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From the Publisher

Risk is an integral part of our existence. It would be difficult to imagine a society which does not attempt to mitigate the risks. The cushion against risks is provided by the mechanism of insurance. Insurers, by virtue of providing this cushion, automatically take over the risks which in some cases exceed their own risk-taking ability. They seek to protect themselves against such risks by entering into reinsurance arrangements.

It should, however, be noted that reinsurance is not a tool that provides an absolute security against collapse of the insurer. It only reduces the impact. Underwriting the risks skillfully and objectively; and analyzing all aspects of the risk should be the prime task of insurers. Despite their best efforts, if the claims still persist; reinsurance would provide the required support for the primary underwriters.

The reinsurers should ideally aim at balanced portfolios, aided by as wide a spread of business as is possible which any prudent insurer would do. More recently, this aspect itself has been assuming challenging proportions owing to large scale losses like the WTC attack, Hurricane Katrina etc., to name a few. While it would be too naïve to believe that reinsurers can actually underwrite each of the risks of the basic insurers, it would make great sense to test the skills of the basic insurers before making commitments; and to develop a long-term relationship with them so that a steady flow of good risks and business is ensured.

'Reinsurance' in all its hues is the focus of this issue of the Journal. Unlike all other commercial contracts which are based on the tenet of *caveat emptor*, insurance contracts place a huge importance on utmost good faith; and hence, insurance law has a major role in the interpretation of contractual obligations. 'Insurance Law' will be the focus of the next issue of the Journal.

C.S. Rao

C.S. Rao

INSIDE

ISSUE FOCUS

Designing a Proper Reinsurance Programme - Priority for Indian Insurance Market

The insurance market in India has been registering a steady rise over the last few years. This can be said to be the best fall-out of the process of economic liberalization and the resultant opening up of the insurance industry. The growth of the insurance market presupposes that it is matched by a sustained growth in reinsurance business. However, it has to be admitted that for this to happen on a very positive note; the talent in the domain has to be one of very high standards. While the improvement is noteworthy, one should appreciate the fact that it is limited to a few pockets; and there is an acute need for further consolidation through proper identification of the resources and training them sufficiently.

There has been a tremendous change in the role-play of underwriters, of late; and risk assumption, both in terms of volumes as well as quality, has assumed more challenging proportions. Designing a corporate risk management portfolio has become a very demanding task. In this scenario, the experience and the knowledge of the reinsurers in properly identifying the risks and pricing them reasonably can come in handy for the primary insurers. This has particular significance in the Indian domain where the predominant non-life classes have been detariffed recently.

Reinsurance is essentially a global business. It is possible that a major event - like WTC disaster, for example - can affect the reinsurance relationships globally, although a particular part of the world may not be directly affected. The hard and soft markets are integral to reinsurance business; and in light of this, insurers should look for sustainable relationships with world-class reinsurers. Emphasis should be on risk-based approach in underwriting and pricing; ably supported by a long-term reinsurance program, rather than having to scout around for 'cheap' one-off covers.

The focus of this issue of the **Journal** is on 'Reinsurance'; and what could be a better way than starting with words of wisdom from the CEO of the National Reinsurer? Mr. Yogesh Lohiya foresees a promising reinsurance market in India that could possibly be the hub for the region, in the years to come. In the next article, Mr. G.V. Rao discusses the importance of reinsurance to the new players, especially in the detariffed regime. In his article titled 'Changing Insurance Market - Role of Reinsurance', Mr. Shrirang V. Samant takes a look at the possible scenario in the near future.

Mr. Devinder K. Jain talks about the different types of reinsurance that would suit the varying needs of primary underwriters; and the role of intermediation in reinsurance relationships. The importance of long term relationship in reinsurance is highlighted by Mr. O.P. Rana in his article. Mr. Randip Singh takes a look at how the reinsurance relationships evolved in the Indian domain; and the challenges facing the reinsurance market. Apart from the regular monthly statistics, this issue also has the quarterly business figures of Life and Non-Life insurers for the first quarter of the current fiscal.

The reciprocal relationship that is created in an insurance contract is a complex one and difficult to understand, at times; especially in a domain like India where the awareness levels are low. This necessitates that the law dealing with it should be comprehensive and updated. 'Insurance Law' will be the focus of the next issue of the **Journal**.

U. Jawaharlal

Report Card:LIFE

First Year Premium of Life Insurers for the Period Ended July, 2007

Sl No.	Insurer	Premium u/w (Rs. in Crores)			No. of Policies / Schemes			No. of lives covered under Group Schemes		
		July, 07	Up to July, 07	Up to July, 06	July, 07	Up to July, 07	Up to July, 06	July, 07	Up to July, 07	Up to July, 06
1	**Bajaj Allianz**									
	Individual Single Premium	59.60	136.44	362.54	8562	23785	14182			
	Individual Non-Single Premium	281.24	929.98	462.32	206076	725622	273641			
	Group Single Premium	1.06	3.21	1.73	0	0	1	975	2694	781
	Group Non-Single Premium	2.18	6.30	7.34	20	84	61	32666	163543	224750
2	**ING Vysya**									
	Individual Single Premium	1.03	5.16	12.69	84	402	855			
	Individual Non-Single Premium	32.92	144.28	130.66	19679	84605	59819			
	Group Single Premium	0.00	0.85	2.03	0	0	0	0	168	477
	Group Non-Single Premium	0.02	0.97	2.27	2	6	20	285	30942	6395
3	**Reliance Life**									
	Individual Single Premium	16.63	37.50	51.59	3147	7564	8027			
	Individual Non-Single Premium	104.28	254.66	123.36	52252	153561	65971			
	Group Single Premium	3.47	32.95	7.14	3	17	9	611	37198	7880
	Group Non-Single Premium	3.89	7.26	2.55	18	94	45	52806	138082	56548
4	**SBI Life**									
	Individual Single Premium	58.09	173.68	74.01	8236	24935	10633			
	Individual Non-Single Premium	93.51	324.94	233.24	30180	112638	93380			
	Group Single Premium	16.17	57.46	53.10	0	0	2	8045	30710	34740
	Group Non-Single Premium	6.70	44.79	47.34	3	13	138	37503	121321	281268
5	**Tata AIG**									
	Individual Single Premium	1.74	7.46	2.09	280	940	0			
	Individual Non-Single Premium	50.80	175.07	147.35	31523	134140	112822			
	Group Single Premium	5.45	22.31	15.45	0	0	3	33067	138668	83911
	Group Non-Single Premium	4.79	12.02	6.36	9	16	45	16135	66343	99098
6	**HDFC Standard**									
	Individual Single Premium	10.31	32.72	42.43	42457	62567	12109			
	Individual Non-Single Premium	156.25	455.55	273.30	50930	158078	72939			
	Group Single Premium	0.28	9.36	25.08	12	39	38	15991	45307	92292
	Group Non-Single Premium	4.23	29.37	14.34	2	11	3	889	13700	1064
7	**ICICI Prudential**									
	Individual Single Premium	26.13	103.55	83.08	4198	16577	13287			
	Individual Non-Single Premium	389.40	1191.60	909.57	200313	638766	400894			
	Group Single Premium	10.84	65.27	40.52	16	68	74	26252	107439	74574
	Group Non-Single Premium*	25.67	148.08	124.49	26	172	125	19964	196516	100726
8	**Birla Sunlife**									
	Individual Single Premium	1.45	8.65	10.24	6777	17794	3565			
	Individual Non-Single Premium	95.08	238.71	174.47	27378	89100	56851			
	Group Single Premium	0.47	1.23	3.69	0	3	0	249	1567	2195
	Group Non-Single Premium	2.93	25.96	27.84	12	44	20	14652	40882	14782

9	**Aviva**									
	Individual Single Premium	1.55	6.64	9.09	222	975	622			
	Individual Non-Single Premium	58.64	205.66	182.28	24365	89904	71880			
	Group Single Premium	0.13	1.06	0.82	0	0	1	82	425	511
	Group Non-Single Premium	2.40	9.71	10.38	13	32	26	74782	196889	92045
10	**Kotak Mahindra Old Mutual**									
	Individual Single Premium	1.72	5.96	13.83	187	722	1568			
	Individual Non-Single Premium	38.11	134.62	82.79	13785	51004	25295			
	Group Single Premium	2.21	6.17	1.30	0	0	1	24159	53095	8203
	Group Non-Single Premium	3.30	13.20	11.90	13	65	37	35545	139512	37835
11	**Max New York**									
	Individual Single Premium	15.44	62.28	0.21	1142	3826	54			
	Individual Non-Single Premium	75.67	316.18	202.76	49874	210483	146374			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	6.66	9.05	1.27	22	138	21	104907	194851	17030
12	**Met Life**									
	Individual Single Premium	2.82	8.03	1.58	420	1201	300			
	Individual Non-Single Premium	35.82	115.17	53.90	15160	42756	22492			
	Group Single Premium	0.64	3.40	0.00	3	33	0	21136	77905	0
	Group Non-Single Premium	0.00	0.00	6.40	0	0	96	0	0	225764
13	**Sahara Life**									
	Individual Single Premium	2.58	6.43	4.73	652	1699	1202			
	Individual Non-Single Premium	4.30	12.37	1.30	6480	20024	3689			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	0.00	0.00	0.94	0	0	2	0	0	103131
14	**Shriram Life**									
	Individual Single Premium	11.35	29.58	0.13	2164	5847	28			
	Individual Non-Single Premium*	6.26	29.04	9.56	4648	16877	15763			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	0.00	0.00	0.00	1	1	0	571	571	0
15	**Bharti Axa Life**									
	Individual Single Premium	0.11	0.19		9	17				
	Individual Non-Single Premium	3.04	8.20		2730	7487				
	Group Single Premium	0.00	0.00		0	0		0	0	
	Group Non-Single Premium	0.00	0.00		0	0		0	0	
	Private Total									
	Individual Single Premium	**210.54**	**624.28**	**668.25**	**78537**	**168851**	**66432**			
	Individual Non-Single Premium	**1425.32**	**4536.03**	**2986.85**	**735373**	**2535045**	**1421810**			
	Group Single Premium	**40.71**	**203.28**	**150.85**	**34**	**160**	**129**	**130567**	**495176**	**305564**
	Group Non-Single Premium	**62.79**	**306.72**	**263.40**	**141**	**676**	**639**	**390705**	**1303152**	**1260436**
16	**LIC**									
	Individual Single Premium	2030.73	4754.34	7716.90	523043	1267567	1644527			
	Individual Non-Single Premium	2196.44	6717.11	4590.13	2551301	8091571	4176708			
	Group Single Premium	1378.02	2714.59	1720.47	2156	6266	4840	1303201	5199031	2468588
	Group Non-Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Grand Total									
	Individual Single Premium	**2241.28**	**5378.63**	**8385.14**	**601580**	**1436418**	**1710959**			
	Individual Non-Single Premium	**3621.75**	**11253.14**	**7576.98**	**3286674**	**10626616**	**5598518**			
	Group Single Premium	**1418.74**	**2917.86**	**1871.32**	**2190**	**6426**	**4969**	**1433768**	**5694207**	**2774152**
	Group Non-Single Premium	**62.79**	**306.72**	**263.40**	**141**	**676**	**639**	**390705**	**1303152**	**1260436**

Note: 1. Cumulative premium upto the month is net of cancellations which may occur during the free look period.
2. Compiled on the basis of data submitted by the Insurance companies
* July 2006 figures revised by the Insurer subsequently

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED JUNE 2007

INDIVIDUAL SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		June 2006	June 2007	June 2006	June 2007	June 2006	June 2007
	Non linked*						
1	Life						
	with profit	32.43	37.33	4321	2781	49.08	39.82
	without profit	264.34	46.23	46866	38055	839.41	505.88
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.36	3.26	28	438	0.00	0.09
3	Pension						
	with profit	30.03	23.98	1601	1023	0.54	0.62
	without profit	0.76	0.08	21	13	0.46	0.00
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
A.	**Sub total**	**327.92**	**110.88**	**52837**	**42310**	**889.49**	**546.40**
	Linked*						
1	Life						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	1212.40	674.51	125903	170408	1234.47	1339.66
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	-0.50	0.38	0	0	0.00	0.00
3	Pension						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	5773.14	2351.55	1242406	622265	1.30	9.09
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
B.	**Sub total**	**6985.04**	**3026.44**	**1368309**	**792673**	**1235.78**	**1348.75**
C.	**Total (A+B)**	**7312.96**	**3137.32**	**1421146**	**834983**	**2125.26**	**1895.16**
	Riders:						
	Non linked						
1	Health#	0.00	0.00	13	5	0.20	0.00
2	Accident##	0.01	0.00	190	33	2.19	0.14
3	Term	0.00	0.00	3	1	0.02	0.00
4	Others	0.00	0.00	0	0	0.00	0.00
D.	**Sub total**	**0.01**	**0.00**	**206**	**39**	**2.41**	**0.15**
	Linked						
1	Health#	0.01	0.00	17	6	0.19	0.05
2	Accident##	0.02	0.03	64	2418	1.31	16.94
3	Term	0.00	0.00	3	0	0.07	0.00
4	Others	0.00	0.00	0	0	0.00	0.00
E.	**Sub total**	**0.03**	**0.03**	**84**	**2424**	**1.57**	**16.99**
F.	**Total (D+E)**	**0.03**	**0.03**	**290**	**2463**	**3.99**	**17.14**
G.	**Grand Total (C+F)	7312.99	3137.35	1421146	834983	2129.25	1912.30

* Excluding rider figures.
** for policies Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED JUNE 2007

INDIVIDUAL NON - SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		June 2006	June 2007	June 2006	June 2007	June 2006	June 2007
	Non linked*						
1	Life						
	with profit	2587.86	1836.66	2819288	2779146	24784.94	27138.22
	without profit	58.10	46.39	175617	211509	3286.11	3753.18
2	General Annuity						
	with profit	0.05	0.03	51	37	0.83	0.72
	without profit	0.00	0.00	0	0	0.00	0.00
3	Pension						
	with profit	8.95	4.90	4261	3755	43.76	39.82
	without profit	1.45	5.04	819	1767	0.00	0.00
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	3.08	18.44	22129	86644	943.39	6562.95
A.	**Sub total**	**2659.50**	**1911.47**	**3022165**	**3082858**	**29059.02**	**37494.88**
	Linked*						
1	Life						
	with profit	0.06	0.01	24	6	0.66	0.09
	without profit	2067.13	4949.05	750587	3934155	17945.73	51142.14
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	38.02	0.00	20092	0	69.47	0.00
3	Pension						
	with profit	0.03	0.01	3	1	0.00	0.00
	without profit	183.01	760.43	58277	324824	13.77	542.76
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
B.	**Sub total**	**2288.24**	**5709.50**	**828983**	**4258986**	**18029.63**	**51684.99**
C.	**Total (A+B)**	**4947.75**	**7620.97**	**3851148**	**7341844**	**47088.65**	**89179.87**
	Riders:						
	Non linked						
1	Health#	0.78	0.46	4628	3244	63.42	41.61
2	Accident##	1.42	0.98	85251	63886	2529.95	1074.11
3	Term	0.11	0.06	1825	1138	20.72	10.53
4	Others	4.39	3.45	1009	325	435.36	373.09
D.	**Sub total**	**6.70**	**4.95**	**92713**	**68593**	**3049.45**	**1499.34**
	Linked						
1	Health#	1.13	0.88	2466	2205	242.27	78.06
2	Accident##	1.13	4.40	20619	35278	375.56	1986.82
3	Term	0.18	0.10	1721	1771	35.41	29.64
4	Others	0.21	0.10	4045	1466	4.26	622.34
E.	**Sub total**	**2.65**	**5.47**	**28851**	**40720**	**657.50**	**2716.87**
F.	**Total (D+E)**	**9.35**	**10.42**	**121564**	**109313**	**3706.94**	**4216.21**
G.	**Grand Total (C+F)	**4957.10**	**7631.39**	**3851148**	**7341844**	**50795.60**	**93396.08**

* Excluding rider figures.
** for policies Grand Total is C.
\# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
\## Disability related riders.
The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED JUNE 2007

GROUP SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED	
		June 2006	June 2007	June 2006	June 2007	June 2006	June 2007	June 2006	June 2007
	Non linked*								
1	Life								
a)	Group Gratuity Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	228.00	218.01	321	345	114751	200026	1326.93	699.79
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	10.58	1.83	166	90	29756	15161	438.70	107.84
c)	EDLI								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.70	1.15	190	193	163203	216867	507.82	1109.47
d)	Others								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	422.02	457.46	2537	3505	1444605	3740507	8441.01	16167.59
2	General Annuity								
	with profit	174.90	132.25	0	1	725	501	0.00	0.00
	without profit	134.93	453.43	10	30	1926	2230	0.00	0.00
3	Pension								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	270.06	190.92	35	45	51311	45607	0.00	0.00
4	Health								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
A.	Sub total	1241.19	1455.05	3259	4209	1806277	4220899	10714.46	18084.70
	Linked*								
1	Life								
a)	Group Gratuity Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	12.09	29.94	4	25	24801	14162	1.74	125.88
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
c)	EDLI								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
d)	Others								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
2	General Annuity								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
3	Pension								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	4.15	14.13	7	2	4633	25378	0.00	0.00
4	Health								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
B.	Sub total	16.24	44.07	11	27	29434	39540	1.74	125.88
C.	Total (A+B)	1257.43	1499.12	3270	4236	1835711	4260439	10716.20	18210.58
	Riders:								
	Non linked								
1	Health#	0.10	-0.05	5	4	2416	1233	46.70	79.57
2	Accident##	0.15	0.06	10	8	5972	3745	344.10	240.54
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
D.	Sub total	0.25	0.01	15	12	8388	4978	390.79	320.11
	Linked								
1	Health#	0.00	0.00	0	0	0	0	0.00	0.00
2	Accident##	0.00	0.00	0	0	0	0	0.00	0.00
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
E.	Sub total	0.00	0.00	0	0	0	0	0.00	0.00
F.	Total (D+E)	0.25	0.01	15	12	8388	4978	390.79	320.11
G.	**Grand Total (C+F)	1257.68	1499.13	3270	4236	1835711	4260439	11107.00	18530.68

* Excluding rider figures.
** for no.of schemes & lives covered Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED JUNE 2007

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

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED	
		June 2006	June 2007	June 2006	June 2007	June 2006	June 2007	June 2006	June 2007
	Non linked*								
1	**Life**								
a)	Group Gratuity Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	38.19	20.30	7	9	16438	13185	115.66	123.46
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	2.05	5.22	0	0	38915	50821	822.92	779.70
c)	EDLI								
	with profit	0.00	0.09	0	50	0	26072	0.00	298.95
	without profit	1.96	0.60	81	42	170668	54736	1266.88	392.48
d)	Others								
	with profit	0.00	0.66	0	58	0	57576	0.00	1011.38
	without profit	14.88	31.97	258	186	533677	471207	13208.49	8211.15
2	**General Annuity**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
3	**Pension**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.16	0.07	2	0	36	0	0.00	0.00
4	**Health**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
A.	**Sub total**	**57.25**	**58.90**	**348**	**345**	**759734**	**673597**	**15413.95**	**10817.12**
	Linked*								
1	**Life**								
a)	Group Gratuity Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	78.30	83.94	88	100	102974	230697	1393.72	1622.84
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.42	0	7	0	1799	0.00	27.11
c)	EDLI								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
d)	Others								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	1.64	1.61	4	2	73	407	0.07	2.10
2	**General Annuity**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	13.18	1.11	2	4	348	846	13.18	1.11
3	**Pension**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	59.04	97.27	59	78	5625	5101	0.00	0.00
4	**Health**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
B.	**Sub total**	**152.16**	**184.35**	**153**	**191**	**109020**	**238850**	**1406.97**	**1653.17**
C.	**Total (A+B)**	**209.41**	**243.25**	**501**	**536**	**868754**	**912447**	**16820.92**	**12470.29**
	Riders:								
	Non linked								
1	Health#	0.04	0.45	1	5	776	3379	26.90	349.97
2	Accident##	0.03	0.07	6	6	3042	4694	38.11	236.93
3	Term	0.00	0.00	0	0	18	22	0.27	0.43
4	Others	0.00	0.00	0	2	0	206	0.00	40.70
D.	**Sub total**	0.06	0.53	7	13	3836	8301	65.28	628.02
	Linked								
1	Health#	0.00	0.00	0	0	0	0	0.00	0.00
2	Accident##	0.16	0.16	9	10	8528	9857	656.30	375.82
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
E.	**Sub total**	**0.16**	**0.16**	**9**	**10**	**8528**	**9857**	**656.30**	**375.82**
F.	**Total (D+E)**	**0.23**	**0.68**	**16**	**23**	**12364**	**18158**	**721.58**	**1003.85**
G.	****Grand Total (C+F)**	**209.63**	**243.93**	**501**	**536**	**868754**	**912447**	**17542.49**	**13474.14**

* Excluding rider figures.
** for no.of schemes & lives covered Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.
$ Reflects revised data submitted by ICICI Prudential Life Insurance Company Ltd.

Insurance Legislation - Need for Change?

'INSURANCE IS A LESS-UNDERSTOOD SUBJECT IN INDIA, WITH LOW LITERACY LEVELS AND MASS RURAL POPULATION; AND HENCE IT CALLS FOR AN EXHAUSTIVE LEGISLATION THAT WOULD PROTECT THE INTERESTS OF THE POLICYHOLDERS, IN CASE OF NEED' OPINES **U. JAWAHARLAL.** HE FURTHER ADDS THAT THERE IS NEED FOR UPDATING THE LEGAL PROVISIONS FROM TIME TO TIME IN TUNE WITH THE DEVELOPMENTS TAKING PLACE.

Among all commercial contracts, insurance contracts occupy a special place of importance. Primarily, in all other contracts which operate on the dictum of 'let the buyer beware', one party - the seller - is acquitted of all responsibilities pertaining to the transaction once the sale is made, unless explicitly provided otherwise. This renders interpretation of the role of the parties very simple. In insurance contracts, however, there is a great deal of emphasis on 'utmost good faith' and its operation holds good throughout the period of the contract. It is this special quality that makes insurance contracts unique. Also, it is this factor that becomes a bone of contention in several insurance-related disputes.

Further, there is also the concept of 'insurable interest' which is hugely important for insurance transactions to take place. It is not very easy to explain this to a lay person who is prepared to pay a price for buying insurance which he may not be entitled to. Besides, the contractual obligations play a huge role in the successful conduct of business. Insurance contracts are not very well understood by the people, especially in nascent markets like India. All these factors necessitate the existence of legal provisions which are exhaustive and logical.

Insurance legislation in India is synonymous with the Insurance Act, 1938. It is a well-drafted, all-encompassing piece of legislation that has served the needs of the industry for almost seven decades. Based on the English law, it is such a bedrock document that even to this day, insurance pundits make exhaustive use of it. Any further changes and amendments required in the insurance domain are made only after an exhaustive analysis of the Insurance Act, 1938.

Insurance Act, 1938, however exhaustive it is, was drafted at a time when insurance business in the country was at a very fundamental stage. Apart from the total quantum of business, the products were themselves very basic in nature and did not really demand the knowledge of nuances of the domain. Also, life insurance business in the country was nationalized less than two decades after the enactment and was under state monopoly till recently with Life Insurance Corporation of India being a monolithic organization. The general insurance business was also nationalized in due course; and it became a domain of the four public sector players, acting under the overall supervision of General Insurance Corporation of India (which has since assumed the role of National Reinsurer). All these factors led to the enactment being considered exhaustive and sufficient.

Responding to the global economic scenario and the waves of liberalization, insurance business in India was thrown open to private players in the year 2000. With the liberalization came several new products which were hitherto unknown in the Indian domain. Also, several joint ventures were formed with global players; and this element also brought in a new wave of freshness to the Indian insurance market. Above all, the society is becoming increasingly litigious globally; and several instances of legal battles have come to the fore which would otherwise have been ignored in the earlier times.

All this points towards insurance legislation being more updated and be in tune with the changing times and styles of business. 'Insurance Law' will be the focus of the next issue of the **Journal**; and we look forward to some highly informative contributions from professionals with vast experience and knowledge in the domain.

INSURANCE LAWS

in the next issue...

CIRCULAR

August 23, 2007

Circular No. 031/IRDA/CIR/COMPLIANCE/AUG-2007

Sub: Appointment of C.E.O. / M.D. - Approval under Section 34A of Insurance Act, 1938

As you are aware, no appointment, re-appointment or termination of CEO, Whole-time Director or Managing Director of an insurance company is valid unless the previous approval of this Authority, in terms of Section 34A of the Insurance Act, 1938, is obtained.

It is observed that insurers seek approvals without providing adequate time to examine such proposal and there are instances where approvals have been sought post facto. We advise that the prior approval of the Authority is a statutory requirement and clearance would be subject to detailed due diligence conducted by the Authority.

In view of the above, all the insurers are hereby advised that such references seeking prior approval should be made in the format enclosed herewith and should reach the Authority at least 30 days prior to the commencement of appointment to allow sufficient time for the Authority to examine such proposals and accord approval.

Please Acknowledge receipt and ensure strict compliance of the aforesaid statutory requirements.

(C R Muralidharan)
Member

FORM –A

Form of Application for the Approval of the Insurance Regulatory and Development Authority to the Appointment / Re-appointment of a Managing Director / Chief Executive Officer

Date:

The Executive Director
IRDA

Dear Sir,

Sub: Section 34A of the Insurance Act, 1938

We hereby apply for the approval of the IRDA in terms of Section 34A of the Insurance Act, 1938 to the following *appointment / re-appointment and give below the relevant particulars. We shall be glad to furnish any further information that you may deem necessary in this connection.

Yours faithfully,

____
(Signature)

____
(Designation)
*Strike out the word that is not applicable

Particulars

1) State who is the competent authority to make the appointment / reappointment in question and to fix the terms thereof. In case it is the Board of Directors, please quote the number of the relevant Article (A certified copy of the resolution (also mentioning the date thereof) of the competent authority, the General Body or the Board of Directors, as the case may be authorizing the appointment. re-appointment should be furnished along with the application. If the resolution is in vernacular, a certified copy thereof as translated into English may preferably be supplied)
2) Full name of the person to be appointed / re-appointed:———————————————
3) His present designation —————————————————
4) Insurance and / or other professional experience stating the name/s of the institution/s the position/s held therein and the approximate period of such experience
5) State the name of the companies with their nature of business, in which the person also holds the position of Director / Managing Director.
6) Terms of appointment / re-appointment
   (a) Whether the appointment /re-appointment will be under a contract or agreement (If so, a copy of the draft contract or agreement should be furnished together with a copy of existing contract or agreement, if any)
   (b) Period of appointment / re-appointment if any fixed (in case the period of appointment / re-appointment should not exceed more than 5 years)
   (c) Details of remuneration: The particulars should be furnished in the enclosed Form “C”
   (d) If the appointment is on secondment from the promoters company or from the foreign partner, please also give brief detail of the remuneration being paid from the foreign partner or their group of companies and confirm whether the same will be reimbursable by your company or not.
7) State whether
   (a) The insurance company complies with the provision of Section 32(A) (1) and (2) of Insurance Act, 1938 of Insurance Act, 1938
   (b) In case the appointee is an expatriate, the work permit from the Ministry of Home, Govt. of India has been taken (a certified copy of the work permit to be enclosed)
8) Position in regard to compliance with such provisions of the Companies Act, 1956 as are attracted e.g. Section 197,198 274 and 314. Please state the position with reference to each Section separately.
9) Any additional facts which the insurance company may like to state in support of the application or otherwise

For——————————————
(Name of the Insurance Company)

—————————————————
(Signature)

——————————————————
(Designation)

Note: In case the application relates to the re-appointment of the Managing Director, also involving an amendment of the provision/s relating to his existing appointment or remuneration, only one application as in Form ‘A” need be submitted.

Form-B

Name of the Insurance Company: ____

Declaration and Undertaking by Managing Director / CEO (with enclosures as appropriate as on ……………..)		
I.	Personal Details of Director / CEO	
a.	Full Name	
b.	Date of Birth	
c.	Educational Qualifications	
d.	Relevant Background and	
	Experience	
e.	Permanent Address	
f.	Present Address	
g.	E-mail Address/ Telephone Number	
h.	Permanent Account Number under the Income Tax Act and name and address of Income Tax Circle	

i.	Relevant knowledge and experience	
j.	Any other information relevant to appointment	
k.	In case of foreign national, the whether Residential Permit has been issued by the Ministry of Home. If no, then reason thereof.	
II	Relevant Relationships of Managing Director / Chief Executive Officer	
a.	No. of shares held by the Managing Director/ Chief Executive Officer	
b.	List of entities if any in which he / she is considered as being interested (Refer Section 299 (3)	
	(a) and Section 300 of the Companies Act, 1956)	
c.	Name of the Insurance Company in which he / she is or has been a member of the Board (Giving detail of period during which such office was held)	
d.	Fund and non-fund facilities, if any, presently availed by him / her and / or by entities listed in II (a) and (b) above from the Insurance Company.	
III	Records of professional achievements	
a.	Professional achievements relevant	
IV	Proceeding, if any, against the Managing Director, Chief Executive Officer	
a.	If the Managing Director / CEO is a member of a professional association / body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him / her or whether he / she has been banned from entry of at any profession/ occupation at any time.	
b.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the Managing Director.	
c.	Whether the director attracts any of the disqualifications envisaged under Section 274 of the Companies Act, 1956	
d.	Has the Managing Director / CEO or any of the entities at II	
	(b) and (c) above been subject to any investigation at the instance of Government department or agency?	
e.	Has the Managing Director/ CEO at any time been found guilty of violation of rules / regulations / legislative requirements by customs / excise/ income tax / foreign exchange / other revenue authorities, if so give particulars	
f.	Whether the Managing Director at any time come to the adverse notice of a regulator such as SEBI, DCA, RBI	
V	Any other explanation / information in regard to items I to III and other information considered relevant for judging fit and proper	

Undertaking

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the insurance company fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided to above.

I also undertake to executive the deed of covenant required to be executed by all directors of the insurance company.

Place: ______________

Signature of Company Secretary

Date: ______________

Form –C

Details of Remuneration of the Chief Executive / Managing director

Remuneration Etc	Existing	Proposed	Reasons for Change
(1)	(2)	(3)	(4)
Remuneration: 1. Salary 2. Dearness Allowance 3. House rent allowance 4. Conveyance allowance 5. Entertainment allowance 6. Other allowances, if any (please specify) Perquisities: 1. Free furnished house 2. Free use insurance company's car for (i) Official purposes (ii) For private purposes on compensating the company with suitable amount 3. Provident Fund / Gratuity / Pension 4. Traveling and Halting Allowance 5. Medical benefits 6. Other benefits, if any (please specify) Bonus 1. Performance Bonus 2. Annual Bonus 3. Employee Stock Options 4. any other incentive			

Note

(1) If any of the benefits is of a non-monetary nature, e.g. free furnished house, its monetary equivalent as best as it is possible to determine should be given. In case the person to be appointed is already associated with the applicant company, particulars of his existing remuneration, etc. should be furnished

(2) In case of performance bonus, please ensure that the amount paid each year is specifically approved by the Board of Director by passing a separate resolution for the payment of bonus.

(3) The shares of the promoter/ group/ associate companies offered as ESOPs to the CEO/ MD/ Principal Officer of the insurance company shall be governed by the provisions SEBI (Issue of Sweat Equity) Regulations, 2002.

(4) The shares of the insurance company/ unlisted companies offered as ESOPs to the CEO/ MD/ Principal Officer of the insurance company shall also be governed by the provisions SEBI (Issue of Sweat Equity) Regulations, 2002 except those relating to pricing of the shares.

(5) If the company proposes to increase the emoluments and / or other benefits/perquisites, the reasons therefore may be explained suitably under column no.(4)

GIC Re, The Indian Reinsurer

A Trusted Partner

'FOR REALISATION OF THE TRUE POTENTIAL IN THE FIELD OF INSURANCE AND REINSURANCE; POLITICAL, ECONOMIC AND INSTITUTIONAL STABILITY BESIDES A TRUSTABLE LEGAL SYSTEM WOULD BE THE FOREMOST REQUIREMENTS' OBSERVES **YOGESH LOHIYA.**

India is today gung-ho with insurance. It is the happening thing in the country today. About two decades back though, the very concept of insurance was strange to many. Reinsurance was an even more alien concept and it remains as such till today.

Insurance and reinsurance are however not new to this country. This business has been transacted in the country for around 200 hundred years now. Now with economic liberalisation the sector is evolving and exhibiting a robust growth. According to estimates, the overall insurance market in India is likely to increase to Euro 100 bn and this would be nearly five times of the present volume. This growth will be spurred by rising demand for insurance as its awareness increases in the country's burgeoning middle class. Of course, for this to happen, there has to be a corresponding increase in the level of penetration, which is quite low when compared to developed markets and also to that of some of the emerging markets.

Thus India is certainly a very challenging and promising ground for insurance. It is poised to be an economic power to be reckoned with in the years ahead. The rapid but well planned and coordinated expansion of various sectors and the unimpeded globalization will provide enough opportunities for the development of this sector as well.

How would all this translate for the insurance sector in the country? Though there are ample opportunities for the development of insurance and hence for reinsurance, this would depend on several factors. The insurers will have to improve their solvency and raise their working standards. For realisation of this potential; political, economic and institutional stability besides a trustable legal system would be the foremost requirements. Customers would have to be confident about the due settlement of their claims.

A well-oiled supervisory mechanism would have to be in place. It would need to be effective to the extent that the reputation of insurers remains intact and is in effect enhanced. The sector would have to raise its level of service and variety of products on offer to make itself more attractive to the growing band of customers. Much would hinge on the manner in which the insurers perform to enhance the reputation and credibility of the industry.

The Indian insurance industry would also need to tackle certain key issues as the market expands. We are prone to a

India is certainly a very challenging and promising ground for insurance. It is poised to be an economic power to be reckoned with in the years ahead.

Reinsurance absorbs and distributes the effects of the insurance industry's losses so that no single direct underwriting company is overburdened with the financial responsibility of offering coverage to its policyholders.

variety of natural disasters and there is bound to be an increase in insurance penetration in the country. This would result in concentration of risks in disaster prone areas and as such there could be an increase in the claims. Thus the industry would have to put in place a well-knit and professional risk-management system.

We have witnessed the initial phase of detariffication in the sector. Things are still in the transitory phase and a true picture will emerge only after complete consolidation has taken place. This would lead to a very competitive pricing and initially there could be some initial hiccups. However, de-tariffication will ensure development of prudent underwriting, actuarial sciences and risk management, the areas that did not receive the desired impetus due to the administered nature of the market.

Corporate governance, scientific loss prevention and risk evaluation techniques will also come to the fore in the free market scenario. The mechanism for collection and analysis of loss data will have to be strengthened and will become the industry norm.

In the long run, only genuine players will remain in the market and the market will attain maturity. Post de-tariffing era can only be positive for the sector as a whole.

Once the underwriting is done on a prudent basis, the premiums would be worked out on a more realistic scale. Risk management techniques would be put in practice and this would ensure that the industry remains in the black.

For all the above to happen, a very vital support in the form of the reinsurance infrastructure is required. Reinsurance absorbs and distributes the effects of the insurance industry's losses so that no single direct underwriting company is overburdened with the financial responsibility of offering coverage to its policyholders. Reinsurance can virtually be compared to shock-absorbers of a vehicle. Any risk or exposure that can be insured can also be reinsured.

Catastrophes, unexpected liabilities, and a series of large losses that might be too much for an individual insurer to absorb could be better handled through reinsurance. Without it, most insurers would be able to cover only the safest of ventures, leaving many moderately risky but worthwhile ventures without a cover.

Reinsurance optimises the risk portfolio of an insurance company. In purchasing reinsurance, insurers seek to improve their financial performance, security and stability over time. A healthy reinsurance set-up provides flexibility for insurers in the size and types of risk and the volume of business they could underwrite. The Reinsurers provide assistance to insurers in specialised areas where the insurer may have little or no expertise. This could be true especially in cases of writing certain risks for the first time.

Properly structured reinsurance programmes, involving different reinsurance arrangements, for particular classes of insurance assist insurers by limiting wide fluctuations in underwriting results thus providing stability to the industry.

A healthy and pulsating reinsurance infrastructure assists in the financing of insurance operations, being used as an alternative to increasing primary insurer's capitalisation. Primary insurers need access to the asset backing of many large reinsurers. Reinsurance provides protection against the potential large accumulations that can result from catastrophic events such as earthquakes and cyclones.

The quick response and support provided by GIC of India was much appreciated by the direct insurers after the Tsunami in December 2004 and Mumbai floods in July 2005. It was not a settlement of claims but on account payouts to enable the direct insurers to make immediate payments. Unless the direct underwriter has a large capital base, settlement of large losses can affect the cash flow of the insurers. This is where reinsurance pitches in and provides support.

Reinsurance thus constitutes a basic but very vital part of the insurance activity. Reinsurers are vital to the efficient functioning of the insurance mechanism. Reinsurers allow insurers to manage their risks in a more efficient manner and make it less expensive not only for themselves but also for the clients. Primary insurance companies turn to reinsurance (including foreign reinsurance) in order to compensate for the limited retention capacity of their domestic markets. Spreading losses in this manner involves global co-operation in an international marketplace. As a result, insurers, world-wide, are linked through reinsurance agreements and transactions.

Given the growth potential of the insurance market in India, many international players in reinsurance are waiting on the shores to get in once the field is thrown open for them too just as in the case of direct insurers. Currently many international reinsurance players are accessing the Indian reinsurance business from abroad.

Many of them are optimistic that sooner than later they will be permitted to set up shop in India. However, in spite of the fact that penetration is increasing, mega-projects in infrastructure and energy are on the anvil, plus the growing primary market that will provide rich harvest for reinsurers; there are still some pitfalls in the over all scenario. Still, the Indian market has enough for everyone at this juncture and also for those who may be making a fresh entry. It is an open market and there is a very high growth potential.

GIC, the sole Indian reinsurer, has a strong hold on the domestic business, primarily due to the obligatory cessions. The compulsory cession was recently reduced to 15% from 20% and will go down further in the days ahead but this will not affect GIC's overall market share. GIC of India is now competing for business on the basis of price, service and expertise. It has diversified its area of operation by accepting new lines such as life reinsurance, off-shore energy and liability business. Risk management and assessment capabilities are being enhanced to provide value added services to clients. A roadmap for future business expansion, strategic investments and joint ventures is on the anvil.

In a short span of its focused international presence, GIC has started leading reinsurance programmes of several insurance companies in neighbouring SAARC countries, South East Asia, Middle East and African continent. GIC has representative offices in London and Moscow; and its Dubai office was converted into a full fledged branch in February 2007. These foreign offices further strengthen GIC's market presence and access to new clientele. GIC has also begun offering value added services to its clients in the form of risk assessment services, advice on large risks and training in technical areas/ subjects.

GIC is actively involved in various insurance/reinsurance organizations such as Federation of Afro Asian Insurers and Reinsurers (FAIR), Association of Insurers and Reinsurers of Developing Countries (AIRDC) and East Asian Insurance Congress (EAIC). On behalf of AIRDC, GIC had organized XIVth Insurance Congress of Developing Countries at New Delhi in March 2004 which was attended by over 500 delegates from 56 countries. 19th FAIR conference was also hosted by GIC in Mumbai in September 2005, attended by about 550 delegates from different parts of the world. GIC is a member of Asian Reinsurers' group and participates in yearly conferences called Asian Reinsurers' Summit to discuss matters of mutual concerns.

GIC's strong financials are reflected in its high grade ratings from credit rating agencies. GIC is rated A- (excellent) by AM Best for its financial strength & AAA (In) by CARE for its claims paying ability. As per Standard & Poor's global reinsurance group ranked by net reinsurance premiums written, GIC occupies 35th position in the world. In a business heavily dominated by west, this is no mean achievement. However, GIC is aware of the fact that there is no scope for complacency. It has already initiated steps to integrate its operations using information technology; expansion through foreign offices; upgrading knowledge through training, exploring new markets, territories and lines of business; and focused customer relationship management.

Risk management and assessment capabilities are being enhanced to provide value added services to clients. A roadmap for future business expansion, strategic investments and joint ventures is on the anvil.

The author is Chairman and Managing Director, GIC of India.

Role of Reinsurance

Post-Detariffication

G.V. RAO SAYS 'THE REINSURANCE PERFORMANCE OF ALL THE PLAYERS IN THE MARKET NEEDS CLOSER MONITORING, PARTICULARLY ON HOW THEY HAVE DESIGNED THEIR RATING STRUCTURES; AND HOW CLOSE AND CONTINUED ARE THEIR REINSURANCE RELATIONSHIPS'.

It is too early yet to be making any evidence-based assessment of how detariffication has affected the future of the Indian reinsurance market. The attitudes of the present set of reinsurers are likely to crystallize, and perhaps harden, only after a couple of reinsurance seasons— for them to be asking for market course corrections.

The present indications, however, are clear enough for one to suggest that the market players are hardly likely to make these course corrections themselves, as most PSU insurers lack the monthly/ quarterly market data to review how their finances are getting impacted due to lowering of rates. Nor do they seem to be willing or anxious to do frequent performance reviews of their rating policies. In any case, future claims development would take more time to judge the consequences of their current rating polices. Until then, there is no justification for any recriminations to be made on this score, as events have yet to develop.

The demand for reinsurance from the new players, as they begin to enlarge their market shares, with an eye on future market valuations, if they went public, would be more keenly felt in the immediate. With a capital base of only Rs.100 crore, and with a rising demand for covers for larger sums insured; it would be difficult for them to raise their net retentions significantly to respond to the market demands. The spotlight of market watchers would have to shift more on them to understand how they are planning to cope with their larger reinsurance needs.

This article aims to understand better the present post-detariffication market environment; and would discuss how the numbers of 'large risks' are rapidly rising, would articulate the need to share risk-based information on occurrence of claims (if not on rating structures) among all the players, for each of them to make better informed decisions in the interests of the market and themselves. It would also discuss two examples of how two insurers have added to their underwriting balances in 2006/07, due to their reinsurance strategies. It finally pleads for a co-operative market approach towards development of the market, keeping the national interests in mind to reduce loss potentials and for crafting a more vibrant market.

From easy relationships to tough bargains?

An insurance consumer has no direct linkage with the reinsurer on his insurance policy. But, yet all the non-life insurance policies written are reinsured, without exception, as part of the obligatory

There has to be a co-operative market approach towards development of the market, keeping the national interests in mind to reduce loss potentials and for crafting a more vibrant market.

cessions to the General Insurance Corporation of India to the extent of 15 percent of the risk. While the tariffs were in force up to the end of 2006, in respect of Fire, Engineering and Motor businesses; the business relationships between the insured and their insurers tended to be easy going, as both the premium rates and the policy wordings were uniform among all the insurers. There was an element of inevitability for the consumers in their purchase of insurances.

Claim reporting that is rather infrequent at about six percent of the policies issued has hardly tested the insurers' professional expertise or their analytical skills on their understanding of risk exposures. Responsibility for risk-based rating has been given up, as a lost cause even by the consumers. Now with detariffing, the market has suddenly come alive. The rating issue is dominating the current scene with all the insurers matching wits to outbid each other to build premium volumes. This misplaced enthusiasm would perhaps peter out sooner; but not till a few of their fingers are perhaps burnt; but hopefully their hands would be safe.

Were insurers disadvantaged by detariffing rates only?

Detarffing premium rates, even while the policy structures and wordings have continued to remain uniform, has, in this writer's view, put an undue strain on the marketing efforts of the insurers and their finances. The signal sent to the consumer was that the product features of his policy remained the same, while he had the freedom to negotiate the rate. With the then prevailing tariff rates, not based on reliable and scientific data, but were class based generally, and not based on risk-features (as in the earlier era of the tariff regime); the insurers were hard put to seek or justify higher rates.

Insurers were also disadvantaged due to a lack of underwriting knowledge and skills, and lack of market discipline. And the half-hearted implementation of IRDA guidelines only added to their problems.

Since they had discontinued inspection of risks, they were also ill equipped to make recommendations for risk improvement of individual risks. Insurers were also disadvantaged due to a lack of underwriting knowledge and skills, and lack of market discipline. And the half-hearted implementation of IRDA guidelines only added to their problems. Playing with cover terms would have given them some flexibility to price rates, according to their risk perceptions than try to meet competition only on rates, as it has happened now.

Compete on price & Reinsurers' concerns:

'Compete on price' has now become the marketing strategy slogan for most insurers, regardless of the risk exposure analysis of the business they accept. Reinsurers have now alerted themselves to this new situation of rates getting lowered, without much improvement in examination of risk exposures of an insured and their analysis by insurers. Since the results on net earned written premium is known only at the end of the year, and as no review or monitoring of trends is undertaken even half-yearly, the new situation has developed, as a big leap in to the unknown. As a result, reinsurers' visits to study the Indian market are understood to have become more frequent now. A few reputed reinsurers have also temporarily withdrawn from the market, certainly not a vote of confidence in the market.

How important is reinsurance to new players?

The importance of reinsurance and the commissions that a primary insurer earns on it can be illustrated by a couple of examples. One new player that has done a gross Fire business of Rs.400 crore in 2006/07 reinsured his portfolio to the extent of 84 percent. He has incurred a gross commission payment of about Rs.17 crore at 4 percent and has earned a reinsurance commission of Rs.110 crore at 33 percent on ceded premium.

In respect of Engineering business his gross premium was Rs.180 crore and his commission payment was Rs.8 crore at 4.5 percent. The RI commission earnings were Rs.35 crore at 25 percent. His overall management expenses were 17 percent of gross premiums. The loss ratios were 35 percent in Fire and 48 percent in Engineering on net earned premiums. Substantial reinsurance may have been resorted to either because the capital base was too small for keeping higher net retentions or perhaps he wanted to ensure that underwriting profits were made more on RI commissions, as a business strategy. Would this situation continue in future as well?

Yet, another new player that has grown quite fast in his premium volumes has a gross Fire premium of Rs.147 crore in 2006/07 and has reinsured 78 percent of it. He has a gross commission payment

> **New players must be allowed into the market, only after the capital structure is raised suitably to prevent them to compete in the domestic market mainly on the support of reinsurers.**

rate of about 3.2 percent at Rs.4.7 crore and a RI commission-earning rate of 39 percent of Rs.44 crore. His overall management cost was 20 percent. The contribution to his net earnings on fire business production was significant. In Engineering business his gross premium was Rs.94 crore at a commission payment rate of 3.6 percent at Rs.3.4 crore and it was 81 percent reinsured at the RI earning ratio of 32 percent earning Rs.24 crore. The Fire loss ratio on net earned Fire premium was 75 percent and in Engineering it was 55 percent.

These examples are cited to highlight the heavy dependence of these two leading new insurers to an extent of about 80 percent on their reinsurance support mechanism and how 'compete at any price' strategy in the post-detariffing situation might prove their risking losing their past continued successes in making assured operating profits through higher RI earnings.

Capital must be raised in stages:

With the capital structures of the new players remaining at Rs.100 crore, since 2000—much too small by international standards, and with inflation rates not factored into it, while sums insured of risks are going up— they are heavily dependent on RI support. Due to the low capital structure of a new player, he has an instinctive risk-averse nature and would like to be assured of heavy reinsurance support. How long should this situation be allowed, expecting only incremental improvements in capital formation? New players must be allowed into the market, only after the capital structure is raised suitably to prevent them to compete in the domestic market mainly on the support of reinsurers.

Effective monitoring by Boards:

The reinsurance performance of all the players in the market needs closer monitoring. With detariffing providing an inevitable situation, wherein insurers often resort to quote rates based on the 'seat of the pants' instinct, monitoring their internal control systems, as is practiced by them is important. Particularly on how they have designed their rating structures and how close and continued are their reinsurance relationships assume more importance now than ever before. A new reinsurer's entry and the exit of an old one from the RI programme would need more explaining to be done by the insurer. This task has to be more effectively monitored by the respective Boards of insurers. Perhaps, IRDA should conduct a professional seminar for the Directors of all insurers to highlight the concerns of IRDA on a variety of issues and seek their co-operation.

Large risk acceptances on the rise:

The new players are also writing large risks that have potential for a catastrophic loss. Effective November 2006, large risks with TSI of Rs.2500 crore or more at any location are allowed to be rated by reinsurers. Such rates are based on world experience of international reinsurers. And an Indian insured could, therefore, get either the benefit of good world trends for his type of risks or get penalized by bad world trends irrespective of the domestic scenario. Such risks have the flexibility of having higher deductibles or coinsurance by vertical slice of risk as well.

According to one estimate, it is believed that presently the Indian market has about 170 risks with PML in excess of Rs.400 crore each. It is estimated that there are about 30 large risks with a premium potential of Rs.450 crore seeking international reinsurance terms. This number that was 9 in 2003/04 with a premium potential of Rs.260 crore has now risen to 29 in 2006/07 with a premium potential of Rs.450 crore. If rating structures for large risks are getting integrated with international trends, it is prudent for us to build an image as risk-savvy insurers by pooling Indian experience.

According to the same estimate, the market retention capacity in 2007/08 is expected to be about Rs.750 crore up from Rs.350 crore in 2005/06. Correspondingly the automatic reinsurance capacity is believed to have increased to Rs.2800 crore in 2007/08, up from Rs.1400 crore in 2005/06. The GIC, in the current situation of post-detariffing, is looked upon to take a beneficial stand for raising the professional risk analysis standards by persuading insurers to tone down the competitive intensity levels.

Rating flood risks:

Another important aspect of the reinsurance scenario, post-detariffing, concerns the rating structures employed by the Indian market for covering natural perils. This aspect has continued to trouble reinsurers in a significant manner, perhaps out of looking at their domestic scenarios that are cat-prone. And their approach, therefore, is one of high caution. With flood risk still offered as an integral part of the fire policy in India, and the locational physical features not having been factored into its rating, the situation looks quite odd to any international underwriter. Many JV partners of new players have strong reservations on acceptance of several Indian risks except with full reinsurance support. Insurers that are vociferous on minimization of cross-subsidization must look at rating the flood risk more rationally than before. Peril rating cross-subsidization is equally to be discouraged.

Final word:

This article is of the view that the tariffs prevalent till now were not scientific enough for modern day underwriting. Most insurers believed that the expired tariff structures were highly credible and hence have used them as benchmarks. Whether this approach should persist is a matter that needs more discussion, based on the internal experiences of all insurers that must be shared among all of them, as a matter of best practice; and to prevent uninformed competition on rates to prevail. Detariffing must be seen as an opportunity to enhance professionalism of the industry than as a mere weapon for acquisition or diverting of business.

The need of the hour for all insurers is to be creative in reducing loss potentials by reducing the hazards in risk factors and encouraging the insured to be his own 'Risk Manager' to benefit from lowered ratings. The present situation, where there is no attempt made at educating the insured to improve his risk must change by imposing conditionality for risk improvement in return for lowered ratings. The basic loyalty of insurers should be for their professional survival and not for hawking insurance covers.

Govt. must also be induced to take measures to minimize the chances of catastrophic losses occurring, such as flood occurrences. Professional expertise on loss prevention and loss minimization built by insurers must be shared with the insured and the Govt. The example of the Caribbean countries in devising a natural peril pool, across different countries, with the help of World Bank must be studied for us to devise one for India.

There is a national role for the insurance industry that goes beyond making money. The communities have to be made loss-resistant, if not loss-proof. Insurers must realize that their primary roles are as enablers, and hence must act as powerful catalysts for economic growth of the nation, through their offering to share their expertise to de-risk the enterprises through insurances, that would eventually lead to creation of national wealth and jobs for many. Insurers need to perform more than what they are doing now, selling insurance policies on demand and hoping to make a profit. The road ahead is long but it is exciting one to run on.

There is a national role for the insurance industry that goes beyond making money. The communities have to be made loss-resistant, if not loss-proof.

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Changing Insurance Market

Role of Reinsurance

SHRIRANG V SAMANT SURMISES THAT REINSURANCE SUPPORT WILL MOVE TOWARDS EXPERTISE-BASED COVERS AND PROVIDING CAPACITY FOR INDIVIDUAL LARGE RISKS, RATHER THAN ACROSS-THE-BOARD SUPPORT TO A CEDANT'S BOOK.

Traditionally reinsurance has been the mainstay of any developing market. This was necessitated by a number of reasons; mainly the need for capacity and expertise. Reisnurers too saw an opportunity in this situation to build up long term relationships and expand their footprint as the market grew.

Indian market has been historically attractive for reinsurers for an important reason: existence of tariffs and low claims activity. While relationships did play a role, major reinsurers have always kept the commercial aspects in mind. This is evident by the fact that for some time now, unlimited liability cover for motor third party has not been available. Similarly, Indian reinsurance buyers have had to suffer from periodic hardening of the rates for catastrophic covers, largely due to global disasters which had nothing to do with the country.

While catastrophic exposures have always been an area of major concern for reinsurers, this has never deterred them from competing for the available business. Is this now set to change with the de-tariffing of the market? During the last renewal season, a number of reinsurers were unwilling to support property/engineering proportional treaties. They showed a marked preference for non-proportional covers, that too only where adequate and detailed information was available about exposures.

The presence of tariffs enabled a number of new players in the market to arbitrage reinsurance to gain market share. The question in everyone's mind now is: Will this option continue to be available for the times to come? With the entry of more players in the market place, competition is only likely to intensify and anyone claiming to exercise underwriting discipline would have to weigh its impact on his market share. Whereas personal lines do provide relatively good opportunity for expansion, its mainstay, Motor, already suffers from high intermediary costs. Plus, the pressures of competitive pricing do not really allow for the cost of protecting catastrophic exposures related to Motor or Home portfolios.

The business leaders in the industry have to therefore deal with the question of how

Indian reinsurance buyers have had to suffer from periodic hardening of the rates for catastrophic covers, largely due to global disasters which had nothing to do with the country.

All major reinsurers in the world want to be in India and China; they have a greater comfort with India and do not want their competitors to steal a march over them.

to factor in the impact of reinsurance market dynamics into their business strategy. The real challenge is that whereas a growth strategy has to be necessarily long term, reinsurance markets change from year to year. To a large extent, outcome of growth strategies, particularly for the new entrants, will depend on successful reading of the reinsurance tea leaves.

What could be the likely developments in reinsurance market in the medium term?

1. Availability of proportional capacity may dry up in those areas which have been recently taken out of the tariff. This means reinsurance arbitrage as a business strategy will no longer be an option.
2. Facultative support for large risks will only be available at a high deductible if the price is deemed to be inadequate by the reinsurer.
3. Pricing of catastrophic coverage will erode the profitability of property and personal lines like Motor and Home.
4. With the freedom of form being introduced, reinsurers will insist on contract certainty before providing coverage.
5. Reinsurance support will move towards expertise-based covers and providing capacity for individual large risks rather than across-the-board support to a cedant's book.

This is not to say that all is doom and gloom. The other side of the coin is that what motivates insurers also motivates reinsurers. All major reinsurers in the world want to be in India and China; they have a greater comfort with India and do not want their competitors to steal a march over them. Secondly, with the gradual scaling down of statutory cessions to GIC, the size of reinsurance opportunity only goes up which enhances the attractiveness of the market.

In the long run, however, the level of reinsurance support will reflect market results. The only thing which can debunk this trend is the level of international interest in India: if the economy continues to grow; and within this, insurance growth exceeds the economy's growth rate, reinsurers will continue to bite their lips and support the market. A case in point is the US, which in spite of being the most disaster prone territory in the world and having been the cause of near demise of many venerable insurers and reinsurers, continues to exert a pull on the reinsurers' imagination.

After all, to paraphrase an old saying, reinsures rush in where angels fear to tread!

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Global Reinsurance

Emerging Trends

'REINSURANCE GIVES THE INSURER THE ADVANTAGE TO GAIN THE REINSURERS' EXPERTISE AND SERVICES FOR PRODUCT DEVELOPMENT, ADVICE ON UNDERWRITING CLAUSES, MANAGEMENT OF CLAIMS, ETC.' WRITES **DEVINDER K JAIN.**

Reinsurance is a transaction in which one insurance company indemnifies, for a premium, another insurance company against all or part of the loss that it may sustain under its policy or policies of insurance. The insurance company purchasing reinsurance is known as the ceding insurer: the company selling reinsurance is known as the assuming insurer, or, more simply, the reinsurer. Described as the "insurance of insurance", reinsurance provides reimbursement to the ceding insurer for losses covered by the reinsurance agreement.

The fundamental objective of insurance, to spread the risk so that no single entity finds itself saddled with a financial burden beyond its ability to pay, is enhanced by reinsurance.

REASONS TO PURCHASE REINSURANCE: Insurers purchase reinsurance for essentially four reasons (1) to limit liability on specific risks: (2) to stabilize loss experience; (3) to protect against catastrophes; and (4) to increase capacity. Depending on the ceding company's goals, different types of reinsurance contracts are available to bring about the desired result.

1. Limiting Liability: By providing a mechanism through which insurers limit their loss exposure to levels commensurate with their net assets, reinsurance enables insurance companies to offer coverage limits considerably higher than they could otherwise provide. This function of reinsurance is crucial because it allows all companies - large and small - to offer coverage limits to meet their policyholders' needs.

2. Stabilization: Insurers often seek to reduce the wide swings in profit and loss margins inherent to the insurance business. These fluctuations result, in part, from the unique nature of insurance, which involves pricing a product whose actual cost will not be known until sometime in the future. Through reinsurance, insurers can reduce these fluctuations in loss experience and stabilize the company's overall operating results.

3. Catastrophe Protection: Reinsurance provides protection against catastrophic loss in much the same way it helps stabilize an insurer's loss experience.

By providing a mechanism through which insurers limit their loss exposure to levels commensurate with their net assets, reinsurance enables insurance companies to offer coverage limits considerably higher than they could otherwise provide.

Insurers use reinsurance to protect against catastrophes in two ways. First, reinsurance protects against catastrophic financial loss resulting from a single event, such as the total fire loss of a large manufacturing plant. Second, reinsurance also protects against the aggregation of many smaller claims resulting from a single event, such as an earthquake or major hurricane that affects many policyholders simultaneously. While the insurer is able to cover losses individually, the aggregate may be more than the insurer wishes to retain.

4. Increased Capacity: By reinsuring a portion of its insurance policies, an insurance company reduces the problem of decreased surplus. Through reinsurance, the company shares a portion of its underwriting expenses with its reinsurer and reduces the drain on surplus. In addition, reinsurers often provide insurers with a variety of other services. Some reinsurers provide guidance to insurers in underwriting, claims reserving and handling, investments and even general management.

TYPES OF REINSURANCE

Reinsurance may be written on either a proportional basis or Non-proportional basis. A reinsurance contract written on a proportional basis simply prorates all premiums, losses and expenses between the insurer and the reinsurer on a pre-arranged basis. Thus, in proportional reinsurance (which includes quota share & surplus reinsurance), the reinsured obtains coverage for only a portion or percentage of the loss or risk from the reinsurer. The extent of coverage is based on the percentage of premiums paid to the reinsurer.

Historically, treaties remain in force for long periods of time and are renewed on a fairly automatic basis unless a change in terms is desired.

Non-proportional reinsurance comes to fore if the loss suffered by the insurer exceeds a certain amount, called the retention or priority. This requires

- the primary insurer to keep all losses up to a predetermined level of retention, and
- the reinsurer to reimburse the company for any losses above that level of retention, up to the limits of the reinsurance contract.

Non-proportional reinsurance includes Excess of Loss and Stop Loss. Excess of Loss reinsurance can be of three forms – ‘Per Risk XL’; ‘Per Occurrence or Per Event XL’ (Catastrophe or Cat XL), and “Aggregate XL”; whereas ‘Stop Loss’, unlike Excess of Loss does not cover individual claims. It protects a *cedant* against an aggregate amount of claims over a particular time period, in excess of a specified percentage of the earned premium income.

While there are no standard reinsurance contracts, Treaty and Facultative contracts are the two basic types used and adapted to meet individual insurers’ requirements. Both facultative and treaty contracts may be written on a proportional or an excess of loss basis, or a combination of both. A reinsurance treaty is a broad agreement covering some portion of a particular class or classes of business (e.g., an insurer’s entire workers’ compensation or property book of business).

Historically, treaties remain in force for long periods of time and are renewed on a fairly automatic basis unless a change in terms is desired. Reinsurance treaties automatically cover all risk written by the insured that fall within their terms unless they specifically exclude exposures.

In contrast, facultative reinsurance contracts cover individual underlying policies and are written on a policy – specific basis. A facultative agreement covers a specific risk of the ceding insurer. A reinsurer and ceding insurer agree on terms and conditions in each individual contract. Facultative reinsurance agreements often cover catastrophic or unusual risk exposures. Reinsurers also purchase their own reinsurance protection, called retrocessions, in the same forms and for the same reasons as ceding insurers. By protecting reinsurers from catastrophic losses, as well as an accumulation of smaller losses, retrocessions stabilize reinsurer results, thereby spreading the risk.

BENEFITS OF REINSURANCE

Reinsurance mainly helps the insurers to manage their risk capacity. It provides important benefits to primary insurers such as increasing the financial capacity

A combination of broker cum direct placements would probably provide the best advantage to the ceding insurer.

of the primary insurer. By ceding risk to a reinsurer, the base of available capital reserves is expanded. As Reinsurance redistributes the risk or threat associated with the insurance policies issued by the reinsured (primary insurer) and allows the reinsured to show more assets by reducing its reserve requirements.

Reinsurance further gives the insurer an added advantage to gain the reinsurers' expertise and services for product development, advice on underwriting clauses, management of claims, etc.

REINSURANCE MARKETING: In the designing and marketing of reinsurance programme, a reinsurance broker; who is a specialist in such matters, can play a major role. He maintains close contact with the reinsurance markets globally, is fairly aware of the security of the reinsurers involved, and has knowledge of market trends, development of new ideas and other key information which can have an impact on the marketing exercise. In case of some insurers, however, they may already have a well set-up reinsurance department with personnel having technical, underwriting, and marketing skills; which enable them to handle the programme on their own without any services of the broker. A combination of broker cum direct placements would probably provide the best advantage to the ceding insurer.

Reinsurance market has developed actively since the last century but as in the case of primary business, developed countries provide the main market for this business. The total reinsurance premium globally is on an increase. The reinsurance market can be divided into the following categories:-

1. International Professional Reinsurers numbering 10 and increasing.
2. International Insurers actively engaged in reinsurance assumed business as well.
3. Miscellaneous group reinsurers/ direct insurers in developing countries.
4. Lloyds
5. Market in Bermuda and similar centres.

It is believed that the distribution of reinsurance business method-wise has been Proportional 75%, Non-Proportional 25%. The expectation is that this ratio in course of time is moving towards being Proportional 60%, Non-Proportional 40%.

With the enlargement of the size of individual risks, sophistication and technological development, catastrophe configuration, bio-degradation and associated problems; the exposure element has been increasing constantly and often, capacity to cope with such situation is becoming very challenging. This has given at the same time opportunities for creating capacity through unconventional schemes such as Alternate Risk Transfer (ART) methodology or Catastrophe Bonds which have become fairly popular. Such schemes aim at protecting the financial base of insurers in non-conventional way without following the conventional methodology of reinsurance system as such.

REINSURANCE TRADING

It is known that insurance companies also do reinsurance business and this activity is not restricted to professional reinsurer only. The reasons are as follows:-

1. When the ceding companies reach a certain size and financial strength, they are also able to offer capacity to their counterparts elsewhere. This would be particularly suitable where the insurer cannot expand its operation directly.

2. Such extended operation helps the insurer to achieve better spread and balance in his portfolio since the experience at different places at different times of the same business could be different. By inference, the overall exposure offers suitable self-adjustment.

3. The outflow of reinsurance premium can be reduced on a net basis through the inflow of premium from assumed reinsurance.

4. The exercise can help in reducing foreign exchange outgo provided the selection is right.

Trading can be either Reciprocal or Non-Reciprocal. In the case of reciprocal trading, the reinsurance outward is placed with a reinsurer who can provide matching inward business in terms of premium and profit. At one time, reciprocal trading was quite popular but its days are now numbered for various reasons.

Non-reciprocal trading is active inward reinsurance without any obligation to provide matching business in exchange.

EMERGING TRENDS IN REINSURANCE

Reinsurers around the world heaved a sigh of relief when year 2006-07 passed without a major catastrophe. This was the best year for reinsurers battered by successive losses after the year 2003.As a result of this market was soft, there was more capacity and we saw many start ups in Bermuda. A couple of new companies set up shop in Singapore as well.

Still, 86% of the reinsurers are concentrated in Europe (60%), US (18%) and Bermuda (8%).

As regards Asian markets, Singapore is emerging as a major hub. Reinsurance major players are opening offices in Singapore. Even Swiss Re transacts the Asian business through its Singapore office. Now SCOR is going to open an office there.

As regards the Indian market, reinsurers were apprehensive about detariffing and subsequent fall in property premium. Many good reinsurers decided to stay away from the Proportional treaties of Indian companies. Most of the insurance companies in India slashed the commission rates ranging from 3% to 7% in order to see that treaties remain attractive for reinsurers. Some companies did away with profit commission and in fact resorted to Sliding Scale commission which was a rational step.

GIC, after acting tough in the initial discussions, ultimately supported the companies in placement of their programme and agreed for small reduction in commissions. Market treaties were renewed but with certain conditions.

The Non-Proportional programme of the companies was placed smoothly and most of the companies could place it with little or no increase in the rates. Existing reinsurers supported the companies. GIC also quoted aggressively this time.

The global market is keenly watching the developments in the Indian market in post detariff scenario. In case companies mindlessly slash the rates, we might see flight of quality reinsurers. After all, reinsurers are here to make money and not for charity. Companies will also have to improve the quality of information, as reinsurers are a little wary of the exposures especially in the state of Gujarat and Maharashtra where we have seen flooding with regular notoriety. Companies will have to charge risk based price and not the competitive price to shore up their top line. Otherwise support will not come from the reinsurers whom we look forward to. Besides, the companies should look for Proportional capacity and not the Non-proportional because the reinsurers will laugh all their way to the bank with a major chunk of premium and insurance companies will be saddled with the losses to burning layer.

Companies should also be a little proactive and should provide the updates to reinsurers about the market and the goings-on in the company at regular intervals. It is observed that after the placement of programme, there is little effort on the part of companies to keep in touch with the reinsurers.

The global market is keenly watching the developments in the Indian market in post detariff scenario. In case companies mindlessly slash the rates, we might see flight of quality reinsurers.

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The Importance of Reinsurance

Some Random Thoughts

'CEDING COMPANIES CHANGING REINSURERS FREQUENTLY FACE PROBLEMS AND MAY HAVE TO SETTLE FOR DISADVANTAGEOUS TERMS' COMMENTS

O. P. RANA.

Reinsurance is necessary in order to protect a company's balance sheet and create additional capacity for accepting risks beyond its retention. There are exclusive reinsurance companies but an insurance company can be a direct insurer as well as a reinsurer.

Various methods of Reinsurance:
Quota Share and Surplus Treaties
Facultative and Excess of Loss

Quota Share:
It is normally resorted to by companies just commencing operations and reinsurers have no track record to follow on performance. Each risk is shared in a proportion fixed at the time of acceptance by the reinsurer who is confident of ceding company's prudent underwriting since ceding company shares each risk and both will swim or sink together. Agreements are reviewed yearly. This arrangement provides capacity but to a limited extent only.

Surplus Treaty:
It is acceptable to reinsurers once ceding company's track record is available and is satisfactory. Under this arrangement, risks exceeding certain limits are ceded to the treaty as mutually agreed. Arrangements are annual and performance based review is undertaken in order to determine limits, commissions and profit sharing structure. Normally different classes of business have separate treaties.

The advantage of surplus treaty is that it provides larger automatic capacity to the ceding company thereby enabling it to accept larger risks and expanding its area of operations.

Facultative Reinsurance:
It is resorted to either because risk is larger than capacity provided by Surplus Treaty or risks accepted are not included in the Treaty Agreement. Each acceptance is evaluated by reinsurers based on past experience and the proposed risk exposure.

Advantage of Facultative:
Each risk is negotiated on its own merit. Rates are determined in accordance with world wide results and better cash flow for reinsurers. However, the downside is that it is time consuming. More control on underwriting and claims is exercised by reinsurers; and it is replete with higher commission costs.

The advantage of surplus treaty is that it provides larger automatic capacity to the ceding company thereby enabling it to accept larger risks and expanding its area of operations.

Excess of Loss:

Ceding company resorts to this method due to its desire to retain large portion of risk to its net account due to strength of its Balance Sheet. It helps the ceding company to retain more premium to its net account. Risk in excess of deductible is reinsured. Reinsurers prefer it so that they are able to rate the acceptance on the basis of what they consider adequate Rate On Line, which refers to the period reinsurers expect to recover the loss on an XL contract – i.e. payback period. For example if underwriters expect a loss to occur once in 10 years, then the rate on line would be 10%. There are cases where reinsurers give a rate on line of 1% based on expectations of loss once in 100 years. The rate determination depends upon frequency of losses, quantum of losses, exposures (including environmental changes) underwriting philosophy of the ceding company etc. Such covers are layered if liability to be covered is large. There is a provision of reinstatement/s with or without additional premium.

Some XL arrangements like Motor and WC provide an opportunity for adjustment of rates annually based on cost (known as burning cost) since such acceptances are normally on long term basis. These are in the nature of working XL covers.

Rating:

This is the most difficult aspect not only for ceding company but for reinsurers also. Quite a few CAT risk models have been developed and a blame game commences once a CAT risk model fails in its projections especially in case of CAT losses. Determining the quantum of losses takes a long time for ceding companies and still longer for reinsurers. Retentions, deductibles, track records of past losses and reputation of ceding company will have an impact on rating of risks by reinsurers. There are examples when reinsurers have refused either to accept a treaty or facultative reinsurance for risks, which a market does not rate adequately due to unhealthy competition. Such refusal helps in bringing the primary underwriters to price the risks adequately.

Retentions, deductibles, track records of past losses and reputation of ceding company will have an impact on rating of risks by reinsurers.

Long term Relationship:

Reinsurance business has a lot to do with people-to-people contacts. The Broker / Reinsurer visiting the ceding company assesses the skill sets of underwriters and then determines establishment of relationship. Such relationship is for a long term and is not affected by occasional loss years since terms are always adjusted by mutual consent. Reinsurers share information and ceding companies changing reinsurers frequently face problems and may have to settle for disadvantageous terms.

Reserving:

Creating adequate reserves against liabilities is of utmost importance. Examples of companies going bust because of inadequate reserving are plenty. Wherever companies talk of strengthening reserves, it only indicates inadequacy of reserving in the past.

At times, under-reserving is deliberate in order to show profits. At other times, it is lack of correct assessment as in cases of CAT losses. IBNR and liability risks add to the problem. It is a true test of the skills of the underwriters of the ceding company and more so for reinsurers to make a fair assessment of liabilities. Reinsurers many a times do not receive accounts from ceding companies in time due to lack of computerization and therefore are unable to make proper outstanding provision and it may expose reinsurers' balance sheet. Risks are accepted by reinsurers from various companies and inadequacy in reserving by each company will have cumulative effect on reinsurers' liability and provide for adequate reserves.

Follow the fortune:

Treaties normally have a clause known as follow the fortune of ceding company in respect of settlement of claims. Unless the agreement clause mentions that reinsurers will follow settlements without question, the reinsurers have a right to examine any settlement of claim by the ceding company as to whether it falls within the scope / terms of the policy. Any loss settlement which is outside the scope of policy terms entitles the reinsurers to repudiate liability.

Loss Development:

Reinsurers face a tremendous problem in

cases of CAT Loss & Liability Risks because loss development takes a long time and reinsurers (even direct insurers) are unable to make accurate outstanding provisions. It takes a long time to reach a reasonably loss figure due to:

1. Dispute about contract of cover – as in the case of World Trade Centre Loss.
2. Difficulty in arriving at accurate loss assessment as in case of death due to crash of aircraft and Liability at tort.
3. Loss discovery after a long period of occurrence – as in case of Asbestosis claims which sometimes take 25 years to manifest.
4. Delay in reasonable assessment of losses in a catastrophic event – like Hurricane Katrina losses in US.

Reinsurers (or even direct underwriters) find it difficult to determine adequate price for such risks.

Loss occurring / Claims made basis covers:

Reinsurers prefer to give cover on claims made basis since loss occurring basis covers expose of reinsurers to all losses for all time to come irrespective of date of loss occurrence – retroactive period remains unlimited. Claims made covers provide a safety valve to underwriters since loss payable must occur during the policy period and within the retroactive period granted.

Cycle of Market Capacity:

When reinsurance markets harden due to past losses and rates charged are high in order to recoup past losses, a lot of innocent capacity is added to the reinsurance market. Many companies enter the market lured by high rates without having necessary skills to evaluate the risks. As a result of this, pressure on pricing builds up and unhealthy competition sets in. Reinsurers suffer in the soft market due to inadequate pricing and losses cannot keep pace with earnings. As a result innocent capacity disappears and some reinsurance companies exit the market after burning their fingers. The knowledgeable underwriters restrict their acceptances and the capacity cycle is back to square one i.e. reduced capacity and high rates. It has happened more than once in the satellite reinsurance market.

Retrocession:

Reinsurance of reinsurance is called retrocession. Companies accepting these risks are called retrocessionaires. This is the most difficult cover to obtain for the ceding company and difficult to rate for the retrocessionaires. A classic example is of Lloyds Market which suffered in acceptances of retro XL of XL covers. Liabilities under such acceptances rotate from one reinsurer to another and in the event of a CAT loss the liabilities of retrocessionaire grow as they pick up losses from different sources in the market which have spiralling effect. Ultimately, a ceding retrocessionaire may end up sharing his own risk at the end of the day.

Claims made covers provide a safety valve to underwriters since loss payable must occur during the policy period and within the retroactive period granted.

The author is from J. B. Boda Reinsurance Brokers Pvt. Ltd., Mumbai.

Reinsurance in the Indian Market

ISSUES AND CHALLENGES

'PROPERLY STRUCTURED REINSURANCE PROGRAMS ASSIST INSURERS BY LIMITING WIDE FLUCTUATIONS IN UNDERWRITING RESULTS' OPINES **RANDIP SINGH**. HE FURTHER ADDS THAT AS A CONSEQUENCE, THE RISK SPREAD WILL ALLOW THE INSURER IMPROVE ITS SOLVENCY MARGIN.

Reinsurance regime in India in before 2000

The General insurance industry during the pre-reform period when GIC was the holding company of the four PSUs, the insurance market was characterized by existence of tariffs and market agreements amongst insurers. GIC played an important role in drawing up and in placing the reinsurance programme of each insurance company. As a result, the reinsurance programme of the entire market was placed as a single block. GIC organized pools for different classes of business such as Fire, Marine Hull and inter-company cessions amongst companies to increase retention within the country. It also organized market surplus treaties and participated in a significant way in company's surplus treaties. The companies made obligatory cessions to the extent of 20% with GIC. The foreign inward business was done by GIC alone through a single window by pooling its own capacity and that of the four PSU's.

Such arrangements resulted in high reinsurance retentions within the country, optimum utilization of underwriting capacity and negotiation of better reinsurance terms and prices. On the other hand, the downturn was reflected in lack of innovative covers and absence of competition.

Liberalization of the Indian insurance market

The liberalization of the Indian insurance market was undertaken in 1999 with passage of IRDA Act, 1999 and amendment to Insurance Act, 1938. Reinsurers were allowed entry into the Indian market with an equity capital of Rs. 200 cr and FDI limit of 26%. The provisions of the Insurance Act, 1938 were operationalized with the creation of IRDA. The Reinsurance Regulations were notified by IRDA. However, till date no reinsurer has applied to IRDA for grant of certificate of registration.

Comparison between the reinsurance retentions in 1999-2000 and 2005-06

	1999-2000			2005-06		
	Gross Prem (Rs. in mn)	Net Prem (Rs. in mn)	Ret Ratio	Gross Prem (Rs. in mn)	Net Prem (Rs. in mn)	Ret Ratio
Fire	23,562	21,920	**93.03%**	36820.99	24003.86	**65.19%**
Marine Cargo	7,933	7,141	**90.01%**	7795.78	6733.77	**86.38%**
Marine Hull	2,471	1,083	**43.83%**	5417.98	1182.25	**21.82%**
Engineering	Included in Other Misc class			9421.12	6849.54	**72.70%**
Motor	34,282	34,282	**100.00%**	84981.73	80647.74	**94.90%**
Aviation	2,063	156	**7.59%**	3989.27	531.32	**13.32%**
Other Misc	27,245	24,011	**88.13%**	50250.68	44085.22	**87.73%**
Total	97,559	88,596	**90.81%**	198677.54	164033.70	**82.56%**

Under the regulations, every insurer shall file its reinsurance programme with the Authority 45 days prior to commencement of financial year and copy of treaty slips and cover notes within 30 days of beginning of the financial year.

Legal Framework

The mandate to IRDA in respect of reinsurance lies in the provisions of Section 14(1) and 14(2) of the IRDA Act, 1999 as well as Sections 34F, 101A, 101B and 101C of the Insurance Act, 1938. In addition, IRDA has framed reinsurance regulations for general insurers which lay down the ground rules in placement of reinsurance with the reinsurers.

Section 34F of the Insurance Act, 1938 gives powers to IRDA to issue directions regarding reinsurance treaties. In case IRDA is of the view or believes that an insurer is entering or is likely to enter into reinsurance treaties or reinsurance contracts which are not favourable to the insurer or are detrimental to the public interests, it may direct the insurer to modify the terms and conditions or not renew such a treaty or contract. Section 101A of the Insurance Act, 1938 specifies that every insurer shall cede such percentage of premium under every policy written in the country to the "National Reinsurer" as may be specified by IRDA in consultation with the Reinsurance Advisory Committee. While Section 101B deals with the Constitution of the Reinsurance Advisory Committee, Section 101C pertains to the powers of IRDA to examine the reinsurance treaties of insurers.

IRDA also notified the Reinsurance regulations in the year 2000. The reinsurance regulations require every insurer to draw up its reinsurance programme keeping in mind the following objectives a) maximise retention within the country; b) develop adequate capacity; c) secure the best possible protection for the reinsurance costs incurred; d) simplify the administration of business. It requires every insurer to maintain the maximum possible retention commensurate with its financial strength and volume of business. Under the regulations, every insurer shall file its reinsurance programme with the Authority 45 days prior to commencement of financial year and copy of treaty slips and cover notes within 30 days of beginning of the financial year. The insurers are required to place their reinsurance business outside India with only those reinsurers having a rating of at least BBB (with Standard & Poor) or its equivalent. Surplus over and above the domestic reinsurance arrangements class-wise can be placed with the reinsurers subject to a limit of 10% of the total reinsurance premium ceded outside India being placed with any one reinsurer. Lastly, every insurer is required to submit to the Authority statistics relating to its reinsurance transactions.

Features of Reinsurance Supervision

The impetus to the growth of the market can be achieved only by solid reinsurance support, which can be provided by reinsurers alone. Reinsurers help reduce volatility and accordingly the uncertainty in the insurer's pricing of risks. In purchasing reinsurance, the insurers seek to improve their financial performance and security. The regulator's role in all this is to ensure that the reinsurance programme of every insurer is guided by the objectives laid down in the regulations. The responsibility of the Authority does not end here. It extends to other areas which have an important bearing on the conduct of insurance business in the country and includes reinsurance supervision.

Reinsurance monitoring encompasses not only submission of reinsurance programme of the companies but also includes examination of reinsurance programme of the companies. The Authority checks whether all classes of business being underwritten by the company are covered in the reinsurance programme. It verifies the retentions proposed by the insurers in their programme. Unduly low retentions will result in greater cessions and high retentions can affect the stability of the company. Therefore every insurer is required to explain the reasons for keeping the retentions being proposed and what the overall retention ratios which the company is striving for with the proposed reinsurance programme will be. The Authority also checks the cost of reinsurance programme and the outgo of foreign exchange.

An important aspect in reinsurance is to ensure that the company is not fronting on behalf of the foreign partner. The Authority verifies this aspect. The submission of treaty slips and excess of loss cover notes by the companies and their subsequent examination is part of the Authority supervision, to ensure that the company complies with what has been proposed in their reinsurance programme. Another important aspect of reinsurance is the security rating of the reinsurer. The reinsurer has to be financially sound in order to support the direct insurer in times of claims. The Authority specifies that all reinsurers must have at least a BBB rating. As part of the monitoring, the Authority checks the rating of the reinsurers. It also gives specific approval to the insurance companies in case the total reinsurance premium being placed with the reinsurer exceeds 10%. The purpose is to ensure the spread of risks and ensure compliance. IRDA has encouraged the Indian insurers to form domestic pools such as the terrorism pool and the Indian Motor Third Party Pool. It checks on the domestic pool arrangements organized by Indian Reinsurer to ensure that the arrangement is fair to all and that reinsurance protection of the pool is in place and as per the regulations.

The direct insurers submit to the Authority on annual basis reinsurance statistics which include the results of their various proportional and non-proportional treaties as well as the names and percentage of the reinsurers. This analysis of the statistics offers important insights of the functioning of the reinsurance treaties and contracts. It also enables the Authority to evaluate whether these treaties and contracts are working efficiently; and whether the terms and conditions are prejudicial to the insurers and public interests; or not. The results also throw up areas of concern which can be taken up with the direct insurers. The Authority also examines the underwriting policy for underwriting inward reinsurance business and carries out a check to ensure that persons possessing knowledge and experience are responsible for taking decisions in accepting inward reinsurance business as this is a specialized and technical subject. The examination of the policy on inward reinsurance business covers the classes of business underwritten, geographical scope, underwriting limits and profit objectives.

Issues and Challenges facing the Indian reinsurance market

The Indian reinsurance market at this juncture is at the crossroads of becoming an industry on par with the best international standards or turning into a regional market. At the forefront are issues and challenges which would require the combined efforts of all the stakeholders viz. the regulator, the insurers and the reinsurers to take it to higher levels.

Reinsurance portfolio has a direct impact on the solvency of an insurer. To overcome the difficulties facing the companies today, it is important for a direct insurer to have the terms of reinsurance that are appropriate and reasonable.

Obligatory Cessions - GIC being the National Reinsurer is currently entitled to a 15% obligatory cession on every policy underwritten in the country. Under the various WTO rounds of negotiations, it has been the consistent demand of different member countries of WTO on India to remove these compulsory cessions. GIC would do well to explore and come up with a strategy of progressively reducing obligatory cessions.

Reinsurance Retentions - The structuring of the reinsurance programme is crucial to the balance sheet of the direct insurers. Reinsurance portfolio has a direct impact on the solvency of an insurer. To overcome the difficulties facing the companies today, it is important for a direct insurer to have the terms of reinsurance that are appropriate and reasonable. Reinsurance programme of an insurer should be so devised as to maximize retentions within the country. The compulsory cessions and voluntary arrangements amongst the insurers in the Indian market should be the mainstay of reinsurance placements.

However, it is observed that the reinsurance arrangements of the insurers do not go by these intentions. Hence the opening up of the sector has seen a decline in the net retentions in the country. While low retentions for a new insurer are understandable, one expects to see progress in the level of net retention of all the insurers. This does not seem to be happening and the insurers should take more concrete steps in this direction.

Facultative Placements - The statistics furnished by the industry reveal that

The stage is set for the next phase of detariffing when the terms and conditions will also be freed. The reinsurance market has also been positive about these developments.

significant reinsurance premium is being ceded outside India by way of facultative placements. In addition, there is a tendency amongst some insurers to reinsure risks at much lower rates of reinsurance commission than the original cost to the reinsurer. These are unhealthy developments and have to be discouraged. The Authority's guideline on good corporate governance for reinsurance arrangements is a step to check this practice. The efforts to utilize the national retention capacity need to be intensified. It will be appropriate if all insurers review their reinsurance arrangements so as to increase retentions.

Natural Catastrophe Pool - Natural catastrophes such as cyclones, floods and earthquakes pose a challenge to any nation to respond to the socioeconomic consequences after their occurrence. Over the last ten years, India has seen its share of natural disasters and insurance markets in the area have been passing through difficult periods. The availability of reinsurance covers for such Acts of God perils has an overall impact on the profitability of insurance companies. Weaknesses in an insurer's reinsurance arrangements may impair its liquidity or capital position, and possibly affect its ability to meet its obligations to policyholders. This, in turn, can severely erode confidence and upset stability in the financial system. It therefore becomes imperative for insurers to have adequate reinsurance support at all times for such natural catastrophe perils.

India has a successful experience of setting up a terrorism pool in the wake of September 11 attacks. The experience gained can be put to good use by creating a Natural Catastrophe Pool to protect the net account of the insurers from unforeseen losses or damages arising out of natural catastrophes.

Alternate Risk Transfer (ART) - The Indian insurers have experimented with the Alternate Risk Transfer covers, a new form of reinsurance. While in case of GIC the experience shows that it has been useful in reducing its reinsurance costs, the same cannot be said for a direct insurer where the ART was reduced to a risk financing tool. The insurers should be careful while choosing the new forms of reinsurance over the traditional ones.

Foreign Reinsurers - The five years of opening of the sector has proved that neither the Indian partners are able to afford 74% participation for minimum capital requirements of Rs.200 crore for reinsurance business nor are the foreign partners willing to come with 26% participation. This impasse is not healthy for the development of the Indian insurance industry. The capital requirement on a practical ground and to start with cannot be less than Rs. 500 crores. Only then the financial stability of the reinsurer would lend a perception to the Indian consumer and Indian insurer that their second contract of insurance with such an insurance company would protect their interest. The time has come for the Government to rethink on these aspects which is crucial to the entry of reinsurance companies in the Indian market.

Detariffing - The Indian insurance market has successfully completed the first phase of de-tariffing. The pricing of the erstwhile tariff classes has seen the premium for these classes come down to realistic levels. On the other hand the insurance segments which used to receive subsidy are seeing increase in premium levels. The stage is set for the next phase of detariffing when the terms and conditions will also be freed. The reinsurance market has also been positive about these developments. The analysis reveals that the commissions and rate on lines for proportional and non-proportional reinsurances did not vary significantly at last renewal. Further, none of the reinsurers withdrew from the market. All this reflects an appreciation and understanding of the steps undertaken by the Authority in promoting competition on the direct insurance side.

In this context the role of the National reinsurer, GIC becomes very important. GIC has to provide lead in providing capacity to direct insurers in the size and types of risk and the volume of business they can safely underwrite. It has to guide the insurer in the new classes of business and geographical area to enter, expand or withdraw.

Properly structured reinsurance programs assist insurers by limiting wide fluctuations in underwriting results. As a consequence, the risk spread will allow the insurer to reduce the required amount of security funds and its own funds, and hence the solvency margin. GIC will have to step in giving advice to direct insurers on how to optimize the reinsurance placements. The success of de-tarffing in the country is critical to the reforms process and will crucially depend upon the role and support played by the National reinsurer.

Retentions – The Authority has observed that the overall retention of the private sector players is less as compared to that of public sector companies. The private sector companies would do well to improve retentions to ensure that they act as insurers and not as fronting companies.

Security of Reinsurers – Another area of concern is the security rating of the reinsurers. In facultative placements, the security of some of the reinsurers is not known t. The companies have been asked to verify the rating of the reinsurers before placing the risks in the international markets.

Recoverables - The outstanding loss recoveries in insurance companies are in the range of hundreds of crores and rising. It is imperative that the insurance industry takes this task in all its seriousness and reduces the amounts due to them from the reinsurers. The problem is especially severe in case of the public sector companies.

Accumulation Exposures – The Indian insurance industry is constrained by lack of data on accumulations. This translates into higher outgo in reinsurance protection. The companies are well-advised to provide complete and accurate information to reinsurers regarding their commitments which would enable them to price the contracts competitively.

Conclusion

IRDA has many tasks on hand, of which developing the reinsurance market is one. It would be in order to make India a hub for reinsurance in the whole of South Asia and South East Asia. IRDA has already created a congenial environment for the insurers and reinsurers to flourish and prosper. Now it is up to the players especially the reinsurers to make the most of the opening of the insurance sector and become more closely involved in the developments and gains of the Indian insurance market.

It would be in order to make India a hub for reinsurance in the whole of South Asia and South East Asia. IRDA has already created a congenial environment for the insurers and reinsurers to flourish and prosper.

The author is Deputy Director, Non-Life, IRDA. The views expressed in the article are his own.

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

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

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

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

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प्रकाशक का संदेश

जोखिम हमारे अस्तित्व का आंतरिक भाग है। ऐसी समाज की कल्पना करना कठिन है जो जोखिम को कम करे के प्रयासों में संल्गन न हो। बीमा के यंत्र द्वारा जोखिम को एक बचाव प्रदान किया जाता है, यह स्वतः रूप से जोखिम वहन क्षमता से आगे निकल जाता है। यह अपने आप को ऐसे जोखिमों से बचाव प्राप्त करने के लिये पुनर्बीमा व्यवस्था में शामिल हो जाते हैं।

यह ध्यान देने योग्य बात है कि पुनर्बीमा न केवल ऐसा औजार है जो बीमाकर्ता के समाप्त होने के लिये संपूर्ण सुरक्षा प्रदान करता है। यह केवल प्रभाव को कम कर देता है। जोखिम का बीमा लेखन कौशल तथा वस्तपरक ढंग से करने तथा जोखिम के सभी कारकों का विश्लेषण करना बीमाकर्ता का प्राथमिक कार्य है। अपने अनुकूलतम प्रयत्नों के बावजूद यदि दावे फिर भी निरंतर आते है। पुनर्बीमा प्राथमिक बीमा लेखन के लिये समर्थन प्रस्तुत करेगा।

पुनर्बीमा आदर्श रूप से पोर्टफोलियो के संतुलन के लिये लक्षित होता है। जो कि किसी भी विवेक सम्मत बीमाकर्ता द्वारा किया जाना चाहिये। हाल ही में यह कारक भी बड़े पैमाने पर हुई क्षति जैसे डब्ल्यूटीसी पर हमला, हैरिकेन इत्यादि के कारण चुनौतियों से भर गया है। यह विश्वास करना बड़ा ही कठिन होगा कि पुनर्बीमा वास्तविक रूप से सभी बीमालेखन को जो मूल बीमाकर्ता को आते हैं को आते हैं को झेल सकता है। यह मूल बीमाकर्ता के कौशल की परख करता है। इससे पहले भी कोई वायदा किया जाये तथा लंबे समय के संबंध स्थापित करने के लिये जिससे की जोखिम के लिये सतत् प्रवाह एक अच्छे व्यवसाय को सुनिश्चित कर सके।

जर्नल के इस अंक के केन्द्र बिन्दु में पुनर्बीमा अपने पूर्ण चमक के साथ है। अन्य सभी समझौतों में जहाँ खरीदने वाले को सावधान रहना चाहिये। बीमा समझौता परम् सद्भाव के सिद्धांत को महत्व देता है। तदानुसार बीमा अधिनियम समझौता के दायित्व को परिभाषित करने में महत्वपूर्ण भूमिका निभाता है। बीमा अधिनियम जर्नल के अगले अंक में केंद्र बिन्दु में होगा।

सी. एस. राव

सी. एस. राव
अध्यक्ष

" दृष्टि कोण "

बीमा प्रवेक्षकों के अंतर्राष्ट्रीय एसोसिएशन (आईएआईएस) शोधन क्षमता के मानक को बहुत अधिक महत्व देता है। यह एक ढंग है जिससे वैश्विक आधार पर एक सम क्षेत्र बीमा क्षेत्र के भीतर उपलब्धि प्राप्त करता है तथा आम बीमा उपभोक्ता का विश्वास बीमा उत्पादों में लुभाता है।

श्री माइकल फ्लेमी

अध्यक्ष - आईएआईएस कार्यपालक कमेटी

हेल्थ बीमा पॉलिसीधारक की मदद के लिये अधिक कार्य भले स्वास्थ्य तथा वर्तमान बाजारों को अधिक गंभीर होने से रोकने के रूप में दे सकता है साथ ही वह चिकित्सकों तथा चिकित्सालयों को अपने पलिसीधारकों के स्वास्थ्य पर केन्द्रित कर सकता है।

श्री खाव बुन वान

स्वास्थ्य मंत्री, सिंगापुर सरकार

चाइना इंश्योरेंस विनियामक कमीशन (सीआईआरसी) उद्योग के विनियमों को मजबूत करेगा जिससे भ्रांतिपूर्वक बीमा विक्रय कम किया जा सके साथ ही दावों को प्रबंध किया जा सके तथा वित्तिय जोखिमों की बीमा बाधता की स्थायित्व के सुरक्षा के लिये उपयोग किया जा सके।

श्री वू डिंगफू

अध्यक्ष सीआईआरसी

ऐसे बैंक जो बीमा के लिये आवेदन करते हैं, उनके लिये पहली प्राथमिकता यह होनी चाहिये कि वे यह प्रदर्शित करें कि वे बेसल II मानकों को लिये पर्याप्त निधि रखते हैं। ऐसे बैंक जो बीमा क्षेत्र में प्रवेश करना चाहते हैं तभी लाइसेंस प्राप्त कर सकते हैं यदि वह यह दिखा सकें कि उनके साथ बेसल II की पूंजी आवश्यकताओं से निबटने के लिये स्त्रोत है।

श्री सी एस राव

अध्यक्ष, बीमा विनियामक और विकास प्राधिकरण, भारत

एशिया में मजबूत आर्थिक वृद्धि के कारण बड़े पैमाने पर संपत्तियों का निर्माण हुआ है। इसके कारण एशिया में बीमा के प्रति दृष्टिकोण बदल गया है। कुछ समय में ही मूल बाजार का उत्साह तेज हुआ है।

श्री लो कोव मून

कार्यकारी निदेशक, सिंगापुर की मॉनेटरी एथोरिटी

वित्तिय बिचौलिया होना एक आसान कार्य नही है। पहले सलाहकारों को उत्पाद बेचने के संबंध में मूल जानकारी नही थी। लेकिन अब स्थिति में परिवर्तन हुआ है। विनियामक अकेले ही ठीक उत्पाद के विक्रय को ठीक व्यक्ति के लिये सुनिश्चित नही कर सकता।

श्री एम दामोदरन

अध्यक्ष, भारतीय प्रतिभूति विनियामक बोर्ड (सेबी)

सैल्समैनशिप और बीमा उत्पादों की बिक्री

अच्छी सैल्समैनशिप सफल व्यापार का गुरू मंत्र है। ग्राहक के साथ बातें करते वक्त कुछ बातों पर ध्यान देना काफी जरूरी है।

सैल्समैनशिप विपणन का एक अनिवार्य हिस्सा है। अच्छी सैल्समैनशिप सफल व्यापार का गुरू मंत्र है। ग्राहक के साथ बातें करते वक्त कुछ बातों पर ध्यान देना काफी जरूरी है। सिर्फ बीमा उत्पाद के बारे में विवरण और मूल्य प्रस्तुत करना संभावित ग्राहक को बीमाधारक में तब्दील करने की गारंटी नही देता। पर व्यक्तिगत से जुडे निम्न पहलुओं पर ध्यान दिया जाये तो ग्राहक उत्पाद के प्रति निःसंहेद जागरूक होता हैः

- व्यक्तिगत में दो बातें मुख्य तौर पर भूमिका अदा करती हैंः
  शब्दों की भाषा (वर्बल लैंग्वेज)
  शरीर की भाषा (बॉडी लैंग्वेज)

  ★ **शब्दों की भाषाः** भाषा व बोलने का अंदाज मधुर हो। छोटे वाक्य बोंले पर बिना संकोच या घबराहट के। प्रस्तुति में आत्मविश्वास झलकना चाहिये जो विनम्र लहजें में हो। जो बोलें स्पष्ट बोलें। कथन में क्रम हो। एक तथ्य को दूसरा तथ्य न काटे, इसका ख्याल रखना जरूरी है। अपनी बात को आपनी ही बात से न काटें, वार्तालाप के दौरान अवश्य ध्यान रखें। यह आत्मविश्वास की कमी के साथ उत्पाद के बारे में जानकारी न होने या अल्प जानकारी होने का सबूत है। जो बोलें साफ बोलें, जो बोलें स्पष्ट बोलें मूलमंत्र होता है अच्छे सैल्समैन का।

  ★ **शरीर की भाषाः** बॉडी लैंग्वेज यानी शरीर की भाषा में आपके पूरे शरीर का संतुलन समाविष्ट होता है जो हाथ मिलाने से लेकर, बैठने-चलेन, बातें करने, शब्दों के सही-सही उच्चारण आदि तक आपकी क्रियाओं के बारे में बताता है। ग्राहक से वार्तालाप के वक्त विपणन कार्मिक की निगाह सीधी होनी चाहिये। चेहरे पर मुस्कुराहट हो। वेशभूषा पर खासा ध्यान दें। कपड़े साफ हो, इस्त्री किये हुये। शरीर से किसी भी प्रकार की दुर्गंध आने को अवश्य रोकें। उपयुक्त और रूचि के अनुसार हल्के परफ्यूम आदि का इस्तेमाल किया जा सकता है।

आपका बॉडी लैंग्वेज ऐसा हो कि ग्राहक को लगे कि आपका ध्यान उस पर केन्द्रित है। मैनें कुछ ऐसे व्यक्तियों को देखा है जो बात करते वक्त किसी और को देख रहे होते हैं। ऐसे ही अपने एक परिचित से मैनें इस का कारण पूछा तो उन्होनें बताया कि मेरी निगाह सब जगह रहती है इसलिये मैं ऐसा करता हूँ। पर यह व्यवहार ग्राहक को नाराज और उत्तेजित कर सकता है। वह यह भी सोच सकता है कि बीमाधारक बनने से पूर्व इस बीमा कंपनी के कर्मचारी का यह व्यवहार है तो बीमा लेने के बाद क्या होगा। अंततः एक वक्त में पूरा समय व ध्यान एक ही ग्राहक को दें। समय प्रबंधन आप पहले से कर लें। वार्तालाप के वक्त भी आपका स्वर कहाँ उच्च, कहाँ निम्न रखना है इसका ध्यान रखना अपेक्षित है। स्मरण रखें मुस्कुराता चेहरा बढ़ाता व्यापार स्लोगन है एक अमेरिकी बीमा कंपनी का और अंग्रेजी में लिखा यह स्लोगन इस कंपनी के हर कार्यालय में एक मुस्कान बिखेरती महिला के साथ प्रदर्शित है।

एजेंट यानि आज का अर्जुन
अर्जुन की तरह लक्ष्य ...
सर्वोत्तम व्यापार का लक्ष्य ...
अधिक अच्छे ग्राहकों का लक्ष्य ...
अंतिम परिणाम का लक्ष्य ...

शरीर से किसी भी प्रकार की दुर्गंध आने को अवश्य रोकें। उपयुक्त और रूचि के अनुसार हल्के परफ्यूम आदि का इस्तेमाल किया जा सकता है।

एलआईसी के बढ़ते व्यापार पर एक नजर (वर्ष 1.4.2005 से 31.3.2006)	
पॉलिसियों की संख्या	315.73 लाख
कुल आय	रू. 132146 करोड़
चलन में कुल पॉलिसियों की संख्या (व्यक्तिगत)	18.64 करोड़
बीमित रकम	रू. 1600683 करोड़
चलन में कुल समूह की संख्या	3.15 करोड़

एजेंट ऐसे समझाये ग्राहक को

बीमा एजेंट या विपणन से जुडे उन कार्मिकों, जो ग्राहक सेवा से सीधे जुडे हैं, के लिये बीमा उत्पादों की भली भांति जानकारी होने के साथ ग्राहकों (संभावित व विद्यमान दोनों) को उत्पादों के बारे में प्रभावशाली ढंग से बताने का गुण आत्सात करना आवश्यक है। बीमा पॉलिसियों से संबंधित मुद्दों पर तर्क को रखने और उसको विस्तृत रूप देने के आधार पर बीमा का निर्णय प्रभावित होता है। अलग-अलग व्यक्ति के समक्ष तर्क रखने के आधार व शैली में फर्क हो सकता है। परन्तु, कभी भी तथ्य को तोड़-मरोड़कर प्रस्तुत करने का प्रयास नही करना चाहिये, अनैतिक तरीकों के जरिये ग्राहकों को लुभावने का प्रयास नही करना चाहिये। यह उत्तम विपणन का दोष होने के साथ साथ गैर कानूनी कृत्य भी है। ग्राहक से मिलने से पूर्व (यदि मुलाकात पूर्व निर्धारित है) वार्ता संबंधी बिन्दु तय कर लेना बेहतर है। ग्राहक को बात-चीत के दौरान भावनात्मक एवँ बुद्धिमानीपूर्वक तरीके से उत्पाद के प्रति जोड़ने की कोशिश करनी चाहिये और असफलता के कारणों को दूर करने का प्रयास करना चाहिये। पर ग्राहक सिर्फ भावनात्मक स्तर पर जुडे यह भी अपेक्षा नही होनी चाहिये, क्योंकि बदलती आर्थिक परिस्थितियों में भावनाओं के बिखरने का भय रहता है। इसीलिये उत्पाद के साथ या व्यक्ति के साथ (जो बीमा बेच रहा है) आत्मीय लगाव यद्यपि बीमा व्यवसाय की दृष्टि से सकारात्मक है, तथापि ग्राहक विभिन्न तर्कों व मानदंडों पर संबंधित उत्पाद को अपनी अपेक्षाओं तथा आवश्यकताओं के अनुकूल अनुभव को यह लक्ष्य बीमाकर्ता की तरफ से प्रतिनिधित्व कर रहे व्यक्ति का होना चाहिये। हम बीमा बेच रहे व्यक्तियों की तरफ से प्रस्तुत किये जाने वालें तर्कों को मुख्यतः पाँच भागों में विभक्त कर सकते हैं:

1. मुख्य तर्क
2. आय तर्क
3. विनियोग तर्क
4. रोजगार तर्क
5. अन्य तर्क

1.मुख्य तर्क (Stock Argument)

मुख्य तर्क वे हैं जो अनिश्चितता एवँ सुरक्षा से संबंधित हैं। जीवन बीमा व साधारण बीमा की विभिन्न पॉलिसियों के प्रमुख लाभों को इसके अंतर्गत बताया जाता है। ये तर्क (क) परिवार की सुरक्षा (ख) वृद्धावस्था के लिये बचत (ग) संपत्ति के निर्माण से संबंधित है (घ) दुर्घटना/बीमारी से सुरक्षा

i. परिवार की सुरक्षा

बीमा के पक्ष में जो महत्वपूर्ण तर्क दिया जाता है वह परिवार की सुरक्षा से संबंधित है। जीवन बीमा का प्रमुख उद्देश्य परिवार के सदस्यों, स्त्री, बच्चे और अन्य आश्रितों को मुखिया की शीघ्र आकस्मिक मृत्यु पर होने वाली आर्थिक कठिनाइयों से बचाना है। मृत्यु निश्चित है परन्तु इसका समय अनिश्चित है। अतः परिवार की आर्थिक कठिनाइयों को दूर करने के लिये आवश्यक है कि बीमा लिया जाये। जिन व्यक्तियों ने बीमा नही लिया था। उनकी मृत्यु के बाद परिवार को क्या-क्या कठिनाई सहनी पड़ी इसका उदाहरण दिया जा सकात है। प्रत्येक व्यक्ति की यह नैतिक जिम्मेदारी है कि वह अपने स्त्री, बच्चे और आश्रितों की सुरक्षा और सुविधा का ध्यान रखें। जब तक वह जीवित रहता है तब तक वह अपने स्त्री-बच्चों आदि का पालन पोषण करता है परन्तु मृत्यु के बाद भी वह ऐसा कर सकता है। इसके लिये बीमा की सुविधा उपलब्ध है। यह समझाना बीमा विक्रेता का कर्तव्य है। एलआईसी का नारे के यहाँ उल्लेख किया जा सकता है- जीवन के साथ भी, जीवन के बाद भी।

क) दुर्घटना या मृत्यु से हानि

दुर्घटना या मृत्यु से हानि के विषय में सभी परिचित है केवल इस हानि को एक तार्किक रूप में प्रस्तुत करने का प्रस्तुत करने का प्रश्न आता है। सड़क दुर्घटना, काम करते वक्त दुर्घटना या किसी अन्य प्रकार की दुर्घटना में व्यक्ति अपंग हो सकता है या उसकी मृत्यु हो

दुर्घटना या मृत्यु से हानि के विषय में सभी परिचित है केवल इस हानि को एक तार्किक रूप में प्रस्तुत करने का प्रस्तुत करने का प्रश्न आता है।

सकती है। मृत्यु के समय परिवार बिना आय के हो जायेगा और इससे परिवार के सभी व्यक्तियों को कष्ट होगा। यदि परिवार में आय का कोई अन्य साधन है तो भी मृत्यु पर कुल आय में कमी हो जायेगी। इस प्रकार मृत्यु से हमेशा आर्थिक हानि होती है। कभी कभी यह हानि इतनी गंभीर हो जाती है कि स्त्री बच्चे सड़क पर आ जाते हैं। या अपने किसी संबंधी के यहाँ जीवन भर उनकी कृपा पर जीते हैं।

ख) मृत्यु पर बीमा से लाभ

मृत्यु से संबंधित साधन जीवन बीमा ही है। क्योंकि इस विधि में जितनी रकम का बीमा कराया गया है उतनी रकम मृत्यु के समय अवश्य मिल जाती है। इस साधन या संपत्ति को थोड़ी प्रीमियम देकर खरीदा जा सकता है। यदि मृत्यु के कारण सभी प्रीमियम न दी जा सके तो भी बीमित रकम का भुगतान हो जायेगा। यह उस रूप में भी खरीदा जा सकता है कि जिससे परिवार की आवश्यकताएँ अधिक से अधिक संतुष्ट हो सकें। जीवन बीमा एक रचनात्मक संपत्ति है जो खरीदने के समय ही पूर्ण मूल्य बीमा बढ़ जाती है तथा इससे परिवार को एक निश्चित रकम भी मिलती रहती है। जीवन बीमा की आवश्यकताएँ सभी को है परन्तु कुछ इसे अनुभव ही नही किये, कुछ इसके प्रति उदासीन है और कुछ इसको पूरा करने के लिये तैयार हैं। इसी तरह व्यक्तिगत दुर्घटना तथा मेडिक्लेम बीमा हर व्यक्ति के लिये उतनी ही जरूरी है जितनी दैनंदिन जीवन की दूसरी जरूरतें। दुर्घटना या बीमारी से मृत्यु होने की दशा में थोड़े प्रीमियम से ली गई साधारण बीमा पॉलिसी आर्थिक मदद करती है।

(ग) जीवन बीमा की आवश्यकता

> निकट भविष्य की समस्यायें बच्चों की शिक्षा से संबंधित होगी तथा लड़कियों की शादी से जुडी होंगे। इनके लिये भी उसे अभी से प्रबंध करना होगा।

जीवन बीमा की आवश्यकता जीवन के विभिन्न समयों में अलग अलग है। जीवन अवस्था को तीन श्रेणी में बाँटा जा सकता है (ए) प्रथम अवश्ता का समय (बी) दूसरी अवस्था का समय (सी) तीसरी अवस्था का समय।

a) प्रथम अवस्था का समय

इस समय में व्यक्ति 20 वर्ष के नीचे रहता है और उसकी अपनी कोई आय नही होती है बल्कि वह अपने माता पिता या अन्य अभिभावक की आय पर जीवित रहता है। इस अवस्था में उसे पढ़ाई, भोजन, कपड़े आदि की आवश्यकता पड़ती है जिसे उसके माता पिता पूरा करते रहते हैं। परन्तु यदि दुर्भाग्य से कोई माता या पिता की मृत्यु हो जाये तो इन आवश्यकताओं को पूरा करने में असमर्थ रहेगा। उसे दूसरे का सहारा ढूँढने पड़ेगा। आय कम होने पर उसकी कठिनाई बढ़ जायेगी। कोई भी माता पिता इन कठिनाईयों को नही देखना चाहेगा। इस आधार पर बीमा की आवश्यकता बहुत तीव्र महसूस की जा सकती है। यदि अश्रित व्यक्ति बड़ा हुआ और उसने आय प्राप्त करना शुरू किया तो उसकी कुछ अन्य आवश्यकताएँ होंगी।

b) दूसरी अवस्था का समय

जब व्यक्ति आय अर्जित करना शुरू करता है तो उसकी अपनी आर्थिक समस्यायें होती है जो कि वर्तमान तथा भविष्य से संबंधित हो सकती हैं। वर्तमान आर्थिक समस्यायें उसके भोजन, वस्त्र आदि से संबंधित होंगी। निकट भविष्य की समस्यायें बच्चों की शिक्षा से संबंधित होगी तथा लड़कियों की शादी से जुडी होंगे। इनके लिये भी उसे अभी से प्रबंध करना होगा। भविष्य की आवश्यकताएँ उसकी वृद्धावस्था से संबंधित होगी। ये सारी आवश्यकताएँ पूरी नही हो सकती यदि व्यक्ति की मृत्यु इस अवधि में हो जाये। दूसरी अवस्था का समय आय व बचत की दृष्टि से सबसे महत्वपूर्ण होता है। व्यक्ति चुस्त दुरूस्त रहता है इसलिये वह अधिक से अधिक परिश्रम कर अधिक से अधिक बचत कर सकता है।

c) तीसरी अवस्था का समय

तीसरी अवस्था का समय 58 एवँ 60 वर्ष की आयु से प्रारंभ हो जाता है जबकि व्यक्ति की आय कम हो जाती है और वह दूसरों पर आधारित होने लगता है। यह समय आम तौर पर नौकरी से सेवानिवृत्त होने का होता है। वैसे आजकल नौकरी से अवकाश ग्रहण सबंधी आयु शिथिल हो रही है। परन्तु फिर भी स्वास्थ्य आदि की दृष्टि से इस समय बीमा कराना थोड़ा मुश्किल होता है। प्रीमियम भी अपेक्षाकृत काफी ज्यादा देना

पड़ता है। पर पहले से बीम है, चाहे जीवन बीमा हो या स्वास्थ्य बीमा, व्यक्ति को सिर्फ पॉलिसी का नवीनीकरण करना पड़ता है। फिर भी बुजुर्ग अवस्था में ऐसे कई व्यय होते हैं जिनके लिये दूसरे पर निर्भर होना पड़ता है। अतः यह जरूरी है कि व्यक्ति अपनी आय का कुछ हिस्सा बचाता रहे। इस उद्देश्य की पूर्ति जीवन बीमा से ही हो सकती है।

ii)वृद्धावस्था के लिये प्रावधान

जब वृद्धावस्था की योजनाएँ सोची जाती है तो बीमा अभिकर्ता के दिमाग में यह रहता है कि व्यक्ति अपनी आय का अर्जन करने की उम्र से अधिक जीवित रहेगा। दूसरे शब्दों में जब व्यक्ति दूसरी आधारित समय में आयेगा तो उसकी आय कम हो जायेगी और दूसरे व्यक्तियों पर आधारित रहेगा। जिन व्यक्तियों पर आधारित रहेगा उनके लिये भार स्वरूप हो सकता है। एक सम्मानित व्यक्ति अपनी आय पर जीवित रहना चाहता है। वरिष्ठ नागरिकों को कई परिवारों में दूसरे पर निर्भर रहते एवँ उपेक्षित जीवन जीते हुये देखा जा सकता है। वरिष्ठ नागरिकों को कई परिवारों में दूसरे पर निर्भर रहते एवँ उपेक्षित जीवन जीते हुये देखा जा सकता है। यह सामाजिक समस्या दिनोंदिन बढ़ रही है। परंतु व्यक्ति समय रहते अपना पर्याप्त जीवन बीमा करा लेता है तो असामयिक स्थिति का सामना करने की उसमें हिम्मत रहती है। पेंशन योजना बीमा के साथ हर माह निश्चित राशि भी देती है। इससे व्यक्ति उम्र दराज होने पर जब मेहनत नही कर सकता, परिवार के दूसरे सदस्यों पर निर्भर नही रहता। बीमा पॉलिसी रहने पर परिवार के लोग उन्हें सम्मान व आदर भी देते हैं। कठोर हकीकत है पर आधुनिक दौर की तेजी से बढ़ती सामाजिक समस्या है।

iii)सम्पत्ति का निर्माण

जीवन बीमा प्रसंविदा लेते समय ही संपत्ति का निर्माण हो जाता है। जितनी रकम का बीमा कराया गया है उतनी रकम अवश्य मिल जाती है चाहे उसके लिये प्रीमियम दी गयी हो या नही। जो व्यक्ति बीमा नही खरीदते उतनी संपत्ति बनाने के लिये अथक प्रयास करते हैं। बीमा खरीदते समय ही बीमित रकम तता बीमा का निर्माण किया जा सकता है।

2.आय तर्क

जीवन बीमा रकम इतनी होनी चाहिये जिससे स्त्री, बच्चों तथा आश्रितों का जीवन यापन हो सके। बीमा की रकम को किसी जगह निवेश करने से उससे पर्याप्त आय मिल सके। आय इतनी पर्याप्त हो कि बच्चों की शिक्षा, विवाह एवँ जीवन में प्रवेश संबंधी खर्च पूरे हो सकें। व्यक्ति ने पहले से कोई जीवन बीमा पॉलिसी खरीदी हुई है तो भी अपनी सक्षमता के अनुसार वह अधिक पॉलिसियाँ भी ले सकता है। वर्तमान आवश्यकताओं को देखते हुये तथा व्यक्ति की आय से तुलना करके यह तय किया जा सकता है कि वर्तमान बीमा पर्याप्त है या नही। बीमा की रकम कम से कम इतनी अवश्य हो कि जिससे बाद के वर्षों में पर्याप्त सुरक्षा मिल सके।

बहुउद्देश्यीय बीमापत्र खरीदकर बच्चों की शिक्षा, विवाह, संबंधी खर्चे पूरे हो सकते है तथा निश्चिंतता से परिवार की गाड़ी चलाई जा सकती है। ग्राहक इस तरह को प्रोत्साहित किया जा सकता है।

3. जीवन बीमा बनाम निवेश

जीवन बीमा उत्पादों में करना अन्य किसी बचत योजना से कम लाभकारी नही है। इस निवेश कर में भी छूट मिलती है। आयकर, सम्पदा कर और मृत्यु कर से छूट मिलती है जबकि पॉलिसियाँ निवेश करने से ये कर देने पड़ते है। बोनस की रकम, आयकर की रकम का तथा अन्य करों का उदाहरण देकर यह समझाया जा सकता है कि जीवन बीमा पॉलिसियाँ किस प्रकार अधिक लाभकारी है। जीवन बीमा में लगायी गयी रकम कभी कम नही होती है बल्कि यह दिनोंदिन बढ़ती जाती है। अतः यह निवेश अन्य निवेशों से अधिक लाभकारी है। बीमा खरीदने से केवल लाभ ही नही होते बल्कि संबंधित अन्य कई कारण भी व्यक्ति के जीवन को प्रभावित करते हैंः

i) कार्य का उत्साह

बीमा खरीद लेने से व्यक्ति निश्चिन्त हो जाता है, कार्य का उत्साह बढ़ जाता है। व्यक्ति को जोखिम पूर्ण कार्य शुरू करने में कोई शंका नही होती है। जिन व्यक्तियों के पास पर्याप्त पूंजी नही है उनको भी बीमा से लाभ मिलता है। वे बीमा के परिणामस्वरूप अपने व्यापार की साख बढ़ा सकते हैं और अधिक ऋण प्राप्त कर सकते है। इस प्रकार कार्य की क्षमता बढ़ जाती है, व्यक्ति संतुष्ट रहेंगे और परिणाम अनुकूल होगा।

ii) बचत व सुरक्षा एक साथ

बीमा से अनिवार्य बचत को प्रोत्साहन मिलता है। बीमाधारक यह समझता है कि यदि बीमा की प्रीमियम नही दी जायेगी तो उसको बीमा का लाभ नही मिल पायेगा। अतः एक बार बीमा खरीदने से

> वर्तमान आवश्यकताओं को देखते हुये तथा व्यक्ति की आय से तुलना करके यह तय किया जा सकता है कि वर्तमान बीमा पर्याप्त है या नही।

उसको चलाने का प्रयास किया जाता है। कुछ दिन बाद यह प्रीमियम अन्य खर्चो की तरह एक खर्च का रूप धारण कर लेता है और उसे बचाने के लिये अलग से कोई प्रयास नही करना पड़ता है। अन्य बचत योजनाओं में ऐसा संभव नहीहै। बचाने की इच्छा हमेशा एक समान नही रहती है। बीमा प्रीमियम जमा करने मे दबाव रहता है अतः लोग बचत करते रहते हैं जो किसी समय एक बड़ी रकम का बड़ा रूप धारण कर गेती है। साधारण बीमा के लिये प्रीमियम देने से विभिन्न रूपों में सुरक्षा की भावना मन में आती है। (जैसे कैंसर, बीमा मेडिक्लेम बीमा, ग्रामीण बीमा से जुडे कई उत्पाद, घर के सामान का बीमा, व्यक्तिगत दुर्घटना बीमा आदि)।

iii) साख में वृद्धि

बीमा पॉलिसी खरीद लेने से समाज में व्यक्ति की साख भी बढ़ जाती है क्योंकि लोग यह समझ जाते हैं कि यदि व्यक्ति को मृत्यु हो गयी तो उसकी बीमित रकम से ऋण की वापसी हो जायेगी। उसमें बचत और निवेश की आदत विकसित हो जाती है जिससे उसकी वित्तिय स्थिति में सुधार हो जाता है। वित्तिय स्थिति में वृद्धि हो जाने पर उसकी साख क्षमता और बढ़ जाती है। ऋणदाताओं से बीमा पॉलिसी की जमानत पर ऋण मिल जाते हैं। बंधक पर ऋण देने के लिये लोग तैयार हो जाते है। आवास ऋण तथा अन्य कई प्रकार के ऋण लेने से पूर्व बैंकों और बीमा संस्थाओं की ओर से जीवन बीमा पॉलिसी बचत के रूप में रखने की मांग की जाती है। अपहरण बीमा, एलआईसी की जीवन श्री आदि पॉलिसियाँ सचमुच व्यक्ति की साख बढ़ाती है।

iv) आत्म सम्मान में वृद्धि

बीमाधारक अपने परिवार की जिम्मेदारियों के प्रति चिन्तित रहता है। यदि वे इसके लिये बीमा लेते हैं तो उनको परिवार की जिम्मेदारियों के प्रति अलग से प्रयास नहीं करना पड़ता है। परिवार के व्यक्ति यदि यह समझते हैं कि उनके लिये बीमा लिया गया है, तो वे अपने उस मुखिया के सम्मान करते हैं। उसको आत्म सम्मान का अनुभव होता है, खुश रहता है। घर के लोगों में यह देखकर निश्चिंतता का भाव रहता है कि उनके लिये जीवन बीमा, हाउस होल्डर बीमा, मेडिक्लेम आदि बीमा हैं।

v) लाभकारी निवेशः

सावधि बीमा को छोड़कर अन्य सभी बीमा में विनियोग का तत्व लागू होता है। मेडिक्लेम बीमा तथा आयकर और संपदा कर से छूट मिल जाती है तथा बोनस की रकम भी मिल जाती है। बीमा के प्रारंभ में सुरक्षा और बोनस की रकम दिये गये प्रीमियम की तुलना में कहीं अधिक होती है। बीमा के सुरक्षा तत्व को ध्यान में रखते हुये बीमा अपेक्षाकृत अधिक लाभदायक होता है। बीमा में सुरक्षा एवँ निवेश दोनों रहता है जो कि अन्य किसी बचत योजना में संभव नही है। दूसरी तरफ बीमा की रकम पर कोई कर नही लगता। प्रीमियम पर कर से छूट मिलती है, बोनस भी मिलते हैं और सुरक्षा भी प्राप्त होती है। इस प्रकार बीमा अन्य बचत से अच्छा है।

4. रोजगार तर्क

बीमा की सहायता से रोजगार चलाने में सहायता मिलती है। व्यापार के प्रमुख कार्यकर्ता का बीमा कराके उसकी मृत्यु पर होने वाली हानि को पूरा किया जाता है। यदि बीमा नही है तो ऐसे व्यक्ति की मृत्यु पर नये व्यक्तियों को प्राप्त करने में तथा मृतक व्यक्ति के वेतन बोनस आदि देने में आर्थिक कठिनाई होती है। व्यापार की साख में वृद्धि हो जाने से ऋण मिलने में सहायता मिलती है। व्यापार की साख में वृद्धि बीमा के कारण हो जाती है। एक साझेदारी व्यवस्था में साझेदारों की मृत्यु पर व्यापार बंद नही होता है क्योंकि बीमा से पर्याप्त रकम प्राप्त करके मृतक साझेदारी की पूँजी में हिस्सा, संचय में हिस्सा, ख्याति का हिस्सा आदि से भुगतान किया जा सकता है।

5. वरिष्ठ नागरिकों / बुजुर्गों को हेल्थ बीमा

एजेंट अपने बुजुर्ग ग्राहकों को साधारण बीमा कंपनियों की हेल्थ बीमा योजना के बारे में बता सकते हैं। यूं तो बीमारी किसी भी उम्र में हो सकती है, पर उम्रदराज लोगों को हर पल बीमारी का आघात होने की आशंका बनी रहती है। ऐसे में थोड़ा ज्यादा प्रीमियम देकर ही सही, पर रिटायर हो रहे / हो चुके व्यक्तियों के लिये हेल्थ बीमा उन्हें बीमारी पर होनें वाले मेडिकल खर्च की प्रतिपूर्ति की सुविधा देती है। यहाँ नीचे दी गई तालिका में तीन बीमा कंपनियों की ऐसी ही योजना के बारे में दर्शाया गया है। अन्य कार्यालयों में भी इस प्रकार की योजना लागू है।

6. अन्य तर्क

बीमा एजेंट बीमा खरीदने के लिये अन्य कई तर्क दे सकता है। वह बता सकता है कि प्रीमियम की रकम उम्र बढ़ने के साथ साथ बढ़ती जाती है। अतः बीमा खरीदने का प्रस्ताव जितनी जल्दी हो सके किया जाना चाहिये। यदि मृत्यु न हुई तो अपंगता के समय बीमित रकम मिल जाती है या प्रीमियम भुगतान करने से मुक्ति मिल जाती है। बीमा लेने का प्रस्ताव स्थगित नही करना चाहिये। अभिकर्ता संभावित ग्राहक को साधारण बीमा की पॉलिसियों के बारे में विस्तारपूर्वक बताते हुये उसे इस बारे में एहसास दिला सकता है कि मेडिक्लेम बीमा, पीए पॉलिसी, हाउसहोल्डर बीमा या अन्य कीमती वस्तुओं जैसे जेवरों आदि का बीमा कितना जरूरी है। कीमती वस्तुएँ चोरी हो जाने पर तुरंत नही खरीदी जी सकती है। व्यक्ति को बड़ी प्रमात्रा में आर्थिक हानि होती है। लेकिन बीमा होने पर नुकसान की भरपाई हो जाती है।

7. अन्य उत्पादों से अलग है बीमा उत्पाद

बीमा एजेंट अपने ग्राहकों को समझा सकता है कि किसी प्रकार बीमा उत्पाद बाजार के

अन्य उत्पादों (टीवी, फ्रिज, आदि विद्युतीय सामान, खाने की वस्तुएँ, अन्य मूल्यवान वस्तुएँ, कपड़े, गहने, जेवर आदि) से अलग है। इसमें व्यक्ति कोई वस्तु खरीदकर घर नही लाता वरन वह जीवन बीमा के रूप में अपना भविष्य सुरक्षित करता है। उसकी असमायिक मौत (न हो तो बेहतर) के बाद उसके परिवार को पूरी बीमित राशि मय बोनस प्राप्त होगी। प्रीमियम का भुगतान मृत्यु के साथ ही बंद हो जाता है। इसी प्रकार साधारण बीमा की पॉलिसियाँ खरीदकर वह संबंधित वस्तु, बीमारी (मेडिक्लेम) या दुर्घटना का बीमा कराता है तथा तत्संबंधी नुकसान होने पर क्षतिपूर्ति / मुआवजा पाता है।

बीमा एजेंटों के लिये टिप्स

देश की आर्थिक वृद्धि को देखते हुये निश्चित तौर पर कहा जा सकता है कि बीमा एजेंटों के लाभ अर्जन एवँ तरक्की की असीम संभावनायें हैं। शायद अन्य उत्पादों / सेवाओं के प्रमोटरों या एजेंटों को उतना प्रतिसाद ग्राहकों की तरफ से मिले न मिले, पर बीमा एजेंटों को मिलना तय है। कारण स्पष्ट है। बीमा उत्पाद व्यक्ति को आर्थिक सुरक्षा और विश्वास प्रदान करता है। शर्त यह है कि ग्राहक तक एजेंट की पर्याप्त व पूर्ण पहुँच हो तथा वह बीमा उत्पाद की महत्ता ग्राहक को भली भांति समझा सके। इसके लिये एजेंट को बिक्री के सभी गुर में पारंगत होन होगा। बादशाह अकबर ने एक दफा अपने मंत्री बीरबल से एक ऐसे व्यक्ति को दरबार में उपस्थित करने को कहा जो बहुउपयोगी हो। उसकी मांग मौजूदा परिप्रेक्ष्य में बीमा एजेंट के गुणों में परिलक्षित होती है। आप स्वंय देखें:

कहें अकबर बीरबल से लाओ कोई ऐसा नर,

हो वह पीर, बावर्ची, भिश्ती और खर।

(शब्दार्थ: पीर- दवा-दुआ करने वाला, बावर्ती- खाना पकाने वाल, भिश्ती- पानी की सेवा देने वाल, खर- मेहनत करने वाला, परिश्रमी)

इसी क्रम में हम यहाँ एजेंटों के लिये कुछ टिप्स (क्या करें / क्या न करें) दे रहे हैं जो उनके लिये उपयोगी होंगे:-

क्या करें:	क्या न करें
ग्राहकों की शिकायतों / उलाहनों को सुझावों के रूप में लें।	ग्राहक से बातें करते वक्त प्रति प्रश्न कदापि न करें।
खुद को ग्राहक के रूप में देखें।	ग्राहक पर अपना रोब न डालें। रूखा व्यवहार ग्राहक को आपसे दूर कर देगा, भले आपका उत्पाद उसके लिये उपयोगी क्यों न हो।
एक समय में एक ही ग्राहक से वार्तालाप करें।	ग्राहक से वार्तालाप के दौरान मोबाइल या दूसरे फोन पर दूसरे व्यक्ति से बात न करें।
ग्राहक को दिये गये समय / जगह पर ही मिलें। किसी जरूरी कारण से कार्यक्रम में परिवर्तन होने से पूर्व सूचना दें व बाद में माफी मांगे।	मुलाकात में अनावश्यक रूप में देरी न करें।
ग्राहक की मदद करें। छोटी से छोटी मदद भी बड़े से बड़ा व्यापार ला सकती है।	मदद में टालमटोल न करें। ना ही ग्राहक के प्रति उपेक्षा पूर्ण रवैया अपनाएँ।
ग्राहक की रूचि में रूचि दिखायें। उदाहरण के लिये यदि बात-चीत के दौरान ग्राहक ज्योतिष में अपनी आस्था रखन के बारे में बताता है ति आप भी समान दिलचस्पी दिखायें।	ग्राहक को हतोत्साहित न करें। हर व्यक्ति के अपने शौक / रूचि / हॉबी होती है। वार्तालाप के दौरान जिक्र आने पर ग्राहक पर अपनी अलग अलग हॉबी (यदि है) कभी नही थोंपे।
बेचने के अपने तरीकों, तकनीकों को अप-टू-डेट रखें। उत्पाद के बारे में पूरी जानकारी रखें।	पुराने घिसे-पिटे तर्क देकर ग्राहक को लुभाने की कोशिश न करें।
अपना एप्रोच हमेशा पॉजीटिव रखें। इससे ग्राहक में भी प्रसन्नता का भाव आएगा और आप में रूचि लेगा।	ग्राहक जब थका-मांदा, अति व्यस्त या कार्यो अथवा परेशानियों में उलझा होतो उससे उत्पाद के बारे में चर्चा न करें।
ग्राहक को भरोसा दिलायें कि बीमा लेने के बाद भी आपकी तरफ से उसे सहयोग और सेवा मिलती रहेगी। अपने आश्वासन पर कायम भी रहें।	ग्राहक द्वारा किसी प्रकार का सहयोग मांगने पर या फोन करने पर या दावा होने की दशा में जिम्मेदारी किसी और की है कदापि न कहें।
विनम्र रहें और वेश भूषा पर ध्यान दें। टाई लगाना जरूरी नही है। पर आपका लुक आकर्षक और आत्मीय भरा होना चाहिये।	ग्राहक के व्यक्तिगत जीवन में झांकने की कोशिश न करें।
कपड़े वे ही पहनें जिनमें आप सहज और आराम महसूस करें। पर वे सलीके से धारण किये हुये व साफ सुथरे हों।	कॉकटेल पार्टी (ऐसी पार्टी जहाँ भोजन के साथ मद्यपान की व्यवस्था रहती है) में यदि ग्राहक से बातचीत कर रहे हों तो आप आप से कतई बाहर न हो, न ही आवेग में आकर बड़े बड़े आश्वासन दें।

लेखक
न्यू इंश्योरेंस पुणे में

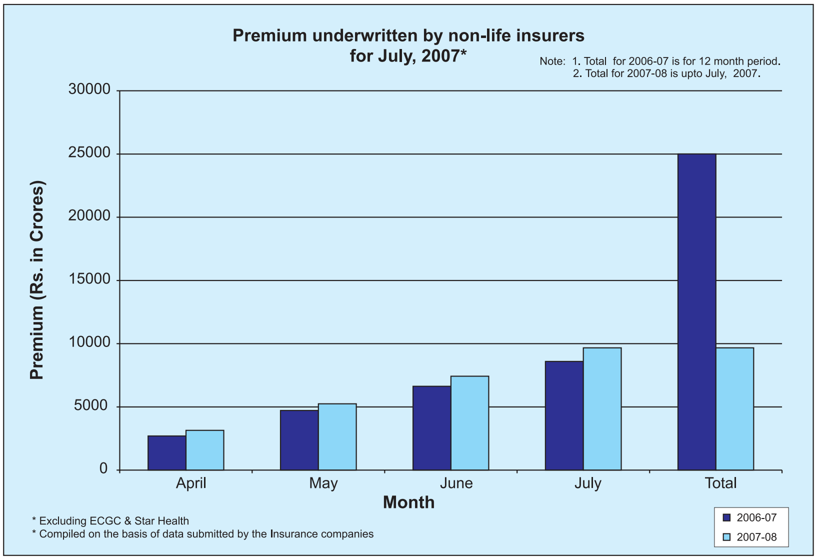
Report Card: General

GROSS PREMIUM UNDERWRITTEN FOR AND UP TO THE MONTH OF JULY 2007

(Rs.in Crores)

INSURER	PREMIUM 2007-08		PREMIUM 2006-07		GROWTH OVER THE CORRESPONDING PERIOD OF PREVIOUS YEAR
	FOR THE MONTH	UP TO THE MONTH	FOR THE MONTH	UP TO THE MONTH	
Royal Sundaram	52.34	220.14	45.04	200.32	9.89
Tata-AIG	72.83	298.15	58.96	281.12	6.06
Reliance General	124.17	653.22	50.01	214.20	204.96
IFFCO-Tokio	86.92	397.00	124.10	488.61	-18.75
ICICI-lombard	275.35	1162.00	222.73	1036.47	12.11
Bajaj Allianz	186.01	759.74	138.50	588.16	29.17
HDFC CHUBB	18.90	70.91	16.39	60.78	16.67
Cholamandalam	37.76	185.69	24.51	104.30	78.03
New India	399.99	1842.76	367.33	1732.54	6.36
National	322.67	1371.33	303.78	1269.78	8.00
United India	285.27	1286.25	257.69	1228.95	4.66
Oriental	374.01	1423.77	348.71	1384.98	2.80
PRIVATE TOTAL	854.28	3746.85	680.24	2973.96	25.99
PUBLIC TOTAL	1381.94	5924.11	1277.51	5616.25	5.48
GRAND TOTAL	2236.22	9670.96	1957.75	8590.21	12.58
SPECIALISED INSTITUTIONS					
ECGC	61.34	203.63	53.98	191.08	6.57
Star Health & Allied Insurance	3.47	40.30	0.44	0.61	

Note: Compiled on the basis of data submitted by the Insurance companies



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

Sl. No.	Insurer	Fire	Marine	Marine Cargo	Marine Hull	Engineering	Motor
1	**Royal Sundaram**	**31.80**	**5.95**	**5.95**	**0.00**	**11.69**	**80.42**
	Previous year	*45.45*	*6.88*	*6.88*	*0.00*	*9.25*	*63.36*
2	**TATA-AIG**	**55.92**	**27.72**	**27.72**	**0.00**	**9.44**	**58.09**
	Previous year	*64.45*	*18.90*	*18.90*	*0.00*	*9.98*	*71.33*
3	**Reliance**	**72.34**	**13.19**	**10.19**	**3.00**	**30.35**	**278.89**
	Previous year	*72.45*	*4.86*	*4.23*	*0.63*	*16.49*	*33.47*
4	**IFFCO Tokio**	**119.07**	**15.69**	**13.97**	**1.72**	**20.19**	**94.78**
	Previous year	*150.43*	*40.01*	*12.62*	*27.39*	*20.93*	*112.28*
5	**ICICI Lombard**	**163.95**	**53.84**	**19.32**	**34.52**	**53.30**	**283.75**
	Previous year	*170.52*	*43.73*	*14.86*	*28.86*	*47.72*	*233.73*
6	**Bajaj Allianz**	**100.84**	**26.92**	**25.46**	**1.46**	**40.76**	**276.01**
	Previous year	*140.80*	*20.44*	*18.45*	*1.99*	*52.05*	*155.84*
7	**HDFC Chubb**	**3.07**	**1.02**	**1.02**	**0.00**	**1.18**	**29.91**
	Previous year	*2.79*	*0.58*	*0.58*	*0.00*	*0.86*	*30.98*
8	**Cholamandalam**	**31.55**	**9.22**	**9.15**	**0.06**	**8.10**	**45.11**
	Previous year	*32.00*	*6.26*	*6.08*	*0.17*	*7.48*	*15.74*
9	**New India**	**292.49**	**97.95**	**47.39**	**50.56**	**55.30**	**490.74**
	Previous year	*308.30*	*73.59*	*38.39*	*35.20*	*57.55*	*529.90*
10	**National**	**147.45**	**54.93**	**33.92**	**21.02**	**38.64**	**514.05**
	Previous year	*195.09*	*53.48*	*34.50*	*18.97*	*29.45*	*462.42*
11	**United India**	**207.86**	**97.68**	**40.22**	**57.46**	**54.32**	**334.36**
	Previous year	*250.17*	*102.80*	*38.06*	*64.74*	*52.65*	*285.97*
12	**Oriental**	**176.08**	**85.31**	**49.28**	**36.03**	**53.85**	**408.46**
	Previous year	*202.32*	*85.61*	*46.94*	*38.67*	*53.44*	*398.16*
	Grand Total	**1,402.41**	**489.42**	**283.59**	**205.83**	**377.12**	**2,894.56**
	Previous year	***1,634.77***	***457.13***	***240.51***	***216.62***	***357.84***	***2,393.18***
	SPECIALISED INSTITUTIONS						
13	**ECGC ***						
	Previous year						
14	**Star Health & Allied Insurance****						
	Previous year						

Note: In case of public sector insurance companies, the segment wise data submitted may vary from the flash Nos filed with the Authority. As such, the industry totals may vary from the flash figures published for the month of June-2007.

*Pertains to Credit Insurance.

** Pertains to Health Insurance.

QUARTER ENDED JUNE, 2007 (PROVISIONAL & UNAUDITED)

(Rs.in Crores)

Motor OD	Motor TP	Health	Aviation	Liability	Personal Accident	All Others	Grand Total
65.78	**14.64**	**27.04**	**0.00**	**1.02**	**8.14**	**1.73**	**167.80**
56.87	*6.49*	*19.06*	*0.00*	*3.45*	*6.04*	*1.80*	*155.28*
49.58	**8.51**	**18.67**	**0.00**	**27.43**	**27.48**	**0.56**	**225.32**
65.44	*5.88*	*11.42*	*0.00*	*19.97*	*19.71*	*6.39*	*222.17*
206.90	**71.99**	**90.27**	**1.48**	**4.09**	**14.12**	**24.32**	**529.05**
33.42	*0.05*	*16.65*	*1.87*	*2.31*	*4.64*	*11.46*	*164.19*
65.17	**29.61**	**26.48**	**0.35**	**3.64**	**4.09**	**25.79**	**310.07**
92.84	*19.44*	*14.52*	*0.40*	*3.61*	*3.57*	*18.76*	*364.52*
206.45	**77.30**	**236.59**	**7.73**	**30.72**	**29.19**	**27.57**	**886.65**
209.48	*24.25*	*172.12*	*6.06*	*41.01*	*28.06*	*70.78*	*813.74*
201.69	**74.31**	**64.25**	**3.27**	**11.99**	**10.83**	**38.86**	**573.73**
119.70	*36.14*	*38.56*	*0.58*	*8.91*	*6.53*	*25.96*	*449.66*
26.61	**3.30**	**7.60**	**0.00**	**1.23**	**1.78**	**6.23**	**52.01**
29.36	*1.62*	*2.17*	*0.00*	*1.12*	*2.75*	*3.14*	*44.38*
37.15	**7.96**	**35.23**	**0.00**	**3.44**	**3.70**	**11.59**	**147.93**
14.47	*1.27*	*7.53*	*0.00*	*3.14*	*2.30*	*5.36*	*79.80*
277.37	**213.37**	**261.02**	**16.77**	**24.24**	**22.70**	**180.54**	**1,441.76**
353.01	*176.89*	*196.60*	*20.51*	*17.55*	*22.37*	*137.65*	*1,364.03*
319.26	**194.79**	**159.56**	**15.09**	**9.69**	**15.54**	**93.71**	**1,048.66**
319.46	*142.97*	*99.27*	*15.16*	*8.86*	*15.51*	*90.84*	*970.09*
210.85	**123.52**	**114.37**	**9.09**	**20.57**	**15.76**	**148.72**	**1,002.73**
192.67	*93.30*	*101.49*	*0.31*	*18.51*	*15.68*	*143.59*	*971.16*
254.95	**153.51**	**143.20**	**26.11**	**18.57**	**25.07**	**113.10**	**1,049.76**
277.03	*121.13*	*112.03*	*23.83*	*14.77*	*20.08*	*119.89*	*1,030.12*
1,921.75	**972.81**	**1,184.29**	**79.90**	**156.63**	**178.40**	**672.73**	**7,435.46**
1,763.75	***629.43***	***791.44***	***68.71***	***143.19***	***147.25***	***635.62***	***6,629.13***
						142.29	**142.29**
						137.10	*137.10*
		36.40			**0.43**		**36.83**
		0.11			***0.06***		***0.17***

Institute of Insurance and Risk Management (IIRM) conducted its convocation ceremony for the III batch of students for the Academic Year 2006-07 on 16th August, 2007 at Hyderabad. Shri M. Damodaran, Chairman, Securities and Exchange Board of India (SEBI), delivered the Convocation address.

Chief Guest Mr. M. Damodaran, Chairman, SEBI lighting the lamp to mark the inauguration of the convocation. Also seen in the picture are (from L to R):
Mr. Vepa Kamesam, Managing Diretor, IIRM; Padma Bhushan Dr. P.V. Indiresan, Former Director, IIT-Madras; Mr. C.S. Rao, Chairman, IRDA; Mr. Trevor Bull, Managing Director, Tata AIG Life Insurance Co. Ltd.; Mr. Shrirang V. Samant, General Representative for India, Lloyd's India Liaison Office.

Mr. Shashi Shekhar, who stood overall first during the academic year receiving the award from the hands of Mr. M. Damodaran. Looking on is Mr. Trevor Bull.

8 - 9 Sep 2007 Venue: Mumbai	Asia Pacific/Oceania Financial Advisors Conference By *LIMRA International*
10 - 11 Sep 2007 Venue: Pune	CD Deshmukh Seminar on Creating Consumer Awareness By *NIA Pune*
9 - 12 Sep 2007 Venue: Copenhagen, Denmark	IUMI 2007 Conference By *International Union of Marine Insurance*
17 - 22 Sep 2007 Venue: Pune	Effective Underwriting in Detariff Regime By *NIA Pune*
26 - 28 Sep 2007 Venue: Brussels, Belgium	ICMIF 2007 Biennial Conference By *International Cooperative & Mutual Insurance Federation*
27 - 29 Sep 2007 Venue: Pune	Workshop on Micro Insurance By *NIA Pune*
15 - 17 Oct 2007 Venue: Pune	Insurance Management Programme for Energy Risk (Oil & Gas) By *NIA Pune*
16 - 19 Oct 2007 Venue: Florida, USA	14th IAIS Annual Conference By *International Association of Insurance Supervisors (IAIS)*
18 -21 Oct 2007 Venue: Marrakesh, Morocco	20th FAIR Conference By *Federation of Afro-Asian Insurers and Reinsurers*
25 - 27 Oct 2007 Venue: Pune	Financial Risk Insurance & Insurance Derivatives By *NIA Pune*
28 - 31 Oct 2007 Venue: Kuala Lumpur, Malaysia	23rd Pacific Insurance Conference By *Life Insurance Association of Malayasia (LIAM)*

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"view point"

The International Association of Insurance Supervisors (IAIS) attaches huge importance to standard-setting work on solvency, as a way to achieving both a global level-playing field within the insurance sector and heightened general consumer confidence in insurance products.

Mr. Michael Flamee
Chair of the IAIS Executive Committee

Health insurers can do more to help policyholders by giving them the incentives to stay healthy and prevent existing illnesses from worsening; as well as encourage doctors and hospitals to focus on the health outcomes of their policyholders.

Mr. Khaw Boon Wan
Minister for Health, Government of Singapore

The China Insurance Regulatory Commission (CIRC) would strengthen industry regulation to reduce misleading insurance sales, manage claims and prevent financial risks to safeguard the stability of insurance market.

Mr Wu Dingfu
Chairman, CIRC

The first priority for banks who apply for an insurance venture would be to demonstrate that they have enough funds to meet the Basel II norms. Banks who wish to enter the insurance sector will be given licences only if they show that they have adequate resources to meet the Basel II capital requirements.

Mr. C.S. Rao
Chairman, Insurance Regulatory & Development Authority (IRDA)

The strong economic growth has led to an unprecedented level of wealth creation in Asia. This has in turn changed the perception of the insurance markets in Asia from one that is described as 'opportunistic' to a 'core' market within the space of a few years.

Mr Low Kwok Mun
Executive Director, Monetary Authority of Singapore

Financial intermediation is not an easy task. Earlier, advisors had no basic understanding of the products they sold. But now things have changed. The regulator alone cannot ensure the sale of the right product to the right person.

Mr. M. Damodaran
Chairman, Securities and Exchange Board of India (SEBI)