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NEWS AT JBB

V I S I T O R S
DURING NOVEMBER 2016

COMPANY	EXECUTIVES
Tanzindia Tanzania	Mr. Anjan Dey
Hannover Re	Mr. Luis Pulido Dr Leif Heimfarth Mr. Xiaoliang Liu (Agri. Division)
Zanzibar Insurance Corporation Zanzibar	Mr. Abdulnassir Ahmed Abdulrahman – MD Ms. Khadija Issa Said – Director (Non Life)
Himalayan Gen. Ins. Nepal	Ms. Anju Shrestha
Kenya Re	Ms. Kandie Susan Jeptum Mr. Kiboi Collins Chepsakat
Sagarmatha Insurance Nepal	Mr. Sudhir Tamot Deputy Manager
NICT Tanzania	Mr. Lazaro Bangilana Director – Non-Life
Himalayan Gen. Ins. Nepal	Ms. Anju Shrestha
Continental Re Kenya	Mr. Calisto Ogaye Managing Director
Janashakthi Insurance Colombo Nitol Insurance Bangladesh	Mr. Chandra Schaffter Mr. AKM Monirul Hoque
IGI Dubai	Mr. Saptarshi Chaudhuri
CICA Re Togo	Mr. Luc Acacha Mr. Vital Dossouvi

PRIME STORY

European reinsurers overcome CAT obstacle

Major losses are up but represent only a minor problem.

A strong third-quarter helped Europe's leading reinsurers get back on track and they remain confident of hitting profitability targets for the full year, despite difficult rating conditions and the turbulent investment environment.

The four reinsurers shown in the table have outperformed the rest of the market for the past few years and although their results have come under more strain in 2016 they continue to benefit from their considerable experience and diversity of operations, by line and geography.

At the nine-month mark, net profits were down and combined ratios up for all except Hannover Re, mostly reflecting the increase in major loss activity during the first six months. That said, catastrophe losses have remained low by historical standards.

The four groups are inevitably viewed as a heterogeneous cohort but 2016 has underlined the differences that stem from their individual strategies.

For Munich Re, the focus is on improving the performance at its direct insurance operations under the Ergo brand.

A restructuring programme is under way, entailing costs of €400m gross and €160m net, and Ergo's result for the nine months slumped to a loss of €111m from a profit of €417m for the comparable period of 2015. That masked an improved underwriting performance in international operations as the unit returned to profit and a combined ratio that was only slightly higher for German non-life business.

And in its core reinsurance account, Munich Re is having a strong year, posting increases in overall profit for both life and non-life business. The combined ratio was just 0.3 of a point higher at 93.7%, mostly because of increased natural cat losses of €470m, up from €149m.

The 2016 bill swallowed 7.2% of earned premiums but was lower than the budgeted level of 12%.

Although group premiums were down, Munich Re's non-life reinsurance account booked growth of 1.1% overall and 3.5% at constant exchange rates. At the July renewals, Munich Re experienced a slowdown in the rate of price reductions, by 0.4% compared with 2.1% a year previously, but said it made up for this by writing "attractive new business".

Swiss Re suffered more than its peers from the higher incidence of major losses, leading to big rises in combined ratio for core non-life, up 9.3 points, and corporate solutions, up 8.1 points. The non-life book was also hit by less favourable reserve development.

Net profit fell for both operations but the life capital division eased some of the strain with a profit of $726m, up from $273m.

A striking feature of Swiss Re's is its strong premium growth at a time of weak rating. At constant exchange rates, earned premiums were up 11.8%, helped in part by the inclusion of the acquired Guardian Financial, but also by particularly strong growth in the non-life division where casualty is now the focus. Casualty gross premiums were up 36.6% for the three quarters and represented 48.4% of all non-life premiums, ahead of property with 38.6% and specialty with 13.1%.

Hannover Re managed to cut its combined ratio by 0.5 of a point as cat losses during the third quarter came in well below budget, at €40.5m compared with €265m. Even with the losses of the first six months, at the nine month mark the group's cat bill was 9.9% lower than for the same period of 2015, helping the non-life account to post an underwriting profit of €275.5m, up 9.6%.

Hannover Re has shown strong growth in recent years but has eased back in 2016 in the face of the less attractive conditions. Premiums were down 3.8% overall and 1.7% at constant exchange rates on the back of reductions in both life and non-life accounts.

Meanwhile Scor remains in growth mode, adding 7.8% to its account and 6.1% at constant exchange rates although all of the increase came in the life book. Life represented 58.6% of total premiums for the nine months.

Non-life premiums dipped slightly, partly because of a re-underwriting of the airline portfolio and a more selective underwriting policy for large corporate accounts and Latin American business.

The combined ratio was 2.2 points higher at 93.0% as increased natural catastrophes contributed 5.7 points, up from 1.6. The cat losses were broadly in line with budgeted expectation.

Four largest European reinsurers, first nine months

Particulars	Gross written premium		Change	Combined ratio %		Net result	
	2015	2016	%	2015	2016	2015	2016
Munich Re Group €m	37,986	36,782	(3.2)	*93.4	*93.7	2,379	2,089
Swiss Re Group $m	25,261	28,097	11.2	85.7	94.8	3,659	3,041
Hannover Re €m	12,946	12,454	(3.8)	95.5	95.0	786	790
Scor €m	9,996	10,216	2.2	90.8	93.0	492	438

*reinsurance only

Source: Company filings and announcements/Insurance Day

NATIONAL

Bring capital for final licence: IRDA to five global players

Clearing the decks for the entry of global reinsurance giants, the Insurance Regulatory and Development Authority of India (IRDA) has moved closer to give its final approval to five players and asked them to bring in capital of Rs 5 billion each. They include five global players — Munich Re, Hannover from Germany, Swiss Re from Switzerland, French major SCOR, US-based Reinsurance Group of America (RGA), an exclusive life and health reinsurance player — and ITI Reinsurance, the first ever-Indian private sector reinsurance company in the country. More are likely to join the domestic reinsurance market as Lloyd's of London and Gen Re, part of Berkshire Hathaway of Warren Buffet have also applied for R1 licence. The entry of these global giants is expected to make India a financial hub in South and Middle East Asia after Singapore and Hong Kong.

"The IRDA has now asked these companies to bring in the capital to receive the final licence," said an insurance sector official. "Each of these players have to infuse Rs 5 billion and would complete the compliance within a month. These players are now targeting to begin their full fledged operations by April 1 when the most of the renewals in the general insurance in India are done." The IRDA had already approved the initial R1 licence to five reinsurers. Another UK based player XL Catlin which has also received the R1 clearance is awaiting final directions from the IRDA. ITI Reinsurance is promoted by a firm controlled by Sun Pharma co-promoter Sudhir Valia in March. State-owned GIC Re has been the country's sole reinsurance company so far and size of the market is around $2.5 billion. Munich Re is the largest reinsurance player in the world while Swiss Re is the second largest and Hannover comes third in global size.

Source: The Indian Express

Banks hard-sell third-party services to insure customers from online fraud

Leading private sector lenders have been actively asking their customers to sign up for third-party services to protect their wallets in case of loss or theft. Five private sector lenders are actively selling the offerings of service providers to ensure customers are insured against loss of wallet and receive emergency cash in distress situations. Call centres of these private sector lenders are reaching out to their customers through in-bound calls and advertising these products, allowing them to insure themselves against loss of wallet or cases of phishing or other online frauds.

Source: Mint

Financial plan a must

That Indian urban consumers do little about securing their financial future is a well-established fact. For instance, a recent study pegged The Indian Urban Consumer's Financial Planning Index at 62.7 on a scale of 100, which is quite low. Just like any event - be it a family function or an office party - where leaving things unattended creates a mess, ignoring financial planning could have consequences for your future well-being and peace of mind. Though most of us understand the need to make and follow a financial plan, experts say everyone should first buy a health and a life insurance policy. One should also create an emergency fund that should be at least six times of your monthly salary.

Source: Mail Today

Insurance may fall under 12% tax slab in new tax regime

Insurance might come under the 12 per cent tax slab in the goods and services tax (GST) regime to be implemented from April 1, 2017, sources said. The sector had sought a slab of five per cent of less.

A partner and head of indirect tax at KPMG, said while there was no clarity on the rates, there wouldn’t be any additional cess applicable on these services. Here, he said insurance will be classified as a service.

At present, apart from the 14 per cent service tax, Krishi Kalyan Cess and Swachh Bharat Cess are also applicable, taking the total service tax applicable on insurance products to 15 per cent. The service tax rate for other products such as annuity in case of single premium policies is 1.5 per cent approximately.

Insurers, however, do not have any clarity on how the new GST tax structure will be implemented. “Different products attract different rates of service tax. If there is one rate proposed for insurance, the question is whether the lower tax structures for products like annuity will continue,” said the chief executive officer of a private life insurance company.

Another area of concern is whether the same rates of service tax will be applicable for government-sponsored programmes such as the Pradhan Mantri Jan Suraksha insurance scheme. “If it is a one-nation, one-rate system, all insurance products including those with focus on financial inclusion will have to be clubbed under one tax slab. We do not know how this will be done,” said the appointed actuary at a mid-size private life insurer.

In 2014, service tax was made applicable on insurance premiums. Later, in 2015, Finance Minister Arun Jaitley raised the rate of service tax from 12.36 per cent to 14 per cent. Insurance premiums had come under the service tax ambit from 2014 when the government had made changes to the Finance Bill. After this, the service tax impositions were passed on to customers in the form of increased premiums.

This will provide relief to policyholders who pay almost 15 per cent for insurance policies as premium. So, if tax is reduced to 12 per cent, it will mean insurance premiums will also go down.

Earlier, major players had expressed reservations about service tax being imposed on insurance premiums. They wanted insurance premiums to be excluded from the purview of service tax. However, their demands were not considered.

Source: Business Standard

Insurers to hike premium for cyber security covers

Following the data theft that impacted 3.2 million debit cards recently, insurers see surge in demand for cyber insurance and have warned of a spike in cyber risk cover premiums.

In the biggest-ever security breach in the domestic banking sector, over 3.2 million debit cards of various banks were 'compromised' after a cyber malware attack in the ATM systems in May-June. Following this, several banks recalled over 3.2 million debit cards since September, while many others blocked those cards which were suspected to have been compromised and asked their customers to change PINs (personal identification numbers) as a precautionary measure.

At present, there are very few non-life insurers who have cyber insurance offerings. None of the state-run players are into this segment yet. As per industry estimate, the current market size of liability insurance is Rs 1,800 crore of which cyber insurance could be 5-7 per cent.

In the light of recent incidents, it has seen a surge in the number of inquiries for these covers and is expected to see 10-15 per cent growth in cyber insurance covers sold. But it still has not seen a significant rise in such cover in the domestic market despite the rising cyber threats. Till date, there may be around 500 active policies in the domestic market.

Cyber insurance covers are largely taken by banks, IT & ITeS and e-commerce firms. Though this product has been in existence globally for a long time, it gained credence in the domestic market about three years back.

Source: Business Standard

Plea seeks insurance cover for HIV victims

A PIL seeking inclusion of people afflicted by HIV and AIDS in life and health insurance policies with all consequential benefits on Friday led the Delhi High Court to seek the government's response on the issue. A Bench of Chief Justice G Rohini and Justice Sangita Dhingra Sehgal issued notices to the Ministry of Health, public sector insurance companies and Insurance Regulatory and Development Authority (IRDA) seeking a reply by January 17 to the PIL that alleges discrimination against people living with HIV and AIDS (PLHAs). The court tagged the matter with another similar petition listed for the same date. The plea alleges that there was no "effective progress and implementation of insurance policies for the benefit of PLHAs".

Source: The Hindu

TPAs lose out as insurance companies settle claims in-house

Are third-parties losing out, as insurers look within? With as many as eight of the top general insurers preferring to settle claims in-house, there has been a sizeable dent in the business third-party agencies get. The general insurance sector settled 9.24 million health insurance claims and paid Rs 182.23 billion in settlement. Of this, 55 percent claims were settled through third party administrators (TPAs) and 45 percent through in-house insurers, according to IRDAI data. "This is a remarkable change from a decade ago. In 2005, the public-sector insurers had nearly 80 percent of the market share and both private and public-sector insurers were settling claims through TPAs," said an official from an insurance company. "From having a market share of 90 percent, TPAs despite seeing growth are facing tough competition from the top private insurers, who have their own claims settlement department," the official said.

Source: The Times of India

IRDAI plans data security standards

Mumbai: The Insurance Regulatory and Development Authority of India (IRDAI) is concerned about data security in insurance companies. The regulator feels that steps being taken to secure data currently are inadequate considering that fraud callers are able to lay their hands on policy details. IRDAI will form a working group of chief technology officers of insurance companies and will come out with standards for data security. Nilesh Sathe, member (life), IRDAI, said that there is evidence to show that there is data pilferage happening in the insurance sector. "We are receiving complaints of spurious calls where policyholders are being asked to surrender their existing policies and get new ones. These calls cannot take place without details of the insured and the policy details," said Sathe. There are also instances of agents getting policy details of vehicle-owners and their motor insurance.

Source: The Times of India

INTERNATIONAL

Lloyd’s opens talks with Iran

Possibility of Lloyd's establishing presence in country

Lloyd's is said to be looking at the possibility of establishing a presence in Iran, following the first talks between the London-based insurance market and Iran in over twelve years.

According to newswire MEHR, Iranian representatives recently traveled to Europe and met with Lloyd’s chief executive Inga Beale on Friday.

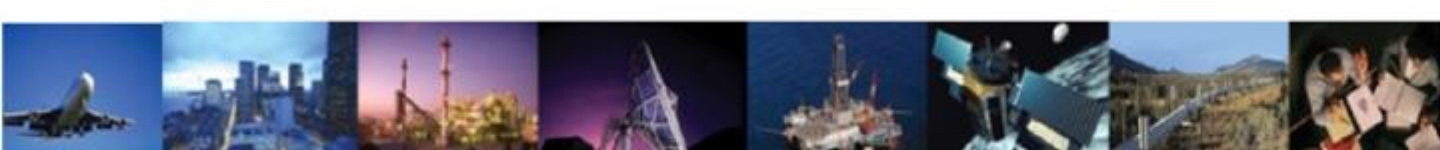
At the meeting, the president of Bimeh Markazi Iran (Central Insurance of IR Iran), Abdolnaser Hemmati, proposed that Lloyd’s syndicates operate in Iran’s free trade zones.

According to MEHR, Beale said that two directors of Lloyd's would now visit Tehran and conduct negotiations with senior officials of Central Insurance of IR Iran.

Indians outside can buy health, general insurance in forex

Indians living outside can buy health or general insurance in foreign currency irrespective of the currency for settlement claims, the Reserve Bank said today while laying down the revised general and health insurance manual. Though if the premium is paid in Indian rupee, the settlement will also be done in rupee terms, RBI said in a notification. RBI said regulations under the Foreign Exchange Management (Insurance) Regulation, 2000, have been repealed after consultation with the government and superseded by the Foreign Exchange Management (Insurance) Regulations. The revised notification has come into force with effect from December 29, 2015. A resident going abroad for taking up employment is also allowed to take health insurance policy by paying premium in the rupee. For these residents, claims will be settled under cashless international health insurance policies to hospitals providing treatment or through a third-party administrator (TPA). Besides, all general or health insurance policies are allowed to be placed in foreign exchange and no Reserve Bank permission will be required for issuance or renewal of any policy, it said.

Source: The Financial Express



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