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NEWS AT JBB

JBB had delegates visiting from Nepal. Mr. A. K. Thakur, Mr. Mahesh Rimal and Mr. Binod K. C. from M/s. Bima Samiti Sansthan as also Mr. Shekhar Baral, Mr. Bijay Bahadur Shrestha from M/s. United Insurance too had visited last month.

Similarly, we had visitors from Mauritius, Mr. Anwhar Purdasy of M/s. Sun Insurance while Mr. Md. Murtuza Zaman, Mr. Shahidul Alam of M/s. Green Delta, Bangladesh had visited on different occasions.



ON “WRITE” SIDE

Adjusting to changes biggest risk: insurers

Perceived risks by Indian insurance companies are very different from global peers’, finds study

The insurance industry in India has undergone many changes in the past few years, and that may remain at least till the near future. Therefore, adapting to the changes can be a matter of concern, finds a survey conducted by the Centre for the Study of Financial Innovation (CSFI), a non-profit think tank that focuses on developments in the international financial sector. The study, *Insurance Banana Skins 2015*, was done with PwC, and results are based on 806 responses from insurance practitioners in 54 countries, including India. Among the respondents were 34 non-life insurers, 27 life insurers, six re-insurers, five brokers and 28 observers.

While ‘regulation’ was the biggest concern of insurers across the world, for those in India, it was the least concerning factor. Similarly, while Indian insurers considered macro-economy a lesser worry (ranked 20), global peers rated it the second biggest cause of concern.

The biggest challenge is not macro-economy, instead, it is getting the trust of the customer; the regulatory changes around products have made the industry more customer-centric. There are many reasons for this including the economic sentiment, stock market buoyancy and the regulatory changes. The foreign direct investment increasing to 49% has also brought cheer.





Indian insurers are also concerned about long-tail liabilities in their business. But global peers see this as a lesser concern. Long-tail liabilities are those that take a long time to be settled and so there is a long gap between when the premium was paid and when a claim may be made. “Indian insurers are aware that pricing is more market driven than risk. That puts long-tail liabilities as a risk. Even courts are considering huge penalties for long-tail liabilities,” says, Director-Insurance, PwC.

A reflection of difference in domestic and international dynamics is also seen in the perception towards interest rates.

In India, interest rates are on the higher side and so insurers do not see it as a major risk. Designing products with fewer constraints is possible, when nominal interest rates are high single digits. But globally, it is the opposite. The persistent low interest rate environment is a major source of risk for insurance companies and could accelerate changes in the structure of the industry, the study stated.

There are, however, various points on which insurers globally agree. These include, cyber risk, guaranteed products, quality of risk management, and natural catastrophes.

Significantly, the overall tone of the responses was more negative than the previous survey in 2013, as measured by the Insurance Banana Skins Index, the study said. The average score given by respondents to the list of 25 risks was the highest in the current edition since the series began in 2007. This pessimism can be attributed to pressures from economic and public environments in various markets. Many of these factors are beyond the direct control of insurers.

Source: LIVEMINT



NATIONAL

Demand for insurance against contamination of products up

With regulations governing food product safety in India becoming stricter in the backdrop of instant noodles controversy, insurance industry officials say that companies are waking up to the need to cover against risks like contamination of products. This kind of insurance product, while popular globally, has seen less pick up in India as only some risk-conscious firms have been taking so far, but now large as well as small firms are interested in knowing more about this cover.

The need is for a policy that not only covers product recall but also the many attendant consequences associated with it. There has been a recent increase in enquiries for Contaminated Products Insurance from companies who manufacture or sell food and beverages. The same trend has also been witnessed for companies who manufacture topical products such as cosmetics, skin creams, lotions etc. This renewed interest in product insurance has been seen due to an increase in regulations governing product safety in India.

The regulatory framework proposed by the FSSAI to recall food products, if found contaminated, has greatly increased companies' exposure to risk pertaining to financial and credibility loss. Industry experts say that food, drink, cosmetics and pharmaceuticals products are susceptible to contamination, both accidental and by deliberate or malicious acts for financial gain. Such incidents are progressively common and when they occur, they attract attention which can have a disastrous impact on the public's confidence in the affected product.

Source: Financial Chronicle

Chhattisgarh scores better than national average on health insurance scheme

As of now, 33,27,142 families have been registered and issued health insurance related smart cards in the state

Chhattisgarh had surpassed the national average in the implementation of the national health insurance scheme in the state. According to health department officials, 89.3% of the target families in state had been covered under the scheme in Chhattisgarh as against the national average of 54%.



Kerala had achieved 84% target while 49% of the target families in Madhya Pradesh have been issued cards under National Health Insurance Scheme. The state government had set a goal to enrol 37,24,248 families under the scheme. As of now, 33,27,142 families have been registered and issued health insurance related smart cards.

Source: Business Standard

E-insurance to see big numbers as LIC joins in

The initiative is expected to save more than Rs 100 crore for the industry

Life Insurance Corporation of India, the country's largest insurer, has decided to issue digitised policies, after resisting such a move for some years.

India First Insurance launched the first digitised policy in September 2013. Less than two per cent of the policies sold in the country are in electronic format.

HOW TO DIGITISE A POLICY

- ✓ Fill out application policy, that can be downloaded from repository website
- ✓ Insurers also have these forms available
- ✓ Submit form with identity and address proof
- ✓ PAN number or Aadhaar number is compulsory for identity proof
- ✓ Address proof can be ration card, voter id card and passport among others
- ✓ Takes 2-7 days to open the account
- ✓ An e-Account number is generated for each customer for free
- ✓ Premiums services like online premium payment will be chargeable
- ✓ Each user can have an authorised representative for account.
- ✓ In case of user's death, representative will be able to provide information about the policies

Source: Business Standard

Insurance fraud: Rising problem in non-life segment

Firms now employing specialists in probe teams, creating 'red flags' in motor & health insurance, tracking social media for activity of suspicious claimants

Source: Business Standard



CBI busts insurance racket in West Bengal

The Central Bureau of Investigation (CBI) busted an alleged fraudulent insurance claims racket to the in West Bengal. According to a CBI spokesperson searches were carried out in 37 premises including insurance surveyors and cold storage owners for allegedly passing fraudulent insurance claims. Seven cases have been registered by CBI, and fraudulent claims were made leading to an alleged loss.

Source: The Hindu Business Line

Life Insurance Council plans fraud monitoring framework

Life Insurance Council, the apex industry body of insurers, is planning a fraud monitoring framework for its members. The system should be in place by December, secretary general of Life Insurance Council said.

Shortlisting a vendor who will collate the database aimed to provide a fraud monitoring framework, is in the process.

As banks get benefits from Cibil, this fraud monitoring mechanism will help insurance companies get details of customers and detect any fraud in disclosure and claims by policyholders.

Source: LIVEMINT

Irdai explores e-commerce in insurance

Less than 5% of overall insurance industry premiums come from the online channel

The Insurance Regulatory and Development and Authority of India (Irdai) is exploring ways to make insurance popular online via e-commerce. It has formed two groups — comprising life insurers and general insurers, respectively — to look into the opportunities in insurance e-commerce. According to Irdai, insurance e-commerce lower the costs and bring in higher efficiencies and ensure greater reach. This will also leverage the government's Digital India initiative, aimed at creating a digitally empowered society and knowledge economy.

The two groups will identify opportunities of e-commerce in the insurance sector, recommend technological solutions, suggest regulatory and other facilitation measures for growth, and synergise with Digital India initiatives of the government.

Source: Business Standard



Surveyors to only be appointed by insurers'

The IRDAI has reiterated that surveyors and loss assessors, who assist in ascertaining quantum of claims, can only be appointed either by insurer or by insured.

Source: Business Standard

In double bonanza for airlines, insurance cost too falls

In spite of some large claims, insurance cost for the airline sector globally is likely to fall this year and for the domestic carriers due to intense competition and better risk management practices by the industry, says an international aviation insurance expert. This comes as a double bonanza for the bleeding airlines due to the steep fall in fuel prices following the massive crash in crude prices since the middle of last year. This is despite some large claims in overseas markets following a string of air crashes in the recent months. The premia will be falling further in the days to come. The reason being that there is too much of competition in the market. Being a reinsurance-driven industry, more than 95 percent of the domestic aviation insurance finds reinsurers in the London market, which is the most competitive market.

Source: Financial Chronicle



INTERNATIONAL

Australia: Catastrophes threaten capital flow

Australia is on course for the worst year for natural disasters since 2011. Alex Davis examines the impact of the costs to a domestic insurance industry that may consolidate after a period of increased competition. (Source: Post)

Taiwan demands Chinese tourists have insurance

From 1 October the Taiwanese government will require Chinese tourists to show proof they have taken out medical insurance. (Source: Post)

Lloyd's underwriters create Asia-Pacific excess consortium

A new Asia-Pacific excess of loss property cover is led by Atrium and provides \$25m (£16m) of loss capacity up to 100% of excess layers. (Source: Post)

Fake pet claims land couple behind bars

Accountant Chelsea Stafford and her husband Stello submitted nine claims on two pet insurance policies, collecting \$12,970 dollars for their three sick Staffordshire bull terriers, according to British media reports. (Source: Business Insurance)

Pool registers special purpose reinsurance vehicle in Bermuda for cat bond

The Turkish Catastrophe Insurance Pool has registered Bosphorus Ltd. as a special purpose reinsurance vehicle in Bermuda for launching its second catastrophe bond. (Source: Business Insurance)

Association optimistic about double-digit growth of insurance industry

The General Insurance Association of Indonesia is optimistic that Thailand's general insurance industry can attain double-digit growth in 2015, reports Bisnis.com. (Source: Business Insurance)



Policyholders entitled to coverage despite insurers' refusal to settle

Pennsylvania policyholders are entitled to coverage if they settle a case without their insurer's consent when the insurer is providing defense under a reservation of rights, the Pennsylvania Supreme Court has ruled. (Source: Business Insurance)

Cyber leads risks for insurers in North America, Bermuda

Cyber risk is the top risk faced by insurers in North America and Bermuda, according to a survey released Wednesday by London-based think tank Centre for the Study of Financial Innovation. (Source: Business Insurance)

Merger-related insurance coverages grow

The number of representation and warranty insurance policies issued more than doubled to 700 in 2014 as policyholders sought more protection for exposures related to mergers and acquisitions. (Source: Business Insurance)

German, French insurers keen to provide coverage in Iran after lifting of sanctions

Mina Sediq-Nouhi, an official at Iran's Central Insurance Co., said that French and German insurers have indicated their willingness to resume ties with Iran once sanctions on the country's nuclear program are lifted, reports Tehran Times citing news agency IRNA. (Source: Business Insurance)

Insurers brace for claims form recent storm in New Zealand

New Zealand's insurers are bracing for claims following a recent violent storm that battered the country, reported The New Zealand Herald. (Source: Business Insurance)

Insured damage from recent storm in Hungary totals \$16.9 million

The Association of Hungarian Insurance Companies has said that the recent storm that hit the nation on July 8 resulted in insurance claims worth 4.8 billion Hungarian forints (\$16.9 million), reported Portfolio.hu. (Source: Business Insurance)





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