this sector are now no longer a preference but an imperative. In that sense, investment in infrastructure is recession proof.

In these days when insurance companies are finding their staple income stream, their investment portfolio, facing falling returns and eroding values, port sector infrastructure investment is an ideal solution.



Data, Data Everywhere...

...But not a database, rue actuaries

The health of a medical insurance industry hinges on scientific calculation of risk based on an extensive and accurate database. However, the Indian health insurance industry is crippled by the fact that over the years very little data has been statistically compiled, which makes it difficult for actuaries to assess the risk and price the products. ***Michael Sze*** examines the issue and suggests remedies. This article carries forward the health insurance theme of our October 2004 issue.

Health insurance, though still in its infancy in India, is growing fast. What frustrates many professionals in this area is the severe lack of statistical data for cost analysis and policy setting. This article provides an account of past efforts of data collection and describes some recent initiatives in this area.

Worldwide ageing crisis

The past century has witnessed substantial improvements in mortality rates across the world. Consequently, as shown in the following graph, the life expectancy at birth has increased to over 70 years in many countries.

On the parallel, there has been a substantial decline in the total fertility rates in many countries. In countries such as Japan, Italy and Germany, the current total fertility rates are substantially below the population sustainable level of 2.1. As a result, the working population in these countries will shrink while the retired population will increase.

The population graphs of the US prove the point – the bulging portion of the graphs continues to move upwards, causing an ever- increasing dependency ratio (defined as the size of the population over age 60 divided by the population between ages 15 and 60).

The ageing of the population, together with the resulting increase in dependency ratios, has a dramatic impact on pension and healthcare costs, as demonstrated in the following graphs taken from a World Bank study by Estelle James. The countries with higher dependency ratios generally have higher pension and healthcare costs.

Overview of Indian demography

A demographic study of the Indian population reveals that there have been substantial decreases in both birth rate and death rate in the past century. However, the death rate is decreasing more sharply than the birth rate. As a consequence, the percentage population below age 15 has a continuous decline. Because the total fertility rate in India is still around three per cent, there are still increases in both the percentages of the working and the retired population.

> The ageing of the population, together with the resulting increase in dependency ratios, has a dramatic impact on pension and healthcare costs.

Nevertheless, the healthcare challenges for India are three-fold:

- For the age group below age 15, there needs to be significant improvement in the quality and coverage of healthcare facilities and nutrition to reduce childhood mortality rate.
- The population in the 15-59 age group is basically healthy. However, there tend to be increases in lifestyle diseases, together with more accidents and traumas. Better health education is needed.
- The retired population of 60 and above is living longer. However, many in the age group, especially women, are in poor health. Further improvement in healthcare facilities and living habits will enhance the quality of life.

Statistics from the World Health Organization (WHO) and the United Nation International Children Education Fund (UNICEF) are revealing:

Health Insurance Companies

Life Companies		General Companies		
Company	Market Share %	Company	Premium (in Millions)	No. of Policies
State Company		**State Companies**		
LIC	92.00	National	2,026.4	5,22,910
Private Companies		New India	3,900.0	9,55,767
ICICI - Prudential	2.96	Oriental	1,870.0	4,00,190
Birla - Sun Life	1.21	United India	1,831.7	1,78,050
HDFC - Standard	1.08	Subtotal	9,628.1	20,56,917
		Private Companies		
		Bajaj Allianz	106.3	16,883
		Cholamandalam	12.2	1,445
		ICICI - Lombard	134.2	799
		IFFCO - Tokyo	95.4	12,578
		Reliance	51.8	934
		Royal Sundaram	95.3	23,271
		Tata AIG	328.2	91,700
Data Source: IRDA		Subtotal	823.4	1,47,610

- Total Indian population in 2001: 1,025 million
- GDP per capita: US$1,461 (Approximately Rs. 67,000)
- Life expectancy at birth: 60.1 for male / 61.7 for female
- Healthy life expectancy at birth: 51.5 for male / 51.3 for female
- Child mortality rate (per thousand): 89 for male / 98 for female

According to WHO, in 2001, the total health expenditure of India as a percentage of the GDP was 4.9 per cent, of which the Government paid only 0.9 per cent. The rest was paid by individuals out of their own pockets. This compares with 14.4 per cent in the US , half of which is government paid, and 8.7 per cent in Canada, 70 per cent of which is government paid.

As per World Bank data, in 2003, the total health expenditure of India was six per cent, of which 1.73 per cent was government paid, and 4.5 per cent was out-of-pocket expenses of private individuals. Of Government expenditure, three-quarters were from state and local governments, and one-quarter from the Central Government. Of the total expense, one-sixth was for pharmaceuticals, and the rest for healthcare.

The tables and the graphs in the following pages show the coverage in millions of public and private healthcare arrangements.

The data was estimated from assessments by Bearing Point on Health Insurance, and the websites of the Central Government Health Scheme (CGHS) and the Employee State Insurance Scheme (ESIS). In total, less than 10 per cent of the population has public or private healthcare coverage. Much broader coverage is needed.

The greater share of the health insurance market is with the state companies. Among general insurance companies, the market share of the state companies is 92.1 per cent by premium and 93.3 per cent by number of policies. This indicates that the average size of the policy premium is larger for the private companies.

There was a large increase in health insurance in India from 2002 to 2003. While the percentage premium increase was 195 per cent for private companies and 60 per cent for public companies, the percentage increase in the number of policies sold was 78 per cent and 60 per cent, respectively. Again, this shows that the average size of policy premium is bigger for private companies.

> Absence of a systematic and scientific health statistics database had resulted in major deficiencies in proper pricing of healthcare insurance.

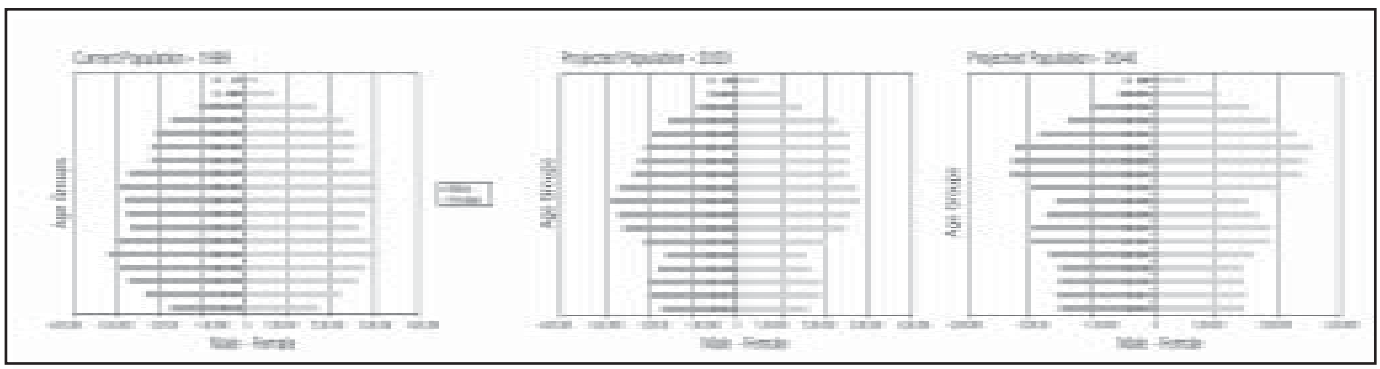
Such developments also contribute to the economy of India by:

- Providing financial security against healthcare risk
- Enhancing the physical health of the population
- Providing capital for economic growth

Because of the rapid development of healthcare services, there is an urgent demand for accurate medical data by different stakeholders of the healthcare system, such as:

- By the government, in order to better assess the country's healthcare priorities
- By healthcare providers, to better allocate medical facilities and services to areas where they are more urgently needed
- By insurance companies, for more appropriate healthcare plan designs, and more accurate determination of insurance premium. Indeed, without proper data to determine appropriate premiums, on the one hand, many insurance companies have complained of insurance losses, and on the other hand, other companies have expressed concerns that premiums may be too high. In addition, many consumers have complained of inadequate coverage in some areas and excessive coverage in others.

The concern over the lack of reliable healthcare data has been expressed by various groups of healthcare professionals. In the National Health Plan, 2002, the Union Health Ministry expressed concern that in the current scenario, the absence of a systematic and



scientific health statistics database had resulted in major deficiencies in proper pricing of healthcare insurance.

The Federation of Indian Chambers of Commerce and Industry (FICCI) conducted a survey in 2003, in which 147 organisations, including life and non-life insurance companies, insurance consultants and intermediaries, participated. Queried on the factors hindering the development of health insurance, 79 per cent cited lack of adequate data as a major concern. This was second only to inadequate supervision of healthcare service providers.

The Health Insurance Working Group was formed at a meeting convened by IRDA on September 2, 2003. The Work Group noted that the lack of standards for data systems had been the cause for failing to:

- Price policies fairly
- Manage medical institutions well
- Allocate public resources for healthcare wisely
- Regulate insurance companies effectively
- Monitor quality of care to safeguard consumers

The Subgroup will start with a pilot project to collect data from a few selected TPAs in order to iron out the procedure, ensure confidentiality and integrity of the data, and to determine the compatibility of data from different sources.

Following the initial meeting of the Group, BearingPoint conducted exploratory meetings with TPAs (Third Party Administrators- Health Services) and insurers to test the feasibility for data collection through the use of information readily available on policy application forms and claim forms. Also explored was the practicality of data transfer.

Initial results of the TPA visits are encouraging. All the TPAs are very co-operative. There is enough uniformity in the available data to suggest the possibility of meaningful aggregation of the data collected from different TPAs. Data collection may not be too difficult, since most TPAs are highly automated and hence data may be collected electronically. It should be noted, however, that this data will mainly be concentrated on private hospitals catering to a high-end clientele.

A Joint Working Group was formed by the Ministry of Information Technology to develop a Framework for the Information Technology Infrastructure for Health in India. The Joint Working Group included representatives of all major stakeholders. The Framework has been completed and adopted by the Working

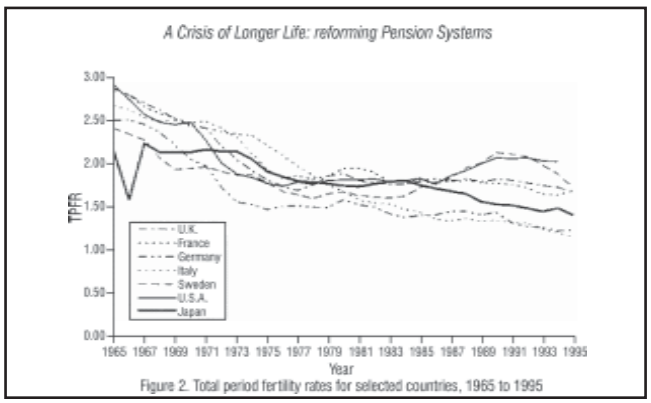


Figure 2. Total period fertility rates for selected countries, 1965 to 1995

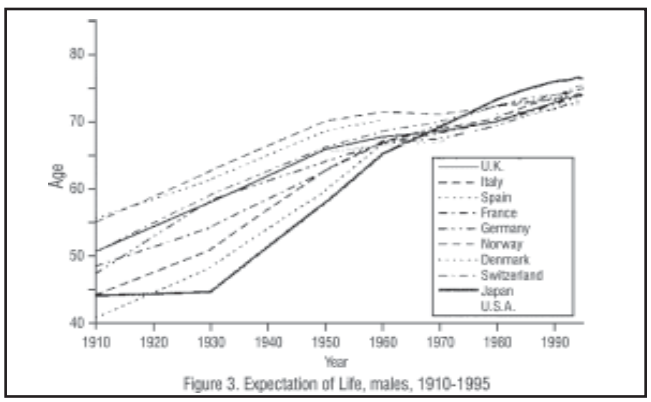
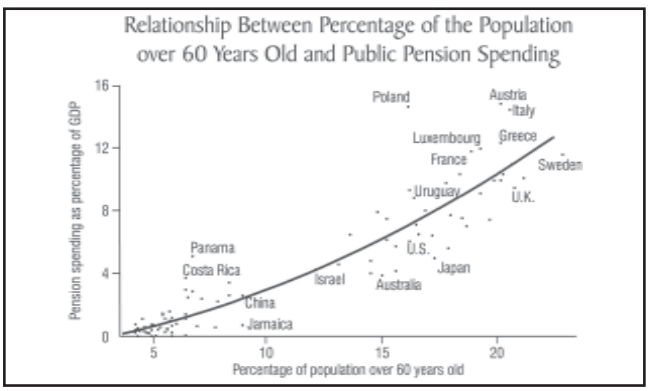
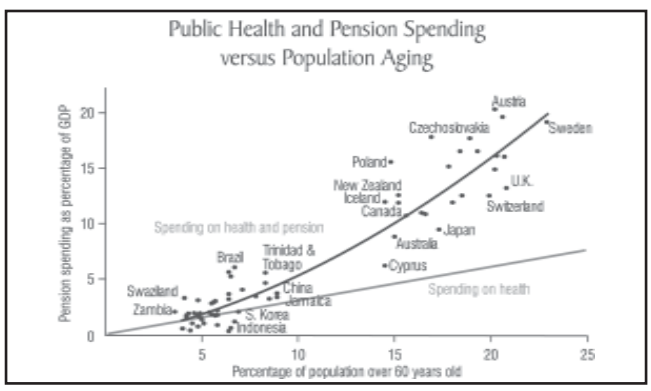


Figure 3. Expectation of Life, males, 1910-1995





Group and presented to the Health Insurance Work Group at their January 2004 meeting. The Framework report, "Technology Infrastructure for Health in India", detailed the format of the information required for a health database. It also adopted an international accept coding system for diseases. Information concerning the Framework is available at the website, www.mit.gov.in/telemedicine/home.asp

As a follow-up on the effort of BearingPoint, a Health Insurance Data Subgroup was formed in January 2004 with the mandate to establish the Healthcare Database. Members of the Data Subgroup include representatives from:

- Insurers
- TPAs
- Insurance consultants
- IRDA

The Data Subgroup is to present a quarterly report to the Health Insurance Work Group.

However, there are still many issues to be resolved before actual data collection can begin. These include the following:

- The availability of data in a unified format, and with sufficient detailed breakdowns
- A test of the degree of compatibility of the data sets from different TPAs
- Issues concerning the retrieval and storage of the data
- Issues on the update mechanism of the data
- Issues on control of use of the data

It is anticipated that the Data Subgroup will initiate the following activities:

1. Sharing of currently available data. The Subgroup will start with a pilot project to collect data from a few selected TPAs in order to iron out the procedure, ensure confidentiality and integrity of the data, and to determine the compatibility of data from different sources. It will also attempt the initial merger of data for statistical analysis and use. Analysis will be made to assess the cost of storing and use of the data.
2. Enhancing and standardizing data coding. The Subgroup will promote the use of internationally accepted standardized diagnostic coding of medical claims. It will work out a mechanism to ensure linkage of exposure to claims, capturing claim frequency, severity, etc. in the process.

3. Devising facilities to handle alternative forms of insurance. This may include the structural coding procedure for other forms of insurance and healthcare delivery systems.

In performing the above functions, the Subgroup may need to develop:

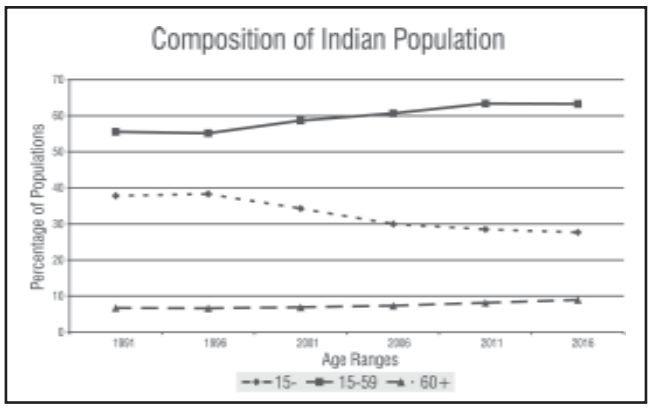
- Alternative coverage forms
- Better understanding of healthcare provisions
- Quality control mechanisms
- Insurer / provider negotiations.

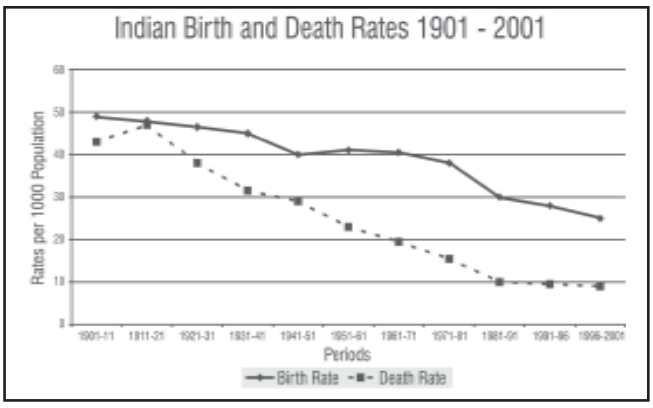
These factors make it evident that there is substantial need for actuarial expertise in designing the system because:

- The system must capture all items needed for actuarial analysis and insurance pricing
- The system must allow for easy retrieval and frequent updates
- There must be dichotomy of data by age, sex, industry, occupation and policy size
- The system must be able to track different coverages by family status, including single, family, and family with children.
- Actuarial expertise is also required to test the system, for retrieving the data for actuarial analysis and for the construction of mortality and morbidity tables.

We may, therefore, anticipate much development in the healthcare systems in India. The construction of a health database is very important, both for the industry and for the insurance companies the actuaries are serving. My recommendations to actuaries with substantial experience on data collection and mortality/ morbidity constructions are to participate in the development phase of the databases, and to provide help in the construction and testing of the database. My recommendation to other actuaries is to follow the development closely so as to be prepared for possible new guidelines on actuarial assumptions derived from the use of the database.

The author works for BearingPoint. The article has been adapted from a paper to accompany a presentation on the same topic at the Sixth Global Conference of Actuaries in Delhi on February 18-19, 2004.





Germs And More Germs

—Hospital Acquired Infections Cost a Lot!

Even as the Indian population is waking up to the concept of health insurance, insurers need to reckon with alarmingly huge bills from hospital-acquired infections, says ***Dr. Uday Kelkar.***

The Indian healthcare industry is growing at a rapid pace. Highly skilled manpower, rapid transfer of world-class medical equipments, and expanded use of information technology have ensured that healthcare facilities here are as good as anywhere else in the world. Aided by an affluent and growing middle class, the healthcare industry, estimated at around Rs. 1,500 billion, has demonstrated a phenomenal growth of over 13 per cent per annum over the past decade.

According to a CII-McKinsey study, health coverage for all can be attained by 2020 with mandated insurance in urban areas and high public subsidies in rural areas. The report also states that health insurance has the highest level of risk among the different types of insurance. The average claim value under the Mediclaim policies in the metros and semi-metros has risen from Rs. 8,500 in 1995 to Rs. 30,000 in 2002 (*IRDA Journal, December 2003*). The health insurance sector is poised for even more rapid growth in the future. The voluntary health insurance market, estimated at Rs. four billion, is expected to be Rs. 130 billion by 2005.

Patient care in the country is provided in facilities that range from highly equipped clinics and technologically advanced tertiary care hospitals to under-equipped frontline basic facilities. The quality of care, available in both the public and private sectors, has come under scrutiny. While unhygienic conditions and poor services have been more or less been accepted as the norm in government-run hospitals, there are also increasing complaints of poor quality in the private sector, as well.

Despite admirable progress in healthcare, infections continue to develop in hospitals on a rather regular basis. Hospitals are not always a place where patients get better. On the other hand, they can give rise to various complications over and above the original disease, usually as a result of a Hospital-Acquired Infection (HAI). These cost money, and sometimes a lot of money, to the payor.

Hospitals are not always a place where patients get better. On the other hand, they can give rise to complications over and above the original disease, usually as a result of infections.

HAI, also known as nosocomial infection, is a term used for an infection that is acquired by the patient while he/ she is admitted in a hospital. From the patient's perspective, HAIs are a hazard of getting admitted to a hospital. These are difficult to diagnose and treat, drain pockets and may even be fatal. The economic costs of these infections result largely from the added length of stay in the hospital and the additional use of medical and therapeutic resources including antibiotics.

Nosocomial infection rates vary amongst the healthcare facilities. Data from the London Office of Health Economics suggests that the typical rate of HAI is around 10 per cent[1]

There are no authentic figures in the Indian scenario to assess the incidence of such infections – in fact very few studies appear to have been carried out. But experts from some leading hospitals have been quoted by a newspaper article as commenting that the incidence is as high as 50 per cent of the total infections. Published Indian data on these rates is limited and cannot be taken as representative data of the true scenario in the country.

We have analysed the data for Pune, a large city in Western India, depicting the economic cost of HAI to the society. There are about 15 hospitals in Pune in the organised sector, i.e., having a defined management structure and a bed strength of over 50. The bed strength of these hospitals put together is around 4,730. In the unorganised sector, there are about 2,500 beds available, making the grand total 7,230.

If the average stay of a patient in a hospital is taken as seven days, these hospitals together cater to 7,230 ´ 52 weeks = 3,75,960 patients over a period of one year. If the factor for occupancy is adjusted at 80 per cent, a more realistic figure of 3,00,000 patients can be taken.

If the rate of HAI were assumed at 20 per cent (the actual figure could even be higher), 60,000 patients would require a prolonged stay for complete recovery. Sacks & McGowan have proved that nosocomial infections prolong hospital stay by up to 13.3 days[2]; this is twice as long as the normal stay . Treating this infection would require antibiotic therapy for at least five days. The cost of the antibiotics would vary depending upon the affordability to the patient, the nature of the infection and several other factors. If the cost of antibiotic therapy is taken as Rs. 100 per day, the medicine cost works out to 60,000 ´ 100 ´ 5 = Rs. 3,00,00,000, or Rs. 3 crore.

Indians dislike staying in hospitals, as most of them pay for it from their own pockets. They therefore pressurise the doctors to discharge the patients as soon as they get reasonably well. This is in stark contrast to the fully insured population of the West. With the inroads by health insurers as payors, this mindset is definitely going to undergo a change, as the prolonged stay is not going to cost the patient.

Taking present conditions and averaging the additional stay to be for about five days, the additional expenditure incurred in a five-day stay in a hospital, when the basic minimum costs like the room rent, food, disposables, disinfectants and other accessories are taken into account, would be about Rs. 2,250 per patient at the minimum. This would vary according to the geographical location of the hospital, social class and affordability of the patient.

Thus, for an estimated 60, 000 patients affected annually with HAI, the approximate cost would work out to around Rs. 13.5 crore.

A decrease in HAI from 20 per cent to a modest 10 per cent (which is still twice the international standards of five per cent) would result in gross savings of Rs. 6.67 crore per year. There are an estimated 15,097 hospitals, accounting for roughly 8,70,000 beds in India in the organised sector alone . Thus, the money saved annually when applied to the entire available beds in India would be Rs. 1,624 crore - a mind-boggling number.

Reducing HAI is all about implementing infection control practices and guidelines meticulously. There is a need to establish, update and revise hospitals' treatment protocols to stay abreast of new advances in the infection control arena.

By bringing down the rate of hospital-acquired infections by half, the money saved annually in India would be Rs. 1,624 crore - a mind-boggling number.

All large hospitals should have infection control teams consisting of representatives from medical, nursing, pharmaceutical, microbiological and administrative departments. Routine surveillance can reduce infection in the hospital by about a third, thus reducing the cost of healthcare to the payor and improve the morbidity and mortality figures of the hospital.

The concept of accreditation of hospitals in India is almost non-existent and hospitals are still self-regulated healthcare providers that often neglect the aspects of monitoring and preventing HAI. The lack of any kind of quality assurance mechanisms, such as accreditation, makes it difficult for people to select healthcare providers and also limits their capacity to demand optimum services.

If only the healthcare providers are compulsorily made to monitor the infections acquired by the patients during their stay in hospitals and be compelled to initiate measures to bring down these rates, the benefit to the society could be huge. That the hospitals would also benefit in the long run is an obvious corollary. The establishments should be encouraged to document infections by monitoring and surveillance measures and the same should also be carried out by a third party or an external agency for obvious reasons.

The insurance industry is expected to be the main driver for raising quality consciousness and defining standards. The opening up of the health insurance sector to private participation should make it imperative for healthcare providers to ensure quality. There is a growing demand from consumers for better quality healthcare, especially from the middle classes. In this context, there is a need to explore the potential of various mechanisms for ensuring safe, high quality healthcare that is viable, affordable and accountable.

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[2] Sack, T., & McGowan, J. E. (Eds). International Symposium of Control of Nosocomial Infection. *Review of Infectious Diseases*, 1981; 3(4).

The author is a clinical microbiologist with special interest in hospital infection control.

प्रकाशक का संदेश

ढाँचागत तथा बीमा क्षेत्र में निवेश का आंतरिक संबन्ध है। ढाँचागत निवेश लंबे समय की निधियों पर आश्रित होता है तथा बीमा कंपनियाँ ऐसे अवसर देखती हैं, जिसमें सम्पत्तियों तथा देयता के समतुल्यन के लिए लम्बे समय के दस्तावेजों में निवेश किया जा सके। बीमाकर्त्ता एक कम्पन्न करने वाली आर्थिक वृद्धि, जिसका दबाव ढाँचागत क्षेत्र के विकास से हो, देखता है। निजी क्षेत्र के लिए बीमा उद्योग के खोले जाने का परिणाम ढाँचागत क्षेत्र में विकास के रूप में प्रतिफलित हुआ है, जिसमें बड़ी संख्या में निजी क्षेत्र सम्मिलित हुआ है। जो लोग बीमा क्षेत्र में सुधारों की वकालत 90 के दशक के प्रारंभ में करते रहे, उन्होंने यह कहा था कि अकविरल बीमा उद्योग ढाँचागत क्षेत्र के विकास में निवेश का एक बड़ा स्रोत होगा।

आईआरडीए जर्नल के इस अंक मे हम बीमा उद्योग के बाहर के क्षेत्रों से विभिन्न मत प्रस्तुत कर रहें है। वह इस अवसर को जिसमें अवसरों और यथार्त में खाई कम की जा रही है पर सुझाव दे रहे हैं।

इस अंक के साथ हम इस जर्नल के प्रकाशन के दो वर्ष पूरे कर रहे हैं। इस समय अवधि में यह प्रकाशन उत्कृष्ट प्रबंध कौशल के रूप में महत्वपूर्ण संचार के रूप में बाजी लगाने वालों तथा उद्योग के मध्य जाना जाने लगा है। इस प्रक्रिया में यह अपने आपको पुन: परिभाषित भी कर रहा है।

दिसंबर अंक विशेष वार्षिक अंक होगा तथा उस पथ को केंद्रित करेगा, जिस पर पिछले पांच वर्षो में आईआरडीए अधिनियम के वर्ष 1999 नवंबर में पारित होने के बाद हम चले हैं। इस अभियान का प्रारभ मल्होत्रा कमेटी रिपोर्ट से हुआ और हम आपकी मदद से इस बात की परीक्षा करना चाहेगें कि हम अब तक क्या प्राप्त कर पाये हैं और उनका निर्धारण करेंगे कि वह कौन से कार्य हैं, जो हमारे सामने खड़े हैं।

हम सदैव आपकी तरफ इस विषय पर अंशदान के लिए देखते हैं तथा भविष्य के लिए विषयवस्तु के संबन्ध में सुझाव आमंत्रित करते हैं।

सी. एस. राव

“ कुछ तो लोग कहेंगे ”

या तो सरकार को एलआईसी की पूँजी के अंशदान देना चाहिए जैसा कि उसने आईडीबीआई के मामले में 9,000 करोड़ रुपये की पूँजी देकर किया था- अथवा निधि बाजार से आनी चाहिए। हमने अभी तक किये गये बीमा लेखन के लिए मार्च 2004 में 14,000 करोड़ रुपये शोधन-क्षमता से निपटान किया है। वर्तमान में हम शोधन-क्षमता को अधिशेष निधि से बनाये हुए हैं जो सतत् आचरण नहीं हो सकता।

एलआईसी के अध्यक्ष
श्री एस.बी. माथुर

ब्रिटेन से निधिक निजी पेंशन प्रणाली गंभीर गिरावट की तरफ है।

यू के सरकार की पेंशन कमीशन के गठन पर रिपोर्ट

बीमा उद्योग को अपने आप पर लम्बे समय का सख्त दृष्टिकोण अपनाना होगा। यदि अपनायी गई रीतियां इतनी फैली हुई हैं जितना आभास होता है तो उद्योग के आधारभूत व्यवसाय परिकल्पना को वृहद समेकित कार्रवाई तथा सुधार की आवश्यकता है। ऐसा कोई उत्तरदायी तर्क उस प्रणाली का नहीं हो सकता जो आखों में धूल झोकता हो , प्रतिस्पर्धा को कमजोर करता हो तथा ग्राहको के साथ छल करे।

श्री इलियट स्पींटजर, न्यूयार्क के एर्टोनी जरनल, ब्रोकेज फर्म मार्श तथा मैक्लेमन पर धोखाधड़ी तथा विश्वासघात का मामला दर्ज करते हुए।

जीवन तथा गैरजीवन दोनो फर्मों के लिए उत्पाद का आधार पूंजी-पर्याप्तता ष्टिकोण को बनाता है और हम उम्मीद करते हैं सभी बीमाकर्ता इसे बनाये रखेगें। स्पष्ट रूप से यह मात्र एक प्रारभिंक बिन्दू होगा नये जोखिम आधारित संसार में, विशेष परिस्थतियों में किसी एक फर्म की पूँजी आवश्यकताएँ उच्च अथवा कम बारंबारिता की हो सकती है, उनकी शैश्व न्यूनतम आवश्यकता से भी कम।

श्री डेविड स्टार्चन, बीमा क्षेत्र के नेता, वित्तीय सेवा प्राधिकरण (एफएसए), यूके के लिए बीमा कंपनियों कि पूँजी की आवश्यकताओं के लिए नये विनियमन

क्षतिपूर्ति जाँच-पड़ताल में प्रकटीकरण का नष्ट होना आखों में धूल झोंकने तथा असमुचित संचालन द्वारा जाँच करने से दूर हो गया। यह इस कहावत को बताता है कि जहाँ घुआँ उठा है वहाँ आग होगी।

श्री जार्ज वी सैरियो, न्यूयार्क राज्य बीमा के अधीक्षक, मार्श तथा मैक्लेमन की जाँच-पड़ताल पर

राशि बड़ी है, लेकिन इसका प्रयोजन भी बडा है, यह एक विनियामक आवश्यकता है। हमें यह ध्यान में रखना चाहिये कि इनके 1.7 मिलियन पॉलिसीधारक हैं और जो प्रति व्यक्ति 300 डालर बैठता है। जो ज्यादा बडी राशि नहीं है।

श्री खाव बोन वैन सिंगापुर के आर्थिक प्राधिकरण की आवश्यकताओं को जो बीमा द्वारा उपलब्ध करवायी जाती है, जिनकी आरक्षित निधि कुल 524 मिलियन डालर भविष्य के बंधनों तथा आकस्मिकताओं के लिए।

संदेह निवारण

स्वास्थ्य बीमा की वस्तुस्थिति

के. सुब्रह्मण्यम

क्या जीवन बीमा कंपनियाँ स्वास्थ्य बीमा व्यवसाय कर सकती है? यह वह प्रश्न है, जिसे मुझसे आईआरडीए के विभिन्न फ़ोरमों में मुझसे पूछा जाता है।

इस प्रश्न का उत्तर हाँ में ही दिया जाएगा। आईआरडीए में जीवन बीमा कंपनी के रूप में पंजीकृत बीमा कंपनियाँ स्वास्थ्य बीमा के क्षेत्र में व्यवसाय कर सकती हैं। स्वास्थ्य बीमा क्षेत्र में न केवल प्रस्तावक के तौर पर, बल्कि लाभ आधारित पॉलिसी और क्षतिपूर्ति पॉलिसी व्यवसाय भी कर सकती है। वास्तव में टाटा एआईजी लाइफ़ इंश्योरेंस कंपनी तो पहले से ही स्वास्थ्य बीमा क्षेत्र में सक्रिय है।

कुछ जीवन बीमा कंपनियों को यह संदेह है कि कानूनी तौर पर वे स्वास्थ्य बीमा नहीं चला सकती हैं। कुछ कंपनियाँ सक्षम नहीं हैं या फिर उनके पास आधारभूत सुविधाओं (साधनों) की कमी है, खासतौर से दावों का निस्तारण करने में वे समर्थ नहीं हैं। हम इस लेख में यह बताएंगे कि एक बीमा कंपनी किस तरह वैध रूप से स्वास्थ्य बीमा व्यवसाय कर सकती है।

स्वास्थ्य बीमा व्यवसाय की परिभाषा

क्षतिपूरक लाभ या शुद्ध लाभ बीमा चलाने वाली बीमा कंपनियाँ आईआरडीए के पंजीकृत अधिनियमों में स्वास्थ्य बीमा व्यवसाय को परिभाषित किया गया है। इसके मुताबिक़ - "स्वास्थ्य बीमा व्यवसाय या स्वास्थ्य बीमा का अर्थ उन सशर्त अनुबंधों से है, जो बीमारी हित लाभ या चिकित्सा, ऑपरेशन या अस्पताल ख़र्च हित लाभ, जहाँ रोगी बाह्य या भर्ती होकर इलाज कराता है, कोई भी बीमा कंपनी इलाज ख़र्च का क्षतिपूरक, अनुग्रह, सेवा, पूर्व भुगतान या अन्य प्लांस के आधार पर लाभ सुनिश्चित करता है और दीर्घअवधि का अनुबंध करता है।"

उक्त परिभाषा से यह स्पष्ट है कि स्वास्थ्य बीमा अनुबंध लघु अवधि या दीर्घकालिक हो सकता है और क्षतिपूर्ति भुगतान या निर्धारित लाभ राशि के रूप में या दोनों हो सकते हैं। इस का संबंध सार्वजनिक अस्वस्ति की आवश्यकता की पूर्ति भी है।

कौन बेच सकता है स्वास्थ्य बीमा अनुबंध

बीमा अधिनियम 1938 जीवन बीमा एवं सामान्य बीमा दोनों का ही वैयक्तिक या सामूहिक स्वास्थ्य बीमा अनुबंध बेच सकती है और यह कि प्राधिकरण स्वास्थ्य बीमा क्षेत्र में ज़ोर देने वाली स्वास्थ्य बीमा कंपनियों को प्राथमिकता देगी। यह प्राथमिकता पंजीयन के समय खासतौर से लागू होती है। अधिनियम की धारा 3 (२एए) यह स्पष्ट करती है कि स्वास्थ्य बीमा अनुबंध कौन करा सकता है और स्वास्थ्य बीमा अनुबंध का क्या अर्थ है। धारा 3 बीमा कंपनी के पंजीयन से संबंधित है। उपधारा 2 एए के प्रावधानों को नीचे स्पष्ट किया जा रहा है।

बीमा कंपनी आवेदक को पंजीकृत करने में प्राधिकरण को प्राथमिकता देनी चाहिए और यदि आवेदक सहमत है तो उसे पंजीयन प्रमाण-पत्र स्वीकृत करना चाहिए। अपने स्वरूप एवं आकृति में प्राधिकरण द्वारा बनाये गए अधिनियम विशेषीकृत किया जा सकेगा। यह विशेषीकरण जीवन बीमा व्यवसाय या सामान्य जीवन व्यवसाय से धारण वैयक्तिक या सामूहिक स्वास्थ्य बीमा प्रदान करने वाली कंपनियों पर लागू होगा। कोई भी आवेदक बीमा कंपनी के जीवन बीमा व्यवसाय व सामान्य बीमा व्यवसाय में पंजीयन कराना चाहता है, लेकिन दोनों के साथ नहीं। औद्योगिक तौर पर कोई भी बीमाकर्ता कंपनी संश्लिष्ट रूप से पंजीकृत नहीं हो सकेगी। बहरहाल यदि आवेदक जीवन बीमा व्यवसाय चुनता है तो वह स्वास्थ्य बीमा व्यवसाय कर सकता है। यदि आवेदक सामान्य बीमाकर्ता होना चाहता है तो वह भी स्वास्थ्य बीमा व्यवस्था कर सकता है।

बीमा कंपनियाँ, विशेष तौर से जीवन बीमा कंपनियाँ स्वास्थ्य जीवन बीमा में क्यों नहीं आना चाहतीं

अधिकांश जीवन बीमा कंपनियाँ स्वास्थ्य बीमा के एकमात्र उत्पाद के बजाय सहायक व्यवसाय के रूप में सहयोग प्रदान करती हैं, जिसे वह प्राय: सरल समझती हैं। ख़ास तौर से स्वास्थ्य उत्पाद, नियमन एवं क़ीमत निर्धारण संप्रत्य परिभाषा दावा निस्तारण प्रक्रिया आदि होना चाहिए। बीमा कंपनियाँ सहायक उत्पाद के रूप में स्वास्थ्य बीमा को बेचकर उपर्युक्त सोपानों का रास्ता बंद करता है और अपनी गतिविधियों के बारे में सोचे बग़ैर लाभ का आश्वासन देती हैं। उन्हें इस क्षेत्र में विविधता लाने की ज़रूरत है। खासतौर से कार्पोरेट अस्पतालों की बेहतर सुविधाओं के इस दौर में यह और भी ज़रूरी है। पूरे देश में तीसरी पार्टी प्रशासन अपनी जगह बना रहा है। भारत में स्वास्थ्य चिकित्सा प्रबंधन भी संभव हो रहा है।

गरीबों के लिए भी हो स्वास्थ्य बीमा

पी.सी. जेम्स

पूरे समाज के हित के लिए ग़रीब से ग़रीब व्यक्ति को स्वास्थ्य बीमा के दायरे में लाना सुनिश्चित किया जाना चाहिए। लेखक पी.सी. जेम्स ने इस लक्ष्य को प्राप्त करने के लिए एक बेहतर समझदारी एवं भारतीय दशाओं में दिए गए विधानों के आधार पर इस लक्ष्य को प्राप्त करने का मार्ग सुझाया है।

प्राय: ग़रीबों की चिकित्सा करने से अनिवार्यत: इन्कार कर दिया जाता है, क्योंकि वे ग़रीबी के अभिशाप से ग्रस्त हैं। उनमें निरक्षर एवं कुपोषण के शिकार हैं। भारत में एक व्यक्ति, जो अस्पताल में इलाज के लिए भर्ती है, वह अपने पूरे ख़र्च का 50 प्रतिशत हिस्सा चिकित्सा पर ख़र्च करता है और भर्ती होने वालों में 40 प्रतिशत से अधिक लोग इलाज के लिए पैसे का जुगाड़ ऋण (कर्ज़) या संपत्ति बिक्री से करते हैं और इसमें 25 प्रतिशत लोग ग़रीबी की रेखा के नीचे जीवन यापन करते हैं।

अपनी ग़रीबी के कारण ग़रीब लोग न केवल अपने को बहिष्कृत पाते हैं, बल्कि सामाजिक सशक्तीकरण, साक्षरता की कमी एवं कमज़ोरी की भावना के कारण वे लगातार अपने आप ही बाहर होते जा रहे हैं।

स्वास्थ्य ख़र्च की सुरक्षा किसी देश का सबसे बड़ा लाभांश है। यही कारण है कि सरकार, अर्थशास्त्री, कल्याणकारी संगठन, सामाजिक कार्यकर्ता आदि सभी स्वास्थ्य संकट को शीघ्रातिशीघ्र हटाने के बारे में चिंतित रहते हैं।

बीमाकर्ता को अति आवश्यक रूप से, खासतौर से ग़रीबों को, स्वास्थ्य बीमा के दायरे में लाने की आवश्यकता है। बीमा कंपनियों को इस दिशा में चिकित्सा संरक्षा विरोधाभासों को समझना ज़रूरी है और ग़रीबों के लिए सुगम व टिकाऊ स्वास्थ्य बीमा प्रारूप लाना आवश्यक है।

स्वास्थ्य बीमा प्रीमियम को बस किराए, रोज़मर्रा के भोजन की तरह दिन के ख़र्च के हिस्से में बाँध देने का प्रयास हो। इसे प्रतिदिन एक रुपये किया जा सकता है। यह योजना स्वास्थ्य बीमा की तस्वीर को बदल सकती है।

लोगों की मूलभूत ज़रूरतों में सिर्फ़ आर्थिक सामग्रियों की ही आवश्यकता नहीं है, बल्कि उन्हें शिक्षा एवं स्वास्थ्य देखभाल यानी चिकित्सा ज़रूरतों की भी आवश्यकता है। चोट या बीमारी से सुरक्षा व्यक्ति की मूलभूत आवश्यकता है और सुंदर स्वास्थ्य खुशहाल जीवन के लिए ज़रूरी है। ग़रीबों एवं उपेक्षितों के लिए उनका स्वास्थ्य जीवन-मरण से संबंध रखता है, क्योंकि बीमार होने की दशा में वे कमाई नहीं कर सकते हैं और स्वस्थ शरीर ही उनकी कमाई का ज़रिया है। उत्तम स्वास्थ्य न केवल व्यक्ति के लिए हितकारी है, बल्कि पूरे परिवार, समुदाय, समाज एवं देश के लिए भी लाभकर है। अनुसंधानों से यह स्पष्ट है कि स्वास्थ्य सुरक्षा ने ग़रीबी उन्मूलन में पूरे विश्व में महत्वपूर्ण भूमिका निभाई है।

जैसा कि हम जानते हैं कि ग़रीबों का शरीर ही उनकी कमाई हुई संपत्ति है और उत्तम स्वास्थ्य उनकी आय एवं अस्तित्व से प्रत्यक्ष रूप से जुड़ा हुआ है। इसमें यह एकदम स्पष्ट है कि ग़रीबों की चिकित्सा अक्सर नहीं हो पाती है और इसी कारणवश वे ग़रीबी, निरक्षरता एवं कुपोषण के चक्र में घिर जाते हैं। पूरे विश्व में यह दिखाई देता है कि स्वास्थ्य का प्रभाव ग़रीबों पर बहुत अधिक पड़ता है। इससे उनका रोज़गार छूट जाता है, जिससे उनका वेतन मिलना बंद हो जाता है। कमाई के अन्य साधन भी कम हो जाते हैं। इलाज का ख़र्च बढ़ जाता है, जिसके लिए वे ऋण लेते हैं और फिर इसी कुचक्र में फँस जाते हैं। ग़रीबों के स्वास्थ्य पर देश में राष्ट्रीय प्रतिदर्श सर्वेक्षण संगठन (एनएचएसओ) के एक अध्ययन में निम्नलिखित बातें उभरकर सामने आईं :-

1. वे अपनी चिकित्सा में अमीरों की अपेक्षा अधिक धन ख़र्च करते हैं।
2. तीन चौथाई से अधिक ख़र्च छोटे-मोटे घावों, संक्रामक एवं छूत की बीमारियों में ख़र्च होता है।
3. वित्तीय कमी से ग़रीबों के इलाज में देरी होती है। उनमें से लगभग 20 प्रतिशत लोग धन की कमी के कारण इलाज नहीं करा पाते।
4. अति ग़रीबों की चिकित्सा ख़र्च के लिए उधार एवं ब्याज पर लिया गया ऋण ही महत्वपूर्ण ज़रिया है। इससे उनकी आय वृद्धि भी घट जाती है।
5. परिवार में एकमात्र रोगी के अस्पताल में भर्ती होने से ही पूरे परिवार की संपत्ति ख़त्म हो जाती है।

एनएचएसओ के उसी अध्ययन के मुताबिक़ चिकित्सा ख़र्च, विशेष तौर से भर्ती होने वाले मरीज़ों के इलाज में शहरी क्षेत्र में दुगुने से भी अधिक है। इससे यह बिल्कुल स्पष्ट है कि शहरी क्षेत्र के ग़रीबों की पहुँच में तो चिकित्सा है ही नहीं। सर्वेक्षण में यह भी उभरकर सामने आया है कि सार्वजनिक स्वास्थ्य सेवाओं का उपयोग रोगियों के भर्ती होने के मामले में 60 प्रतिशत से गिरकर 44 प्रतिशत हो गया है। रिपोर्ट से यह भी स्पष्ट है कि अस्पतालों की ख़राब हालत एवं सेवा में कमी के कारण बाह्य रोगियों की संख्या में भी कमी आई है।

चिकित्सा सेवा के मामले में ग़रीबों की पहुँच में तमाम समस्याएँ खड़ी हैं। अस्पतालों के बारे में सूचना की कमी भी एक बड़ी बाधा है। अस्पताल की दूरी, आवागमन की कमी, वित्तीय संसाधनों की कमी, संवेदनहीनता एवं अविश्वसनीय इलाज भी ग़रीबों के समक्ष बाधा है। निजी अस्पतालों में भारी इलाज ख़र्च ग़रीबों के लिए सबसे बड़ी बाधा है और ग़रीबों को सार्वजनिक स्वास्थ्य केंद्रों या सरकारी अस्पतालों में इलाज उपलब्ध कराने की सख़्त आवश्यकता है।

हाल ही में विश्व बैंक के एक अध्यन में यह बात उभरकर सामने आई कि ग़रीब लोग दोषपूर्ण चिकित्सा एवं जोखिम का सामना कर रहे हैं। अध्यन में कहा गया कि भारत में अस्पताल में भर्ती मरीज़ अपने ख़र्च का आधे से अधिक धन इलाज में ही ख़र्च कर देता है। इनमें से 40 प्रतिशत लोग तो यह धन या तो उधार लेते हैं, या फिर अपनी संपत्ति गिरवी रखकर और इसमें भी 25 प्रतिशत लोग तो ग़रीबी रेखा के नीचे से ही आते हैं।

यह एकदम स्पष्ट है कि ग़रीबों को स्वास्थ्य सुविधा उपलब्ध कराने के लिए स्वास्थ्य बीमा के माध्यम से वित्त उपलब्ध कराया जाना चाहिए। इसकी महती आवश्यकता है। देश में स्वास्थ्य ढाँचा या तो है ही नहीं, या फिर उसकी उपलब्धता ही दयनीय है। खासतौर से ग्रामीण क्षेत्रों में पूरी स्वास्थ्य प्रणाली ही चरमरा गई है। ग्रामीण क्षेत्रों में राज्य सरकारों ने तीन स्तरीय चिकित्सा प्रणाली गठित की है। 5000 की ग्रामीण आबादी के लिए एक उप केंद्र, 30 हजार की आबादी के लिए एक प्राथमिक स्वास्थ्य केंद्र (पीएचसी) एवं एक लाख की आबादी पर सामुदायिक स्वास्थ्य केंद्र (सीएचसी) बनाये गए हैं। शहरी क्षेत्रों में शहरी स्वास्थ्य केंद्र, तालुका अस्पताल, जिला अस्पताल एवं चिकित्सा कॉलेजों की सुविधाएँ हैं। गैर-सरकारी क्षेत्रों में ढेर सारे कार्पोरेट अस्पताल एवं नर्सिंग होम, चैरिटेबल एवं ट्रस्ट अस्पताल हैं।

(शेष भाग अगले अंक में)

मेडिक्लेम

स्वास्थ्य बीमा के जरिये धन दीर्घकालिक विकास का मार्ग

आलोक गुप्ता

भारतीय बीमा उद्योग क्षेत्र में अब तक 95 लाख लोगों का निजी बीमा कंपनियों ने स्वास्थ्य बीमा किया है, जिसके तहत मुख्यत: मेडीक्लेम एवं चिकित्सा योजनाओं में बीमा कराया गया है। इसकी सीमित सीमाओं के बावजूद मेडीक्लेम के क्षेत्र में हाल के वर्षों में तेजी से वृद्धि हुई है, जिसका मुख्य कारण विकल्प की तलाश है।

वर्ष 1995-96 से 2002-03 की समयावधि में इसके तहत बीमा कराये गए व्यक्तियों में वार्षिक 29 प्रतिशत की वृद्धि हुई है तथा लाभांश पूर्व के 129 करोड़ से बढ़कर 1000 करोड़ से ऊपर पहुँच गया है। वर्ष 1990-91 में कुल जनसंख्या का 0.084 प्रतिशत हिस्सा मेडीक्लेम के अंतर्गत बीमित था, जो वर्ष 1998-99 व 2002-03 में बढ़कर क्रमश: 0.359 प्रतिशत तथा 0.99 प्रतिशत हो गया।

मेडीक्लेम क्षेत्र में तेज़ी से हो रही यह वृद्धि स्वास्थ्य बीमा की बढ़ती माँग को दर्शाती है, जिसका मुख्य कारण बढ़ती बीमारियाँ, दुर्घटनाएँ, चिकित्सा में वृद्धि तथा पर्याप्त सार्वजनिक स्वास्थ्य सुविधा का अभाव होना है।

हालिया रुझान

बीमा नियामक एवं विकास प्राधिकरण के गैर-वैधानिक अधिकरण होने के बावजूद निजी क्षेत्र की बीमा कंपनियाँ स्वास्थ्य बीमा को अनाकर्षक पाती हैं। सार्वजनिक क्षेत्र के बीमा उद्योग में स्वास्थ्य बीमा की जनसंख्या दर घटी है। अधिकांश निजी बीमा कंपनियाँ चिकित्सा बीमा योजनाओं की नक़ल करती हैं या फिर अस्पताल नक़द, गंभीर बीमारी इलाज जैसे बीमा सहायता योजनाएँ चलाती हैं, जिनका बाज़ार बहुत कम है। इसका कारण भिन्न है। स्वास्थ्य बीमा में बीमा कंपनियाँ स्वस्थ लोगों का ही बीमा करना चाहती हैं, ताकि दावे की लागत को नियंत्रित किया जा सके। विविध चयन के साथ मंथन से ही मक्खन और तेज निखरता है, ऐसा ही स्वास्थ्य बीमा में माना जाता है।

देश में स्वास्थ्य बीमा के विकास में सबसे बड़ी बाधा इसका अलाभकारी होना है। वर्ष 2002-03 तथा 2003-04 के लिए सार्वजनिक क्षेत्र में मेडीक्लेम के तहत बीमित लोगों का विश्लेषण करने के पश्चात् लेखक निम्नलिखित निष्कर्ष पर पहुँचा-

- मेडीक्लेम लाभांश का लगभग 70 प्रतिशत हिस्सा व्यक्तिगत योजनाओं का है तथा इसमें वृद्धि हो रही है। यह वृद्धि स्वास्थ्य बीमा के प्रति जनजागरण में वृद्धि की परिचायक है।
- मेडीक्लेम दावों के अनुपात टीपीए की शुरुआत के बावजूद 2002-03 की तुलना में 2003-04 के दौरान कम हुआ है।
- व्यक्तिगत मेडीक्लेम में सामूहिक मेडीक्लेम की तुलना में क्षति की आशंका कम होती है।
- बीमा किश्त की कटौती के कारण सामूहिक मेडीक्लेम बीमा किश्त संकुचित होती जा रही है।
- स्वास्थ्य बीमा का मुख्य बाज़ार महानगरों में 80 प्रतिशत सामूहिक एवं 65 प्रतिशत व्यक्तिगत स्वास्थ्य बीमा का अनुपात है, जबकि 125 प्रतिशत चिकित्सा बीमा किश्त की क्षति है।
- स्वास्थ्य चिकित्सा ख़र्च अलग-अलग क्षेत्रों में अलग-अलग है, लेकिन इसमें कमी आ रही है। स्वास्थ्य बीमा क्षेत्र के बाज़ार एवं उसके अन्य पहलुओं को देखते हुए इस क्षेत्र में लक्ष्य को प्राप्त करने के लिए निम्नलिखित कदम तत्काल उठाये जाने की आवश्यकता है।

1) क्षेत्रीय पैमाने पर स्वास्थ्य एवं चिकित्सा लागत में व्यापक भिन्नता है। एक समान स्वास्थ्य बीमा की किश्त से कस्बों या छोटे शहरों के बीमा धारक महानगरों व मेट्रो शहरों के स्वास्थ्य बीमा धारकों को सब्सिडी देते हैं। इसका फ़ायदा बीमा कंपनी को पहुँचता है। बीमा कंपनी को क्षेत्रीय स्वास्थ्य चिकित्सा लागत के आधार पर बीमा की किश्त तय करनी चाहिए। भौगोलिक क्षेत्रों के आधार पर बीमा राशि तय करने का स्व-बीमा एक उपयुक्त उदाहरण है।

2) स्वास्थ्य बीमा की प्रगति में व्यक्तिगत मेडीक्लेम एक अच्छी भूमिका निभा सकता है। हालाँकि इसके लिए बीमा कंपनियों को कम बीमा किश्त, आपातिक चयन एवं नीतिगत जोखिम के प्रति सुरक्षा उपलब्ध कराने की आवश्यकता है।

3) आपातिक चयन में आने वाली कठिनाइयों से निपटने के लिए बीमा प्रावधानों में पहले से ही शर्तें व नियम तय होने चाहिए और उस प्रारूप को निश्चित समयावधि के साथ ही सह-बीमा एवं सह अदायगी संरचना के आधार पर पॉलिसी प्रारूप लागू करने की ज़रूरत है। निश्चित आयु वर्ग के लिए स्वास्थ्य परीक्षण को भी अनिवार्य रूप से लागू किया जा सकता है।

4) बीमा धारक को अपने क्षेत्र से बाहर के चिकित्सालयों में उपचार एवं बीमा राशि के आधार पर अस्पताल के वार्ड में भर्ती होने पर शर्त लागू करके बीमा की दावा राशि को एक सीमा में नियंत्रित किया जा सकता है।

5) चिकित्सा कक्ष के आधार पर चिकित्सा व्यय में सापेक्ष भिन्नता पाई जाती है। स्वास्थ्य सेवा प्रदाता बीमा धारक रोगी को ख़र्चीले

चिकित्सा कक्षों में भर्ती होने पर ज़ोर देते हैं, जिससे चिकित्सा में बढ़ोतरी होती है। इसलिए कुल बीमित राशि के आधार पर स्वास्थ्य बीमा योजना में चिकित्सा कक्ष आदि पर नियंत्रण हो, ऐसी योजना होनी चाहिए।

6) बाज़ार में २ वर्षों से अधिक समय से टीपीए (थर्ड पार्टी एडमिनिस्ट्रेटर्स) की उपस्थिति के बावजूद स्वास्थ्य बीमा दावों के अनुपात में कोई वृद्धि नहीं हुई है। अपुष्ट रिपोर्ट है कि स्वास्थ्य सेवाएँ देने वालों के बीच सांठगांठ भी है। इसमें टीपीए को अपनी भूमिका तय करनी चाहिए। उन्हें दावे को नियंत्रित करने की तत्काल आवश्यकता है। टीपीए को अपनी भूमिका भी तय करने की ज़रूरत है। स्वास्थ्य बीमा में उसको अपनी कार्रवाई तय करनी है। प्रबंधन को भी कठोर करने की ज़रूरत है। सेवा स्तर को परिभाषित करने के साथ ही पॉलिसी होल्डर को उपभोक्ता संतुष्टि सर्वेक्षणों से कंपनियों की सेवाओं के स्तर का भी निर्धारण करना है।

7) टीपीए उपयोगी चिकित्सा उपयोग आकड़ों की एक भंडार एजेंसी है। यह उत्पाद के आलोचनात्मक विकास का आंकड़ा रखता है। उन्हें बीमाकर्ता को उत्पाद के विकास एवं नवीनीकरण का पूरा आंकड़ा उपलब्ध कराना चाहिए।

8) भारत में स्वास्थ्य बीमा क्षेत्र में उत्पाद, नमूने, विस्तार, लाभदायिता, इश्यू उपयोगिता, पॉलिसीधारक एवं प्रदाता का व्यवहार और क्षेत्रीय विस्तार के साथ ही लागत विविधता पर पर्याप्त बहस, सूचना एवं अनुसंधान के आंकड़ों की व्यापक कमी है। देश में स्वास्थ्य बीमा कारोबार में तीव्र बदलाव को देखते हुए आईआरडीए को प्रत्यक्ष तौर पर या फिर टैरिफ़ एडवायज़री कमेटी (टीएसी) के माध्यम से सभी प्रकार की स्वास्थ्य बीमा पॉलिसियों के बारे में अलग-अलग सूचनाएँ एवं जानकारियाँ संग्रहित करनी चाहिए।

9) आईआरडीए को दावा प्रारूप, बिल सूचना एवं अन्य दस्तावेज़ों का मानकीकरण भी करना चाहिए, जिनकी दावे के समय में ज़रूरत पड़ती है। टीएसी के माध्यम से आईआरडीए स्वास्थ्य बीमा सूचना तकनीक समाधान/मंच विकसित करना चाहिये, जो उपभोक्ताओं को निम्नलिखित जानकारी उपलब्ध कराए-

- उपभोक्ताओं की सुविधा के लिए स्वास्थ्य बीमा पॉलिसी को अधिक प्रभावशाली बनाने के लिए उसे इलेक्ट्रानिक माध्यमों से जोड़ा जाना चाहिए।
- सामान्य उपयोग के लिए इलेक्ट्रानिक पूर्व अधिकृत प्रणाली सभी बीमा प्रदाताओं को पॉलिसियों की वैधता एवं स्वचालित पूर्व अधिकृत प्रक्रिया अपनानी चाहिए।
- इलेक्ट्रानिक दावा प्रबंधन का मानकीकरण।
- इलेक्ट्रानिक चिकित्सा रिकार्ड प्रणाली एवं उसका संग्रहण।
- चिकित्सा प्रदाताओं की तकनीकी करना।
- बीमाकृत रोगी की रिपोर्ट अस्पताल से ही प्राप्त करने के लिए स्वरूप निर्धारित करना।
- चिकित्सा दिशा-निर्देशों की सिफ़ारिश सस्ता एवं स्तरीय करना।
- समीक्षाकृत दिशा-निर्देशों का सदुपयोग।
- चिकित्सा ख़र्च का विश्लेषण, चिकित्सा का समुचित उपयोग, रोग के अनुसार लागत, प्रदर्शित दर आदि की विश्लेषण क्षमता बढ़ाना।

देश में सार्वजनिक क्षेत्र की बीमा कंपनियाँ दीर्घकालिक एवं टिकाऊ भूमिका स्वास्थ्य बीमा क्षेत्र में निभा रही हैं। इनका बाज़ार में महत्वपूर्ण स्थान भी है। उन्हें आधारभूत एवं दीर्घकालिक स्वास्थ्य बीमा उत्पाद शुरू करके जोखिम बीमा प्रीमियम में प्रभावी संतुलन बनाने की आवश्यकता है। अलग-अलग जनसंख्या के आधार पर अलग-अलग स्वास्थ्य बीमा पॉलिसी शुरू करने तथा चिकित्सा सेवा प्रदाताओं के लिए निर्धारित दिशा-निर्देश बनाने की ज़रूरत है। इसके लिए उचित नेटवर्किंग, विश्वसनीयता, आपसी बातचीत एवं बिल का मानकीकरण करने की ज़रूरत है।

देश में चिकित्सा के हालात पुराने ढंग के हैं। स्वास्थ्य बीमाकर्ता कंपनी को अपनी विश्वसनीयता एवं साख बनाने की सतत ज़रूरत है। लाभकारी स्वास्थ्य बीमा स्वास्थ्य चिकित्सा प्रदाता अस्पताल ख़र्च वहन कर सकने वाले रोगियों के बीमा के माध्यम से इस क्षेत्र का तीव्र विस्तार कर सकते हैं, लेकिन स्वास्थ्य बीमा कंपनियां चिकित्सा उपयोग का पर्याप्त इस्तेमाल नहीं कर रही हैं।

चिकित्सा नियामक (स्वास्थ्य मंत्रालय, मेडिकल काउंसिल एवं राज्य स्वास्थ्य विभाग) संस्थाओं को इस संबंध में व्यापक सुधार की ज़रूरत है। अंत में हम कह सकते हैं कि बीमा नियामकों को जीवन बीमा, गैर-जीवन बीमा एवं स्वास्थ्य बीमा में पर्याप्त अंतर करने की ज़रूरत है। उन्हें बीमा सुधार करने की भी आवश्यकता है।

लेखक भारतीय उद्योग महासंघ से संबद्ध हैं.

विकल्प

बिल का भुगतान

भारत में स्वास्थ्य बीमा की समस्याएँ एवं समाधान

के. नित्या कल्याणी

जब हम छोटे थे, हमारे यहां एक डाक्टर थे। उन्हें हम फैमिली डाक्टर कह सकते हैं। वे हमारे परिवार के सभी सदस्यों को नाम व चेहरे से पहचानते थे। उन्हें परिवार में किसी की भी बीमारी के बारे में जानकारी रहती थी। उन्होंने क्या दवा दी है, यह उन्हें पता रहता था। मुझे आज भी याद है कि वे अपने रोगी के प्रति कितना सतर्क रहते थे और उस पर कितना ध्यान देते थे। कहीं मिल जाने पर उसका हाल-चाल, स्वास्थ्य आदि के बारे में पूछना कभी नहीं भूलते थे। उनके हाथ में एक कलम, दवाइयों का विवरण और ढाढस बंधाने की उनकी शैली हमें राहत प्रदान करती थी।

बाद में जब हम दूसरी जगह बस गये, तब वहां हमने अपना एक पारिवारिक डाक्टर रख लिया। यह डाक्टर साहब धैर्यपूर्वक विस्तार से रोगों के बारे में लक्षण, उपचार एवं अन्य विवरणों को लिखते थे। इसके लिये वे स्कूली नोट बुक का इस्तेमाल करते थे। वे अपने पास प्रत्येक मरीज के बारे में पूरा विवरण दर्ज रखते थे। मरीज को सर्दी है, बुखार है, आंखों में जलन है या इसी तरह की जो भी समस्या होती थी, उसका लिखित विवरण वे अपने पास रखते थे। उन्हें यह भी याद रहता था कि कौन कब कालेज में प्रवेश ले रहा है या कौन कब विवाह कर रहा है।

उनके पास यह जानकारी खासतौर से रोगी के लिये न केवल दवाओं, बल्कि अन्य सावधानियां बरतने के बारे में भी रहती थी। दस वर्ष के पहले हमने बहुत से सुविधायुक्त अस्पतालों को देखा। इन अस्पतालों में तमाम तरह के परीक्षण किये जाते हैं, लेकिन पारिवारिक डाक्टर की वो बात इन अस्पतालों में नहीं है। आज के युग में चिकित्सा के क्षेत्र में अतिविस्तार के कारण रोगी अक्सर उत्साहपूर्ण मुस्कान एवं आश्वासन की अपेक्षा चंद दवाओं में सिमटकर रह गया है। दरअसल दोनों ही जरूरी हैं, लेकिन आवश्यकता इस बात की है कि मरीज को उपयुक्त इलाज एवं संतुष्टि प्रदान करने की आवश्यकता है। यही बात स्वास्थ्य बीमा के क्षेत्र में भारतीय उपभोक्ताओं के साथ लागू होती है। अस्पतालों का व्यवसायीकरण होने के कारण चिकित्सा के लिये खर्च बढ़ गया है। इससे यह भी हुआ है कि बीमा कंपनियां इस क्षेत्र में बहुत अधिक बाजार नहीं बनाना चाहतीं।

इसके बहुत से कारण हैं। मुख्य कारण यह है कि किसी भी व्यवसाय में जोखिम रहता है। सैद्धांतिक रूप से इसकी जरूरत नहीं है। लागत के आधार पर मूल्य मिलना चाहिये और लागत का प्रबंधन एवं उसकी पूरी जानकारी होनी चाहिये, लेकिन यह स्पष्ट है कि भारत में चिकित्सा बीमा में इसी को लेकर समस्या है। लागत के अनुसार मूल्य निर्धारण नहीं है, क्योंकि इसमें सुचारू रूप से लागत का निर्धारण नहीं है और विश्लेषण का अभाव है। इसके साथ अन्य बाधाएं भी हैं, जैसे चिकित्सा प्रणाली, उसकी लागत, सेवा गुणवत्ता, विरोधाभासी परिस्थितियां आदि छोटी-मोटी समस्याएं उठ खड़ी होती हैं।

किसी की इच्छा के विरुद्ध बीमा करने का अर्थ यह कतई नहीं है कि उसके साथ गलत या अलाभकारी किया जाए। इससे तात्पर्य यह है कि बीमा उद्योग अब भी चरम पर है। इसका एक जीवंत उदाहरण वाहन बीमा है। वाहन बीमा अनिवार्य है और इसका मूल्य कर द्वारा नियंत्रित है। गैरेज की आंतरिक लागत उपभोक्ता के लिये गूढ़ है और पूरे देश में इसकी लागत भी अलग-अलग है। इसमें दलाली भी कम नहीं है। हममें से जो कोई भी वाहन दुर्घटना से गुजरा है या अपने वाहन की मरम्मत करवा चुका है, वह इस कठिनाई से गुजर चुका है। गैरेज का भारी बिल भी उसे चुकाना पड़ता है। लेकिन इस पूरे परिश्य में भी बीमा उद्योग ने बढ़िया आय अर्जित की है और इस व्यवस्था को बनाये रखने में सहयोगी भूमिका अदा की है। यह एक अलाभकारी व्यवसाय रहा है, फिर भी हम यह मान सकते हैं कि कर संशोधन नई पीढ़ी के वाहनों की मरम्मत की लागत के लिये नये ढांचे के निर्माण में गति नहीं ला सका है या कर संशोधन गैरेजों एवं मशीनों के स्तर में बढ़ती लागत को नियंत्रित नहीं कर सका है।

इस उद्योग को संचालित करने वाली संस्था के पास इस संबंध में पूर्ण विवरण है और होना भी चाहिये। इससे स्पष्ट पता चलता है कि भारतीय बीमा नियामक एवं विकास प्राधिकरण ने स्वास्थ्य बीमा कार्य समूह गठित किया है।

उप-समूह ने अपनी रिपोर्ट सितंबर में आईआरडीए को सौंप दी। इस रिपोर्ट में उपसमूह ने राष्ट्रीय स्वास्थ्य आंकड़ा संग्रहण करने और भारतीय उपचार वित्तीय प्रशासन बनाने की सिफारिश की है।

आंकड़ों का संग्रहण स्वास्थ्य बीमा के क्षेत्र में एक सकारात्मक कदम हो सकता है। यह स्वास्थ्य बीमा का वैज्ञानिक मूल्य निर्धारण एवं उसके विभिन्न स्वरूपों को बनाने में सहायक हो सकता है। मूलत: बीमा प्रदाताओं की योग्यता, क्षमता एवं प्रबंधन से संबंधित (कर परामर्शदाता समिति या एक स्वतंत्र संगठन) जिसके पास भी आंकड़े उपलब्ध हैं, उसे बेहतर प्रदर्शन करना चाहिये। समूह की रिपोर्ट में स्वास्थ्य बीमा कार्य समूह एवं अन्य सवालों का विवरण शामिल है।

चिकित्सा वित्त प्रशासन के तौर पर उपभोक्ताओं को स्तरीय फ़ायदे सुनिश्चित किये जाने चाहिये। उपभोक्ताओं को यह भी सुनिश्चित होना चाहिये कि ऐसे संस्थान पारदर्शिता बनाए रखेंगे और उनके लिये चिकित्सा उनकी पहुंच में होगी। उपयुक्त लागत पर चिकित्सा क्षेत्र में यह नेतृत्व प्रदान करेगा।

यह आईआरडीए का एक सहयोगी संगठन होगा और स्वास्थ्य बीमा संगठनों के पंजीयन एवं संचालन के लिये उत्तरदायी होने के साथ ही स्वास्थ्य बीमा बाजार के विकास के लिये भी उत्तरदायी होगा। यह संगठन चिकित्सा सेवा की पहुंच को सुनिश्चित करने के लिये पारदर्शिता बनाये रखने के लिये भी जिम्मेदार होगा। उपसमूह ने प्रस्ताव रखा है कि कार्यकारी समूह आने वाली बीमा योजनाओं के प्रशासन पर निगरानी रखेगा। उपसमूह के कार्यों को हम निम्नलिखित रूप से अनुगमन कर सकते हैं :-

- चिकित्सा क्षेत्र में अंशधारियों के बीच उपलब्ध वर्तमान आंकड़ों का परीक्षण करना

एवं उन आंकड़ों को प्राप्त करने की संभावनाओं का मूल्यांकन करना है।

- सामान्य आंकड़ा तत्वों के स्तरीकरण की संभावनाओं का मूल्यांकन करना एवं इन आंकड़ों की संग्रहण शैली का मूल्यांकन करना।
- उपचार, चिकित्सा प्रक्रिया, अंशधारियों द्वारा उपयोग में लाये जा सकने वाले चिकित्सकीय पर्यवेक्षणों जैसे आंकड़ों को एकत्र करने के लिये मानकीकृत कोडिंग प्रणाली की पहचान करना।
- बीमा उद्योग द्वारा इन आंकड़ों को प्राप्त करने और उनका वास्तविक विश्लेषण कर फ़ायदा उठाने के लिये ऐसे सुगम आंकड़ा भंडार बनाकर उनका विश्लेषण करना।
- देश की जनसंख्या के लिये भौगोलिक स्वास्थ्य आवश्यकता एवं उनकी विविध क्षमताओं के आधार पर समुचित नये स्वास्थ्य उत्पादों के विकास के लिये आंकड़ों का इस्तेमाल करना।
- उपसमूह की संदर्भगत शर्तों में वर्तमान में उपलब्ध आंकड़ों की हिस्सेदारी, आंकड़ा गुणवत्ता समृद्धि, स्तरीकरण, मानकीकरण एवं वैकल्पिक बीमा संभावनाओं व कोडिंग प्रक्रिया को विभाजित करना है।

वर्तमान में उपलब्ध आंकड़ों में हिस्सेदारी के मुद्दों का सामना करने के लिये उपसमूह ने डीएसके से समझौता किया है। डीएसके एक गोपनीयता एवं निजता के अधिकारों के आंकड़ों के संबंध में वैधानिक सलाह देने वाली प्रमुख संस्था है। यह आंकड़ों के मालिकाना हक एवं इसके व्यावसायिक व गैर-व्यावसायिक उपयोग के बारे में वैधानिक सलाह देती है।

90 प्रतिशत से अधिक स्वास्थ्य बीमा सार्वजनिक क्षेत्र की कंपनियों से संबद्ध हैं। उपसमूह ने आंकड़ा तथ्यों की पहचान करने का निर्णय लिया, जहां से कंपनियां इन आंकड़ों को प्राप्त करने के लिये सामान्य न्यूनतम व्यवस्था बनाएंगी। यह संग्रहण वर्तमान में उपलब्ध आंकड़ों के संग्रहण के आधार पर बनाया जाएगा और उपसमूहों ने आईआरडीए से सिफारिश की है कि सभी टीपीए आंकड़े प्रस्तुत करने की आवश्यकता है। वे बीमा कंपनियों के साथ अनुबंध के समय से ही सेवाएं प्रदान करेंगी। जिन कंपनियों ने टीपीए अनुबंध नहीं किया है, उन्हें अपने आंकड़ों को सीधे भेजना चाहिये और सभी बीमा कंपनियों को बीमा किश्त विवरण उपलब्ध कराना चाहिये।

आंकड़ा गुणवत्ता संवृद्धि एवं मानकीकरण करने वाले इसके दूसरे आदेश में उपसमूह ने इस कार्य को तीन हिस्सों में बांटने का निर्णय लिया। पहले भाग में संकेतन, सूचना का लेखन, व्यावहारिक सूचना, चिकित्सा एवं बीमा से संबंधित स्तर में प्रस्ताव/नामांकन सूचना देना था।

दूसरे भाग में रोग/उपचार एवं चिकित्सा सूचना को अंतर्राष्ट्रीय कोडिंग योजना के माध्यम से प्राप्त करना था। इलाज, प्रक्रिया, सेवा/राजस्व, चिकित्सीय पर्यवेक्षण एवं लाभकारी कोड की व्याख्या की जो लागत को लागू करना है और इस परिश्य का उपसमूह की सिफारिशों पर कितना प्रभाव पड़ा है। इन सिफारिशों को कुछ अस्पतालों ने एक निश्चित स्वरूप में लागू किया है और कुछ अस्पताल इसको दूसरे ढंग से लागू कर रहे हैं या फिर उन्होंने इसे बीमाकर्ता/टीपीए के ऊपर छोड़ दिया है।

सिफ़ारिशों में यह समाहित किया गया है कि आईआरडीए एक मानकीकृत आंकड़ों को निश्चित स्वरूप में स्वीकारे और टीपीए आवश्यकतानुरूप संग्रहित करे, साथ ही आंकड़ों को वार्षिक या अर्धवार्षिक अवधि में इलेक्ट्रानिक माध्यमों में उपलब्ध कराए। कोडिंग प्रणाली एवं मानकों का सिफारिशों के आधार पर अनुसरण किया जा सकता है :-

- रोग निदान कोड : आईसीडी 10 (न्यूनतम 3 डिजिट)
- प्रक्रिया कोड : आईसीडी 10 पीसीएस (न्यूनतम द्वितीय स्तर)
- सेवा/राजस्व कोड : उपसमूह ने विविध दावा आंकड़ों को वैयक्तिक रूप से चिह्नित किया है।
- उपचार पर्यवेक्षण कोड : बाद की तिथि पर सौंपा जा सकेगा।
- लाभदायक कोड की व्याख्या : बीमाकर्ता/टीपीए के आधार पर निर्धारित।

अधिसूचकों के लिये निम्नलिखित सिफारिशें की गई हैं :-

- अस्पताल : पैन नंबर
- अस्पताल चांस : प्रत्येक अस्पताल के लिये प्रारूपक के साथ पैन नंबर
- छोटे अस्पताल एवं नर्सिंग होम : डाक्टरों का पंजीयन नंबर प्रारूपकों के साथ
- वैयक्तिक चिकित्सक : मेडिकल परिषद् का पंजीयन क्रमांक
- वैयक्तिक लाभार्थी : राष्ट्रीय आंकड़ा संग्रहण (एक केंद्रीकृत स्वायत्त प्रणाली) द्वारा प्रदान किया गया विशेष क्रमांक
- स्व बीमाकर्ता : आईआरडीए द्वारा प्रदत्त पंजीयन क्रमांक

उपसमूह ने यह सिफारिश भी की कि प्रस्तावित आंकड़ा संग्रहण की पुनर्समीक्षा की जाए, ताकि आंकड़ों की समग्रता सुनिश्चित की जा सके। आंकड़े वर्तमान भारतीय परिश्यों से संबंधित होने चाहिये और वह बाजार की जरूरत के मुताबिक नमनीय होने चाहिये।

उपसमूह की रिपोर्ट में यह भी कहा गया है कि बीमा कंपनियों द्वारा बीमाकृत लोगों के आंकड़े उपयोगी हो सकते हैं। यह बीमा क्षेत्र द्वारा प्राप्त अनुभवों एवं ज्ञान की संवृद्धि में भी उपयोगी

लेखक बीमा क्षेत्र में कई वर्षों से कार्यरत हैं। लेखक उपभोक्ता शिक्षा एवं अनुसंधान केंद्र, अहमदाबाद के चेयरमैन (एमराइट्स) हैं।

Auditing the Audit Rules

P. S. Prabhakar

The transmutation in the general insurance industry in the wake of privatisation saw several sweeping changes in the regulatory aspects, important among them being the changes in the financial reporting requirements. In the previous instalments of this series, we have discussed such changes. However, the audit requirements were not elaborately dealt with.

The various stakeholders in the general insurance companies – such as the Government (as the owners of the PSU companies), Indian shareholders and their joint venture partners (in case of private companies) and policyholders – and reinsurers who do business with the companies consider the published financials of an insurance company as the symbol of its strength, more so because such financials bear the attestation of the 'auditors,' who certify the truth and fairness of such financials.

Providing assurance services to the people who are themselves in the business of assuring others is a serious affair and the responsibility of the "auditors" to provide comfort (by doing 'an informed audit') to the stakeholders, regulator, reinsurers and tax authorities can hardly be overemphasised.

Legal aspects

However, before we go to the reporting requirements of 'audit,' we shall see the legal aspects of such audit requirements. Originally in the Insurance Act, references to Audit was restricted. Restricted because Sec. 12 of the Insurance Act mandated the audit of the financials of the 'insurers,' *unless* they are subject to audit under the Indian Companies Act. Those days, carrying on insurance business was possible in the non-corporate forms also, and in fact Sec. 2C of the Insurance Act provided that a co-operative society or a body corporate incorporated outside India could transact insurance business.

It was only the IRDA Act,1999 that inserted a proviso to this section that only an Indian insurance company {which term has been defined in Sec. 2(7A) to mean a company registered under the Companies Act, 1956, with a maximum FDI participation of 26 per cent} can conduct insurance business in India. This clearly crystallises the situation that Sec.12 does not talk about 'audit' of insurance companies in the present day scenario, where there are no non-corporate insurers operating.

Obviously, the Insurance Act intended, wisely though, that the provisions of Companies Act were adequate enough for the industry's statutory audit requirements. (Of course, it is amusing to note that though the IRDA Act extensively amended the Insurance Act, several references to "Indian Companies Act, 1913" were left untouched. The bureaucracy and the law-makers possibly simply 'forgot' that the post-independence "Companies Act,1956" had already replaced the 1913 Act!)

> Providing assurance services to the people who are themselves in the business of assuring others, is a serious affair.

Upon the nationalisation of the life insurance business and on the formation of LIC, the audit of the corporation came to be governed under Sec. 25 of the LIC Act. In 1971, when the general insurance business was nationalised, the General Insurance (Business Nationalisation) Act had no reference on this issue. However, since all the general insurance companies came under public sector, Sec. 619 of the Companies Act came to govern the statutory audit requirements. Besides this, the Comptroller and Auditor General (CAG) has been having its own inspections, which are more of 'propriety audits' in nature.

IRDA Act inserted Sec.114A in the Insurance Act, which facilitates issuance of various regulations by IRDA. This section grants powers to IRDA to make regulations on various issues and methodically goes section by section of the Insurance Act, in seriatim, where all regulations thought of had their spaces respectively. Sec.114A (2) (f) mentioned "the preparation of balance sheet, profit and loss account and a separate account of receipts and payments and revenue account under sub-section (1A) of section 11." It should be noted that this sub-section does not talk about audit at all.

However, the Regulations on "Preparation of Financial Statements and Auditor's Report of Insurance Companies" not only has the audit in its very name but also in the contents. Though the legal sanction for IRDA to regulate the audit function is perceptibly missing, the Regulation No.4 of the aforesaid regulations of IRDA reads: "*The Authority, may, from time to time, issue separate directions/guidelines in the matter of appointment, continuance or removal of auditors of an insurer or reinsurer as the case may be, and such directions/guidelines may include prescriptions regarding qualifications and experience of auditors, their rotation, period of appointment etc. as may be deemed necessary by the Authority.*"

This clearly dilutes the relevant provisions of the Company Law on matters pertaining to audit, including appointment, removal, report contents etc. which give unfettered rights to the shareholders only on such issues and is repugnant to Sec. 28 of the IRDA Act itself which says that the provisions of the Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force.

Now, with the IRDA Act-inserted sub-sections (1A) and (1B) to Sec.11 of the Insurance Act, for the first time legally mandating the maintenance of

separate accounts for policyholders and shareholders, and the accounting regulations also skewed towards protection of policyholders' funds, it is not only important but even fair that IRDA exercises control over the audit reporting requirements also. No question about that. But, it is also important that the authority of the Authority should not be subjected to question. I rest my case on this point.

Format of the Report

Schedule C of the Regulations almost prescribe the format of Auditors' Report. Besides the usual declarations on 'obtaining information', 'agreement of the figures of the financials with the books etc. and the usual expression of opinions on 'true and fair' aspects, there are several other nebulous areas which an auditor of an insurance company, in the post-IRDA scenario, is expected to report on.

For instance, he is to report whether the actuarial valuation of liabilities is *duly* certified by the appointed actuary. What expertise a Chartered Accountant can possess to sit on judgement on an actuarial valuation is anyone's guess.

The prescription also says that the auditor shall certify that he has reviewed the contents of the management report and that there is no apparent mistake or material inconsistencies with the financial statements. Part IV of Schedules A & B list the contents of the management report, which spans a vast number of areas from confirmation of continued validity of registration to shareholding pattern being in accordance with the requirements to confirmation on solvency margins to valuation of investments to ageing of claims and to operation in other countries.

To review and comment on the contents of such an exhaustive management report itself is too big a responsibility for an auditor. But the language employed in the Regulations does not merely suggest the auditor reporting on the truth or otherwise of the contents of the management report. It says that the auditor *shall certify* that there are no apparent mistakes or material inconsistencies with the financial statements. What should he do if there indeed are apparent mistakes or material inconsistencies? The option to report and keep quiet is not even given here. This means that the auditor has to actually ensure that everything is alright and then certify so!

Some Issues

Let us now go to some specific practical issues concerning the audit. There are already a myriad practical problems that are encountered by the companies in recognising the revenue (discussed exhaustively in the earlier issues) but, the responsibility of auditors is to see that the Regulation is followed scrupulously or, if not followed, reported accordingly.

Unless the auditors understand the methods that can be employed by the managements, it will not be possible for them to be true and fair.

If one peruses the published annual reports of the insurance companies for 2002-03, it can be seen that most of the auditors have maintained silence on this. What is worse, some nationalised insurers have blatantly changed the rules of the game to suit their convenience during 2001-02 and 2002-03, resulting in huge (positive) difference to their bottom lines, without eliciting any adverse comment from the auditors. This is perhaps the only industry where lower business volume in a year can actually result in higher profits because of the 'reserve release' factor. Unless the auditors understand the methods that can be employed by the managements in this, it will not be possible for them to be true and fair to themselves, let alone to the shareholders.

For the first time, a new concept called 'Premium Deficiency' was brought in by IRDA. Again a measure for augmenting policyholders' funds, it mandated that if the sum of expected claims costs, related expenses etc. exceed the URR, the said excess is to be recognised as Premium Deficiency. It is a fact that neither has the IRDA attempted to clearly explain the concept of this Premium Deficiency or the methodology of providing the same nor has any insurance company really appeared to be unduly bothered about this. Some managements have opined that there was no premium deficiency in their companies while some simply 'disclosed' certain sums, even though the regulatory need was to *recognise* the same in accounts. However, the interesting aspect is that, in most cases, the auditors have looked the other way on this issue or have simply gone by the averments made by managements in this regard.

In the next instalment, we shall see how well auditors have adhered to the reporting requirements in the post-IRDA scenario and how sedate or serious their reporting is in specific areas.

The author, who used to work with the nationalised general insurance industry, is a practising Chartered Accountant. In this series he discusses analysing the balance sheet of a general insurance company.

India Turning Out To Be Insurance Hotspot

India is emerging as one of the hotspots of the global insurance business, with insurance premium growth forecast at around 7.5 per cent in the coming years. According to a recent study by Swiss Re, one of the world's largest life and health insurers, India and China are the "most promising insurance markets."

Although the two countries accounted for just 2.2 per cent of the global insurance premiums, their huge economies and population size are capable of creating "ample opportunities for insurance," it is reported. The two ranked among the top 10 out of 30 emerging insurance markets in the world, according to the sigma report by Swiss Re.

"Impressive growth prospects for emerging markets is putting them at the frontier of insurance. Among the emerging markets, China and India are very much in the spotlight on account of their huge populations, growing economic importance and fast liberalising regulatory regimes," the report said. The sigma study compared more than 30 markets, including that of Africa, Asia, Eastern Europe, Latin America and the Middle East. The report indicated that the insurance business varies greatly in size and structure among the emerging markets.

The top 10 countries accounted for almost 87 per cent of life and 66 per cent of non-life insurance premiums from emerging markets. The study indicated that some of the emerging markets like South Korea and China were among the biggest insurance markets in the world. In fact, they ranked 7th and 8th respectively in the list of largest life insurance markets worldwide. The Swiss Re study ranked India at 18th position among life insurance markets and 28th in non-life insurance markets in the world. "India and China are two most challenging and promising insurance markets. In tandem with robust economic development, their insurance markets have grown spectacularly," the report added.

TAKING INSURANCE TO TRIBALS

Primitive Tribe Groups (PTGs) are all set to get special insurance schemes. The Government, in partnership with Life Insurance Corporation (LIC), has planned a life insurance scheme for PTGs that would take care of their needs in life and beyond. PTGs are officially considered the most marginalised in the tribal spectrum. What distinguishes them is the use of primitive agricultural tools, low level of literacy and stagnant or diminishing population.

According to government estimates, there are 24 lakh PTGs or five lakh families spread over 16 states.

To begin with, the insurance cover, finalised in partnership with LIC, would be extended to one lakh families and by the end of the 10th Plan the entire PTG population would be brought into the net.

LIC and IPO

The Government is likely to stand guarantee to Life Insurance Corporation (LIC) for risk management losses instead of amending LIC Act to allow it to tap the market or infuse fresh capital, it is reported.

Although LIC can easily raise over Rs. 6,000 crore by offloading just five per cent Government stake and meet IRDA's solvency norms, it is reported that the Finance Ministry has ruled out such an option.

The Financial Sector Secretary Mr. N. S. Sisodia is reported saying, "There is no consideration for amending the LIC Act. We need to corporatise LIC to enable LIC tap the market. But the Common Minimum Programme provides that there can be no structural change in LIC and it will remain a PSU."

Executive Director Mr. S. C. Bhargava is reported saying that Government can give a guarantee to the corporation for meeting the risk management losses if they arise in future.

This would assist LIC to get an exemption from IRDA for complying with solvency norms. Otherwise, LIC needs to provide Rs 2,000 to 3,000 crore for meeting solvency norms.

LIC has hidden reserves worth Rs 34,000 crore, Mr. Bhargava said, adding "it won't be a problem for us to raise capital."

LIC was meeting the capital requirements from its surpluses. However, this was not the best way to meet the solvency margin. LIC has already provided Rs. 14,000 crore for meeting the solvency norms till March, 2004.

RATING OF HOSPITALS MOOTED

The Government has initiated plans to forge strong linkages between insurance companies and hospitals including detailed rating of hospitals, both private and public, and a major step-up in government expenditure on healthcare, it is reported.

It is also reported the Union Minister of Health and Family Welfare, has sought permission from Prime Minister Mr. Manmohan Singh to exempt hospitals from the Government's long-term plan for downsizing.

The Government will spend Rs. 42,000 crore for setting up AIIMS-type hospitals at six locations in the country.

Of this, Rs. 1,000 crore would be allocated in the 2005-06 Budget, and private sector majors in healthcare would be roped in to play a crucial role in running these top-rung facilities, it is reported.

The Government is also initiating steps to provide medical insurance to nearly 10 lakh poor families. The coverage available for below-poverty-line (BPL) families is not adequate, and we have provided an outlay of Rs 40 crore during the current year to offer medical insurance to the poor, he added.

The rating planned for hospitals will be worked out on the basis of the infrastructure available at such facilities, both in the public sector as well as private sector.

The rating will depend on the number of beds available and the equipment installed at such hospitals. Once the classification is done, it will be possible to forge linkages between insurance companies and hospitals to provide affordable healthcare to a vast section of the population.

ISO for ICICI Lombard

The operations function of ICICI Lombard General Insurance has been certified ISO 9001-2000 compliant, it is reported. The scope of the certification includes claim settlement, policy issuance, lifecycle policy maintenance and banking and accounting.

Supporting Health Insurance

The Government is likely to provide a subsidy of about Rs. 30 crore during the October-March period of the current fiscal under the universal health insurance scheme, it is reported. The scheme, launched in 2003-04 has been modified.

As per the scheme, there would be three slabs of subsidy for three different policies. The Government will provide Rs. 200 crore for a policy covering an individual, which has a yearly premium of Rs. 365. The premium for a policy covering five members of a family has been fixed at Rs. 548 and for a seven-member family, it is Rs. 730. The Government has decided to provide a subsidy of Rs. 300 and Rs. 400 respectively for the latter two policies.

AIC SEEKS ISRO HELP

TO SETTLE CLAIMS

Agriculture Insurance Company of India Limited) has approached Indian Space Research Organisation (ISRO), Ahmedabad, to explore the possibility of using remote sensing technology to ascertain crop damage and pay the right amount of insurance for crop damage, it is reported. This is to overcome the fact that the mechanism for ascertaining damage to crops because of natural or manmade factors is primitive and flawed and this often led to filing of inaccurate information.

AIC Chairman cum Managing Director, Mr. Suparas Bhandari, has held discussions with ISRO scientists for this.

"AICIL is seriously exploring the possibilities of using remote sensing techniques of ISRO to ascertain crop damage, so that disbursements can be made more accurately," Mr. Bhandari is quoted saying.

Claims on crop damage were often exaggerated and there was an urgent need to evolve a more efficient method of settling crop damage claims, he said.

Under the system currently in use, data regarding crop damage is collected at the gram panchayat level and then sent to the taluka level, which then forwards it to the district administration.

Different state governments then submit crop damage data from district headquarters to AICIL.

This was both time consuming and also exposed to abuse as exaggerated crop damage data could not be cross-checked except at great expense owing to absence of an efficient verification mechanism.

AICIL had only around 200 staff all over the country, and its team could not verify claims from all over the country, sources pointed out.

PROBE INTO US INSURANCE INDUSTRY CORRUPTION

Mr. Eliot Spitzer, US Attorney General, has sued the nation's leading insurance brokerage firm, alleging that it steered unsuspecting clients to insurers with whom it had lucrative payoff agreements, and that the firm solicited rigged bids for insurance contracts. He also announced that two insurance company executives had pleaded guilty to criminal charges in connection with the scheme.

The actions against the brokerage firm, Marsh & McLennan Companies, and the two executives stem from a widening investigation of fraud and anti-competitive practices in the insurance industry. Evidence revealed in the lawsuit also implicates other major insurance carriers.

"The insurance industry needs to take a long, hard look at itself," Mr. Spitzer said. "If the practices identified in our suit are as widespread as they appear to be, then the industry's fundamental business model needs major corrective action and reform. There is simply no responsible argument for a system that rigs bids, stifles competition and cheats customers."

Joining Mr. Spitzer at a news conference announcing the actions, Mr. Gregory V. Serio, New York State Insurance Superintendent, said: "This has gone from an inquiry into failure to disclose compensation to an active investigation of bid rigging and improper steering. This certainly proves the adage that where there is smoke, there is fire."

The civil complaint filed in State Supreme Court in Manhattan alleges that for years Marsh received special payments from insurance companies that were above and beyond normal sales commissions. These payments, known as "contingent commissions", were characterised as compensation for "market services" but were, in fact, rewards for the business that Marsh and its independent brokers steered and allocated to the insurance companies. Industry representatives defend this long-standing practice as acceptable and even beneficial to clients, but the Attorney General's office has uncovered extensive evidence showing that it distorts and corrupts the insurance marketplace and cheats insurance customers.

Lloyd's To Tap International Debt Market

Lloyd's of London has announced plans to make its debut in the international debt markets, with an issue aimed at raising about £500 million ($ 902 million) of long-term subordinated debt.

As per the announcement, the size and the terms of the transaction will be finalised "following an investor road show to sterling and euro investors, and subject to market conditions." An application will be made to list the debt on the London Stock Exchange.

Mr. Nick Prettejohn, Lloyd's Chief Executive, said: "Lloyd's today is financially strong. We are now aiming to strengthen that position further by establishing a long-term, robust and flexible capital structure which is economically efficient for those firms which choose to operate at Lloyd's."

APRA Cracks The Whip On Insurance Executives

The Australian Prudential Regulation Authority (APRA) is cracking down on insurance executives who fail its "fit and proper" test, which was introduced in July 2002 after the AUD five billion HIH collapse. Ten insurance executives have been disqualified since late August and 25 more are expected to go before the end of next June as the APRA makes full use of its new powers.

The latest disqualifications have cleared out the top ranks of reinsurance group General Re. Mr. Geoffrey Barnum, Chief Executive, Mr. Christopher Byatt, Chief Financial Officer, Mr. Andrew Smith, former Chief Underwriter, and Mr. John Self, former General Manager, have been disqualified, along with two offshore executives. General Re, which is seeking to overturn the decision, sold FAI a financial reinsurance contract that inflated its 1998 profit and contributed to the HIH collapse. Certain HIH and FAI executives were also disqualified last week.

Unlike enforceable undertakings, APRA's disqualifications are for an indefinite period, although they can be revoked. Each decision is subject to an internal review but it is believed only one decision so far has been overturned. The regulator has hired law firms Spark Helmore and the Australian Government Solicitors to conduct the reviews as part of its "fit and proper" testing.

Basically the regulator looks at whether an executive is diligent, free from conflict of interest, honourable and competent.

CAR THIEVES ZAP JAPAN

Japan has been witnessing a series of auto theft committed by foreign suspects, which is seen as reflecting Japanese lack of risk awareness compared to other developed countries. According to National Policy Agency data, the number of stolen cars surpassed 60,000 for the third straight year since 2001.

Reports lay the blame for the auto thefts on the fact that Japanese car owners do not have any sense of urgency when it comes to protecting their property. For instance, in 2003, 30 per cent of stolen cars were left unlocked on the road or in parking lots with the key still in the ignition.

Data released by the General Insurance Association of Japan shows that while 95 per cent of Japanese appreciate the threat of auto theft, some 28 per cent do not think that their car might be stolen. Also, just 10 per cent of car owners were found to have equipped their cars with antitheft devices.

"Auto theft professionals don't need a key to start an engine," one auto theft prevention expert reveals. "They can open a car door by picking in seconds and start the car in minutes."

INSURERS NEED A MAKEOVER

Insurers must take urgent action to reverse the industry's "pretty appalling" public image or face serious financial consequences, according Mr. Julian James, Director of Worldwide Markets, Lloyd's.

Mr. James told insurance industry leaders that the sector had progressively lost the confidence of capital providers, regulators and customers through poor returns, high profile collapses, and shoddy service. The experience at Lloyd's proved the transformation could only be achieved by a combination of "fixing the fundamentals," and restoring reputation, he added.

Speaking at the Chartered Insurance Institute (CII) Annual Conference in Birmingham, Mr. James said that recent research worryingly showed two-thirds of UK customers thought insurers tried to avoid paying valid claims, and only 14 per cent felt any loyalty to their brokers. "If a brand is what people say about you when you are not there, then the insurance industry is currently in trouble. You might ask what does it matter if we are all tarred with the same brush anyway? Well, I would argue it matters a whole lot to the bottom line, the way we are allowed to do business and the health of this sector," he said.

Mr. James warned that capital providers would look to park their funds elsewhere unless the industry fixed its financial performance, which had been poor even in the "so called hard market" of 2003 and 2004.

CHINESE WEDDINGS TAKE COVER!

Insurance companies in Shanghai have launched a new service to protect brides and grooms against accidents at their weddings. The Shanghai Association of Wedding and Ceremony Industry and China Ping'an Insurance Company launched the service, called 'Wedding Odds', during the weeklong National Day holiday in early October.

The insurance caters to the city's booming wedding market and covers mishaps like food poisoning. The bride and groom could get compensation up to $21,770 while guests can be compensated up to $2,420 and have $605 of their medical costs covered. According to China Ping'an, couples will have to pay $3.50 and individual guests 18 cents for the wedding insurance.

The company is confident of surging demands and profitability given that the number of marriages in Shanghai exceeds 100,000 a year. This is particularly because Chinese traditions value the smooth sailing of weddings, and brides, grooms and wedding organisers put in a lot of work for perfect marriage ceremonies.

CONFERRING ON REGULATIONS

American Chamber of Commerce and IRDA conducted a one day seminar, supported by USAID, on Regulatory Best Practices and Emerging Trends in Life Insurance at Hyderabad on September 30.

L to R: Mr. Edgar Balbin, Chef de Partie, USAID, Mr. Venkatesh Mysore, Managing Director, MetLife (partially hidden), Mr. C.S. Rao,Chairman, IRDA, Mr. S. B. Mathur, Chairman, LIC, Mr. Anuroop Singh, Vice Chairman and Managing Director, Max New York Life and Mr. Ian J. Watts, CEO, Tata AIG Life Insurance Company at the conference.

FICCI ON INSURANCE

Federation of Indian Chambers of Commerce and Industry (FICCI) held its annual two day conference on Insurance at Delhi on October 18 and 19.

L to R: Mr. S. B. Mathur, Chairman, LIC, Mr. C. S. Rao, Chairman, IRDA, Mr. Yogendra K. Modi, FICCI and Ms. Shikha Sharma, Managing Director, ICICI Prudential Life Insurance Company at the FICCI conference.

Over a cup of tea!

CEOs catch up during a break in the FICCI Conference.

L to R: Mr. Amit Mitra, Secretary General, FICCI, Mr. S. B. Mathur, Chairman, LIC and Mr. Anuroop Singh, Vice Chairman and Managing Director, Max New York Life Insurance Company.

Either the Government will need to contribute to the capital of LIC, or the funds need to come from the market. We have tackled the solvency margin issue for now, having provided for Rs. 14,000 crore as on March 2004 for the business underwritten to date. Currently we are meeting the required solvency margins from surplus funds, which cannot be a continuous practice.

Mr. S. B. Mathur, Chairman, LIC

The new approach to capital adequacy for both life and general insurance firms produces a baseline of capital that we expect all insurers to hold. Clearly though, this is just the starting point as, in the new risk-based world, the amount of capital required to match an individual firm's particular circumstances could be higher, or less frequently, lower than this generic minimum requirement.

Mr. David Strachan, Sector Leader for Insurance, Financial Services Authority (FSA), UK on new regulatory requirements for insurance company capital.

The insurance industry needs to take a long, hard look at itself. If the practices identified in our suit are as widespread as they appear to be, then the industry's fundamental business model needs major corrective action and reform. There is simply no responsible argument for a system that rigs bids, stifles competition and cheats customers.

Mr. Eliot Spitzer, New York Attorney General, about suing brokerage firm Marsh and McLennan for fraud and anti-trust violations.

This has gone from an inquiry into failure to disclose compensation to an active investigation of bid rigging and improper steering. This certainly proves the adage that where there is smoke, there is fire.

Mr. Gregory V. Serio, New York State Insurance Superintendent, on the Marsh and McLennan investigation.

The sum is big, but it is big for a purpose and, in fact, it's a regulatory requirement. you have to bear in mind that it has 1.7 million policy holders and that works out to $300 (per person), which is not a lot of money.

Mr. Khaw Boon Wan, Singapore Health Minister, on the Monetary Authority of Singapore's requirement that insurance providers have reserves totalling $524 million for future obligations and contingencies.

Britain's funded private pension system is in serious decline.

Report of the UK government-appointed Pensions Commission

RNI No: APBIL/2002/9589

Events

8 - 10 November 2004
Venue: Pune
Workshop on Micro Insurance by NIA, Pune

8 - 13 November 2004
Venue: Pune
Market Intelligence by National Insurance Academy (NIA), Pune
Scenario Mapping & Marketing by NIA, Pune

20 November 2004
Venue: Bangkok
8th Asia Insurance Industry Awards organised by Asia Insurance Review

29 - 30 November 2004
Venue: Pune
Seminar on Information Security by NIA

2 - 4 December 2004
Venue: Pune
Programme on Cyber Liability by NIA, Pune

6 - 8 December 2004
Venue: Pune
Actuarial Aspects of Non Life Insurance by NIA, Pune

13 - 14 December 2004
Venue: Pune
Seminar on Reinsurance and Capital Markets by NIA, Pune

16 - 18 December 2004
Venue: Pune
Management of Change by NIA, Pune