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**I. EVENTA AT NIA**

**1. International Yoga Day**



International Yoga Day was celebrated in NIA on 21st June 2019. This was attended by the training participants as well as the employees of NIA.

## 2. UIIC's Leadership Excellence Intervention Programme



**NATIONAL  
INSURANCE  
ACADEMY**

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**UNITED'S LEADERSHIP EXCELLENCE INTERVENTION  
SCALE IV & V OFFICERS  
17.06.2019 TO 20.06.2019**



National Insurance Academy conducted four day Leadership Excellence Intervention Programme for Scale IV and V Officers of United India Insurance Company Limited. It was inaugurated by the Chairman cum Managing Director of United India Insurance Company, Mr. Girish Radhakrishnan.

## 3. Orientation Programme of PGDM Batch 2019-21





Ninety Five (95) students have enrolled for the PGDM Batch 2019-21. During the Orientation programme of NIA's PGDM Batch 2019-21, outdoor activities were held at Garudmachi from 24th to 26th June 2019.

## ***II. INSURANCE INDUSTRY FLASH FIGURES FOR MAY 2019***

Click on:

1. [Life Insurance](#)
2. [Non-Life Insurance](#)

## ***III. TOPICAL ARTICLES***

### **1. Mental Disease Cover in Health Insurance Policies**

“Every insurer shall make a provision of medical insurance for treatment of mental illness on the same basis as is available for treatment of physical illness”. This is the content of the IRDAI circular in August 2018. This circular was in compliance to India's mental health Act 2017 passed by the Parliament which specifies that insurers need to include mental illness coverage at par with physical illness. Non-compliance shall attract penal action against the Directors and CEOs of insurance companies according to Section 109 of the Act which has a provision of imprisonment between six months to two years.

Thus the mental / psychological diseases exclusion in the health insurance policies of all insurers has been struck down as illegal with immediate effect.

However, there are challenges for insurers in terms of readjusting their products for lack of appropriate and adequate data which may influence the pricing and conditions. Waiting period for pre-existing disease clause has a direct bearing on mental disorders which have very long history with different severities. Moreover, most of the mental disease treatments are out patient treatments and counselling which do not need hospitalisation. Insurers have done away with the exclusion and all are trying to redesign the policies. It is estimated that 15% of Indian adults suffer from some mental illness.

(By Mr. KK Panda, Faculty Member, NIA)

## 2. Individual Agent: A Key Insurance Intermediary in Life Insurance

Insurance agent is a connect between an insurer and an insured. They are also termed as the first underwriter for an insurance company.

The role of an insurance agent does not stop by getting a life insurance policy but in real term their duty starts after getting the policy only. They will be helping their clients not only in premium depositions, alterations in policy, loan, survival/maturity benefit payouts but also help their customers in financial planning.

On the sudden demise of the life assured, they are the people, who bring financial stability to the family in getting the death benefits from the insurance company.

Due to this connect with the customers, they are the life lines for the life insurance companies.

Life Insurance Industry has 21.94 Lakh individual agents as on 31st March 2019, which has shown a growth of 5.83% over the last year figure of 20.82 Lakhs as on 31st March, 2018.

6.43 Lakh new individual agents were recruited by the industry and 531553 left the industry. The attrition rate has also come down from 29.22% to 25.52%.

**Table: 1**

<b>Life Insurance Industry: Individual Agents Data</b>						
<b>S.No.</b>	<b>Financial Year</b>	<b>Opening Bal As on 1st April</b>	<b>ADDITION</b>	<b>DELETION</b>	<b>Attrition</b>	<b>Net No. of Agents As on 31st March</b>
1	2009-10	2937435	937883	897035	<b>30.54%</b>	2978283
2	2010-11	2978283	701763	1040654	<b>34.94%</b>	2639392
3	2011-12	2639392	714128	994635	<b>37.68%</b>	2358885
4	2012-13	2358885	565152	801280	<b>33.97%</b>	2122757
5	2013-14	2122752	626802	555711	<b>26.18%</b>	2193741
6	2014-15	2189597	647253	768994	<b>35.12%</b>	2067856
7	2015-16	2067835	665143	716421	<b>34.65%</b>	2016557
8	2016-17	2016565	651384	579430	<b>28.73%</b>	2088519
9	2017-18	2088522	604488	610342	<b>29.22%</b>	2082668
10	2018-19	2082668	643632	531553	<b>25.52%</b>	2194747

As per the table 1 above, the attrition rate was hovering between 30% to 37 % in from 2009-10 to 2012-13 and it has come down to 26.18% in 2013-14.

(Source: Life Insurance Council)

(By Mr. Sandeep Pande, Research Associate, NIA)

### 3. Rise of New Distribution Channels in Life Insurance Industry (Individual Business)

Traditionally the individual agents were the only torch bearers for the life insurance industry. But once the insurance sector was opened up for private insurance companies, many other distribution channels have come up and contributing handsomely in the growth of insurance sector.

<b>Life Insurance Individual Business Acquisition through different channels (2018-19) : Number of Policies &amp; Premium**</b>						
<b>Distribution Channels</b>	<b>Life Insurance Industry Grand Total</b>					
	<b>Number of Policies</b>			<b>Premium (In Crore)</b>		
	<b>NOP</b>	<b>Share</b>	<b>Growth</b>	<b>Premium</b>	<b>Share</b>	<b>Growth</b>
Individual agents	22546921	78.70%	0.20%	60867.91	62.30%	0.20%
Corporate Agents-Banks	3396606	11.86%	6.16%	26416.83	27.04%	13.84%
Corporate Agents -Others	479425	1.67%	9.30%	1416.30	1.45%	15.87%
Brokers	282673	0.99%	18.70%	1405.16	1.44%	17.88%
Micro Agents	691181	2.41%	11.63%	22.10	0.02%	18.88%
Common Service Centre (CSC)	98289	0.34%	-1.54%	180.40	0.18%	74.37%
Direct Business*	1007973	3.52%	0.87%	7027.75	7.19%	28.60%
Point of Sale (POS)	97	0.00%	1516.67%	0.30	0.00%	900.00%
Insurance Marketing Firm (IMF)	2081	0.01%	94.85%	16.51	0.02%	37.58%
Online	62205	0.22%	97.19%	216.50	0.22%	107.18%
Web Aggregators	64945	0.23%	432.69%	92.52	0.09%	277.63%
<b>Total (A)</b>	<b>28632396</b>	<b>99.95%</b>	<b>1.74%</b>	<b>97662.28</b>	<b>99.97%</b>	<b>6.05%</b>
Referral (B)	15349	0.05%	-20.33%	31.21	0.03%	17.59%
<b>Grand Total (A+B)</b>	<b>28647745</b>	<b>100.00%</b>	<b>1.73%</b>	<b>97693.49</b>	<b>100.00%</b>	<b>6.04%</b>

\* In some cases, Direct Business also includes Web Aggregators  
\*\* SAHARA INDIA LIFE INSURANCE COMPANY LIMITED figures are not included

In the financial year 2018-19, Corporate Agents-Banks contributed 11.86% in number of policies registering a growth of 6.16% and 27.04% with a growth of 13.84% in Premium income for the Life industry individual business as a whole.

Corporate Agents other than Banks, Micro Agents, Brokers, Direct Business, POS, CSCs, online, IMF and Web Aggregators are the other distribution channels contributing in the growth of Life Insurance industry.

(Source: Public disclosure of various life Insurance companies)

(By Mr. Sandeep Pande, Research Associate, NIA)

#### **IV. INSURANCE NEWS**

##### **With Fewer Exclusions, Will Health Insurance Cost More?**

The insurance regulator recently issued a draft on standardizing and rationalizing exclusions in health insurance policies. The draft seeks to redefine terms such as pre-existing ailment to remove ambiguity, seeks to include new lines of treatment due to medical advancement, besides making other customer-friendly recommendations such as giving insurers an eight-year moratorium after which a policy is not contestable except for proven fraud and permanent exclusions.

To read the whole article click on: <https://www.livemint.com/money/personal-finance/with-fewer-exclusions-will-health-insurance-cost-more-1559584520097.html>

##### **MN Sarma to be New Secretary General of General Insurance Council**

MN Sarma, the former Chairman & Managing Director (MD) of United India Insurance will be the new Secretary General of the General Insurance Council, the official representative organisation of the rapidly growing Indian insurance industry.

To read the whole article click on: <https://www.thehindubusinessline.com/money-and-banking/mn-sarma-to-be-new-secretary-general-of-general-insurance-council/article27412275.ece>

## **More IPOs from Insurance Companies will Benefit Industry: Pushan Mahapatra, CEO, SBI General Insurance**

Private non-life insurer SBI General Insurance is set to come out with its initial public offering (IPO) in FY20. It is betting on home, health and property segments do drive future growth.

To read the whole article click on: <https://www.moneycontrol.com/news/business/ipo/more-ipo-from-insurance-companies-will-benefit-industry-pushan-mahapatra-ceo-sbi-general-insurance-4058341.html>

## **ICICI Lombard Plans Sachet-Size Insurance Products; to Partner with Digital Players**

Buoyed by the success of sachet products in the FMCG sector, the insurance industry is now looking to replicate it.

Private player ICICI Lombard General Insurance is planning to roll out small-ticket insurance products and is working with e-commerce players, wallet companies, payments and small finance banks for the same.

To read the whole article click on: <https://www.thehindubusinessline.com/money-and-banking/icici-lombard-plans-sachet-size-insurance-products-to-partner-with-digital-players/article27526077.ece>

## **Govt may Announce Infusion of ₹ 4,000 cr in PSU Non-Life Firms in Budget**

The government is likely to announce infusion of about ₹4,000 crore in three public sector general insurance companies to shore up their capital.

The capital infusion will help them improve their financial health to an extent that the proposed merger of the general insurance firms could take place, sources said.

To read the whole article click on: <https://www.thehindubusinessline.com/money-and-banking/govt-may-announce-infusion-of-4000-cr-in-psu-non-life-firms-in-budget/article27503506.ece>

## **IndianMoney.com to Launch Term Life Insurance Plan**

IndianMoney.com, an online platform that offers free financial advice and education, is looking to roll out a term life insurance product through its insurance broking arm IndianMoneyInsurance.com.

According to CS Sudheer, Founder, the company is in talks with two insurance players for underwriting the policy and is hopeful of rolling out the product within this month.

To read the whole article click on: <https://www.thehindubusinessline.com/money-and-banking/indianmoneycom-to-launch-term-life-insurance-plan/article27526083.ece>

## **IRDAI Hikes Third-Party Motor Insurance Premiums for FY19-20 from June 16, 2019**

The Insurance Regulatory and Development Authority of India (IRDAI) has notified the premium rates for private two-wheeler and car third-party liability insurance cover for the financial year 2019-20. According to the new rates, you will have to pay more for your two-wheeler and car third-party liability covers with effect from June 16, 2019.

The highest percentage increase of over 21 percent will be for two-wheelers with engine capacities between 150cc and 350cc. The rates are being hiked from Rs 985 to Rs 1,193. These vehicle owners will now have to pay an extra Rs 208 this year. However, there has been no change for two-wheelers with engine capacity of over 350cc.

To read the whole article click on: <https://economictimes.indiatimes.com/wealth/insure/motor-insurance/irdai-hikes-third-party-motor-insurance-premiums-for-fy19-20-from-june-16-2019/articleshow/69671400.cms>

## **Car Servicing Startup Pitstop Banks on Vehicular Data to Offer Motor Insurance**

Bengaluru-based car services startup Pitstop, which offers doorstep and garage-based repairs for four wheelers, plans to use driver behaviour and vehicular diagnostic data to offer customized auto insurance packages to its customers, according to a top company executive.



The startup's chief executive Mihir Mohan told Mint that Pitstop has completed over 80,000 four-wheeler repairs across both doorstep and garage-based repair options since its launch in early 2016. Data points captured from on-board diagnostic devices, gravity meters, AC sensors, and other vehicle tracking devices will be used to customize Pitstop's insurance product for its customers, he added.

To read the whole article click on: <https://www.livemint.com/companies/start-ups/car-servicing-startup-pitstop-banks-on-vehicular-data-to-offer-motor-insurance-1559819167280.html>

### **FICCI for Increasing FDI Cap in Insurance to 74%**

The government needs to increase foreign direct investment cap in the insurance sector and multi-brand retail trading for products manufactured and sourced from India for attracting overseas inflows, industry chamber FICCI said.

To read the whole article click on:

<https://economictimes.indiatimes.com/industry/banking/finance/insure/ficci-for-increasing-fdi-cap-in-insurance-to-74/articleshow/69771854.cms?from=mdr>

### **Govt Reduces Rate of Contribution towards ESI Scheme, Employers to Benefit**

The government announced reducing the total rate of contribution made by workers and employers towards the Employees' State Insurance (ESI) scheme from 6.5 per cent to 4 per cent for the first time in over two decades.

The move is expected to benefit around 1.3 million employers who will see a 40 per cent reduction in the rate of contribution they make for their employees, in line with the provisions of the Employees' State Insurance Act, 1948.

To read the whole article click on: [https://www.business-standard.com/article/economy-policy/govt-reduces-rate-of-contribution-towards-esi-scheme-employers-to-benefit-119061301028\\_1.html](https://www.business-standard.com/article/economy-policy/govt-reduces-rate-of-contribution-towards-esi-scheme-employers-to-benefit-119061301028_1.html)

## **ZestMoney Offers First-of-its-kind EMI Insurance**

India's largest and fastest growing consumer lending technology company, ZestMoney, announced a partnership with Digit Insurance to offer EMI insurance to the company's five million customers.

The partnership integrates the digital capability of ZestMoney to provide EMI for everyone and insurance by Digit to relieve its customers of debt in case of unforeseen circumstances.

To read the whole article click on: [https://www.business-standard.com/article/news-ani/zestmoney-offers-first-of-its-kind-emi-insurance-119061300972\\_1.html](https://www.business-standard.com/article/news-ani/zestmoney-offers-first-of-its-kind-emi-insurance-119061300972_1.html)

## **Insurance Companies must Honour Claims at all Hospitals: Delhi HC**

In a major relief for patients, the Delhi High Court has ruled that insurance companies would have to honour claims by valid medical policy holders who have received treatment at any government-registered hospital. Cashless facilities must also be extended to all such hospitals.

The court, thus, has put an end to a system where health insurance companies and third party administrators (TPAs) insisted that a hospital had to be registered with them for patients to avail insurance claims. The insurers and TPAs also dictated which hospitals could extend cashless facility.

To read the whole article click on: <https://timesofindia.indiatimes.com/city/delhi/mediclaim-at-all-hospitals-registered-with-government-delhi-hc/articleshow/69764228.cms>

## **AI to soon Transform Auto Insurance Biz in India**

To make the auto insurance process more efficient, Indian insurance company ICICI Lombard has recently joined hands with Microsoft to offer country's first artificial intelligence (AI)-enabled car insurance claiming feature.

With using a mobile app called Insure, developed by Microsoft, customers can buy policies and soon will be able to claim the repair process as well.

To read the whole article click on: <https://auto.economictimes.indiatimes.com/news/policy/ai-to-soon-transform-auto-insurance-biz-in-india/69809607>

## **CarDekho Forays into Insurance**

The CarDekho Group said it is entering the motor and health insurance sector with the launch of InsuranceDekho, an online insurance platform.

The online insurance platform has a tie-up with more than 20 health and motor insurance companies. InsuranceDekho offers easy, instant and hassle-free insurance experience to its customers, the company said in a press statement. The idea, according to CarDekho, is to "make insurance buying easy for customers". It has set a target of selling 10 lakh policies per month over the next three years.

To read the whole article click on: <https://www.livemint.com/insurance/news/cardekho-forays-into-insurance-1560855938271.html>

## **HDFC to buy Majority Stake in Apollo Munich for Rs 1,347 Crore**

HDFC will acquire a majority stake in Apollo Munich Health Insurance for Rs. 1,347 crore following a deal with the company's promoter Apollo Hospitals group. Once it is approved by the housing and insurance regulators and the competition commission, HDFC plans to merge the health insurer with its own non-life subsidiary HDFC Ergo.

Announcing the acquisition, HDFC Chairman Deepak Parekh said that a direct acquisition of Apollo Munich by HDFC Ergo would result in a breach of foreign holding limits as HDFC's partner Ergo is part of the Munich Re group, which holds 49% in Apollo Munich and a little over 48% in HDFC Ergo.

To read the whole article click on: <https://timesofindia.indiatimes.com/business/india-business/hdfc-to-buy-majority-stake-in-apollo-munich-for-rs-1347-crore/articleshow/69866766.cms>

## **Aditya Birla Health Insurance Launches 'Activ Care' for Senior Citizens: Find out what's in it for you?**

Aditya Birla Health Insurance recently launched 'Activ Care' - a health insurance product for senior citizens. Aditya Birla Health Insurance, says with this product, it is said to give 'proactive care' to senior citizens instead of 'reactive care'. Activ Care will be based on proactive care as a priority for senior citizens, instead of 'reactive care' which will empower the senior citizens against the various unforeseen uncertainties of life.

To read the whole article click on:

<https://www.financialexpress.com/money/insurance/aditya-birla-health-insurance-launches-activ-care-for-senior-citizens-find-out-whats-in-it-for-you/1612551/>

## **As Cybercrimes Rise, Insurers Bat for Individuals to Opt for Risk Cover**

Cybercrime is set to cost the world \$6 trillion annually by 2021, up from \$3 trillion in 2015, according to Cybersecurity Ventures. Wanna cry? Insurance companies say it may be better to get a personal cyber insurance instead.

While cyber insurance policies for corporates have been around for over five years now and companies across sectors such as automobile and pharma have latched on it to shield themselves against cybercrime, personal cybercrime insurance products came into market only in the last two years with three private general insurance players offering such policies to individuals.

To read the whole article click on: <https://timesofindia.indiatimes.com/business/india-business/as-cyber-crimes-rise-insurers-bat-for-individuals-to-opt-for-risk-cover/articleshow/69833241.cms>

## **A Look at How Life Insurance Corporation has managed to retain its Vice-Like Grip**

India's life insurance market is crowded and fiercely competitive with 24 players jostling for a share of the expanding market. And 19 years after the entry of private players, state-owned Life



Insurance Corporation (LIC), which had enjoyed a total monopoly for 44 years, remains the dominant player albeit with a reduced market share of two thirds and the remaining 23 players sharing the remaining one-third of the pie.

To read the whole article click on:

<https://www.moneycontrol.com/news/business/companies/a-look-at-how-life-insurance-corporation-has-managed-to-retain-its-vice-like-grip-4121111.html>

