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# J. B. BODA GROUP

Issue 93

## MEDIAN

March 2015

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## NEWS AT JBB

### 11<sup>th</sup> Brokers' Summit – New Delhi – 23<sup>rd</sup> February, 2015

Summit was inaugurated by **Mr. T. S. Vijayan – Chairman – IRDA**. **Mr. M. Ramaprasad – Member IRDA** and **Mr. Suresh Nair – Deputy Director** were also present alongwith **Chairman of GIC Re, New India, and United India & AICIL**. Our **Group Chairman, Mr. Atul Boda** participated in this Summit.

Topics discussed were:

1. IRDAI's support to brokers for penetrating the insurance market
2. Creating visibility of insurance industry to the Indian public
3. Work closely between insurance companies and IBAI to share achievements and contributions with the society to boost confidence and spread awareness
4. Ordinance on Foreign broker entry into the market and on Foreign Reinsurance companies opening their branches in India which will open avenues to Broking fraternity.
5. Other important points like Compliance, IT, Standardising and Simplifying Policy Wordings, Burning Cost, Joint Broking were taken up.

### Hyderabad meet – 12<sup>th</sup> Feb 2015

A quarterly review meet introduced this year for Southern region, conducted in Ramoji film city, Hyderabad on 12<sup>th</sup> Feb 2015. The program was well hosted by the Hyderabad team and the members were – **Hyderabad Team, Bangalore Team, Chennai Team and Mysore Team** including **EB Mumbai**. The meeting was conducted in the presence of our **Vice Chairman – M.D., Mr. Gautam Boda**.

Points taken up:

1. Annual growth and the expected growth in the upcoming financial year
2. Discussed about various requirements and changes required to enhance the system.





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## ON “WRITE SIDE”

### Precious manuscripts are at risk in India's public libraries, as they cannot even afford basic insurance

The year 1193 was one of terror for Nalanda's Buddhists. Mohammed Bakhtiyar Khilji's marauding soldiers burnt thousands of monks alive and beheaded a thousand others in the region. However, for Buddhism itself, the year was nothing short of catastrophic.

For although the religion was on the decline in India by then, the destruction of Nalanda's great library was, for Buddhism, “the final coup de grace“, according to historian Charles Allen. It marked the “virtual obliteration of every page of a thousand years of Buddhist history on the subcontinent. Thus, India's Buddhist past was all but lost -and very soon forgotten,” Allen says in his book Ashoka.

Perhaps no other event in Indian history emphasizes as much the importance of public libraries to society.

At a time when India's wealthy spend crores of rupees to insure prized art and collectibles, ‘uncovered’ public libraries -home to the cultural and historical moorings of any society - epitomize both apathy and irony.

Premier public institutions such as The Asiatic Society of Bombay, the David Sassoon Library and Reading Room and the Delhi Public Library stand vulnerable to all kinds of mishaps, be it theft, fire or flooding.

The meagre government, corporate and individual grants they receive are barely enough for operational and administrative expenditures, leaving almost nothing to consider even basic insurance cover. This is in stark contrast to the West, where governments and foundations invest millions of dollars to safeguard valuables at museums and libraries.

“North American museums and public libraries are often set up by private benefaction and in such cases have a duty to protect the financial endowment and legacy. It is not just the works of art but also their value as a financial asset that is of importance,” says Robert Read, head of fine art, Hiscox, a LSE-listed speciality insurer.

In India, Kolkata's National Library is, perhaps, an exception, with some 500 of its rare books insured. Others like the David Sassoon Library and Reading Room, Mumbai are only now considering applying for cover.





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## NATIONAL

### **Insurance firms asked to bring out simple, low-cost products**

HYDERABAD: PSU insurance companies have been asked to devise simple and low-cost products keeping in mind the needs of the common man.

They have also been asked to use the Jan Dhan Yojna extension network to distribute their schemes.

The companies were given this advice at a meeting called to review the performance of public sector insurance companies and also the insurance sector.

Department of Financial Services under Ministry of Finance and Insurance Regulatory and Development Authority (IRDA) had called the meeting.

The meeting was called to review the performance of Government-owned insurance companies and address issues affecting their performance.

Source: Economic Times

### **Change in the air at Irdai as top posts fall vacant**

With several member posts falling vacant, the Insurance Regulatory and Development Authority of India (IRDAI) is set to see a lot of changes in its top management.

Positions for whole- time members of non- life finance and investment and distribution are set to become vacant between March and July. The post of member, life, has been vacant since February last year.

Source: Business Standard

### **15 Years Of Insurance Industry After Privatisation: THE TECH EDGE**

The Insurance Regulatory and Development Authority of India (Irda) was established in 2000 to look into the regulatory affairs and promote the development of the sector by upholding the policyholders' interest. Fifteen years since its inception, private and public sector players have taken efforts to promote growth and improve penetration. But the real winner has been the customer and largely because of technology, which has made processes easier and quicker

#### **THE TECH EDGE:**

Selling via tablets, automatic payment and scanning of documents, Digital storage of policy documents make life easier

Source: Irda annual report





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**LIFE**

### **LIC: THE QUINTESSENTIAL WHITE KNIGHT**

State-owned Life Insurance Corporation of India (LIC) has always been the government's go-to investor when it comes to divesting its holdings in public sector undertakings. Irrespective of the market conditions, LIC has always been ready to sign big cheques to bail the government out when demand from other investors has been poor.

A snapshot of some key disinvestments where LIC has bailed the government:

	In ₹ cr	Issue size	LIC investment	% of total	
<b>FY12</b>	ONGC	12,750	12,179	<b>95.5</b>	
<b>FY13</b>	SAIL	1,517	1,069	<b>70.5</b>	
	NALCO	630	289	<b>45.9</b>	
	RCF	315	142	<b>45.1</b>	
	Hindustan Copper	808	352	<b>43.6</b>	
<b>FY14</b>	BHEL	1,887	1,887	<b>100.0</b>	
	Hindustan Copper	260	130	<b>50.0</b>	
	Power Grid	1,637	450	<b>27.0</b>	
<b>FY15</b>	Coal India	22,558	10,000*	<b>44.3</b>	
	SAIL	1,720	1,000	<b>58.1</b>	

Source: DoD; Stock exchanges; \* according to reports





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## NON LIFE

### GIC plans bond issue to boost nuclear-cover

General Insurance Corporation of India (GIC Re) has turned to the capital market for solutions to create the underwriting capacity required for providing liability insurance cover to nuclear operators. The corporation is eyeing an insurance-linked bond issue which will beef up the proposed 'nuclear pool' to be set up by all the general insurance companies in the country.

An insurance-linked bond is a security where the returns are linked to the happening of an insured event. If there are claims to be paid out, the investor receives a much lower return.

A nuclear insurance cover is crucial for any private operator looking to run a nuclear power plant in India. Currently, nuclear risks are not covered by any policy as insurers do not have the wherewithal to estimate liabilities. All property insurance covers that are available exclude losses due to nuclear reaction, radiation or radioactive contamination.

GIC Re has in the past managed to cover risks that were declined as uninsurable by the global insurers. In the aftermath of the 911 attacks when international reinsurers made 'terrorist acts' uninsurable risks, GIC Re continued to cover the same by pulling together all Indian companies and creating a 'terror pool'. A similar attempt is now on to create a 'nuclear pool'.

Source: Economic Times

### Insurance to cover home treatment, with riders

You have been advised physiotherapy for your chronic back ache and you opt for treatment at home. Chances are your health insurance policy will not cover it. However, if you had been advised physiotherapy after a surgery, the same policy will cover it, as it falls under domiciliary or post-hospitalisation treatment.

If your health insurance policy offers cover for out-patient department (OPD) or day-care procedures, physiotherapy would be covered, even if it is not linked to a surgery. However, premiums for such covers are almost thrice that of a regular health insurance cover.

Source: Business Standard





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### **Insurer told to pay penalty and interest**

The Supreme Court has raised the compensation to be paid by United India Insurance Company, along with higher interest and penalty, for the death of a transport worker under the Workmen's Compensation Act.

The worker died when the bonnet of the vehicle he was cleaning fell on him. His dependents claimed compensation as he died in the course of employment. The evidence showed that he actually died cleaning another vehicle of the same owner. However, both vehicles were insured by the same company.

On his appeal, the court directed the insurer to pay the amount with penalty amounts. The court exercised the extraordinary power under Article 142 of the Constitution to indemnify the owner as the claimants hailed from the lowest strata of society.

Source: Business Standard





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## INTERNATIONAL

### When Micro-entrepreneurs Take Out Macro-insurance They Do *Not* Invest More in Growth

Firms in many developing countries cite macroeconomic instability and political uncertainty as major constraints to their growth. Economic theory suggests firms delay investments until uncertainty falls. A randomized experiment in post-revolution Egypt measured the impact of insuring microenterprises against macroeconomic and political uncertainty. Demand for insurance was high: 36.7 percent of micro-entrepreneurs in the treatment group purchased macro-insurance. However, purchasing insurance does not change the likelihood that a business takes a new loan, the size of the loan, or how the loan is invested. This lack of investment in growth is attributed to investments in inventories and raw materials rather than irreversible investments like equipment. Contrary to what some firms profess, macroeconomic and political risk is not inhibiting the investment behavior of microenterprises. Rather, the value of the insurance is in protecting firms when shocks occur.

Source: World Bank Policy Research Working Paper 7048 by Matthew Groh and David McKenzie.





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