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I. WHAT'S HAPPENING AT NIA

1. National Insurance Academy Welcomes Mr. B.C. Patnaik as New Director

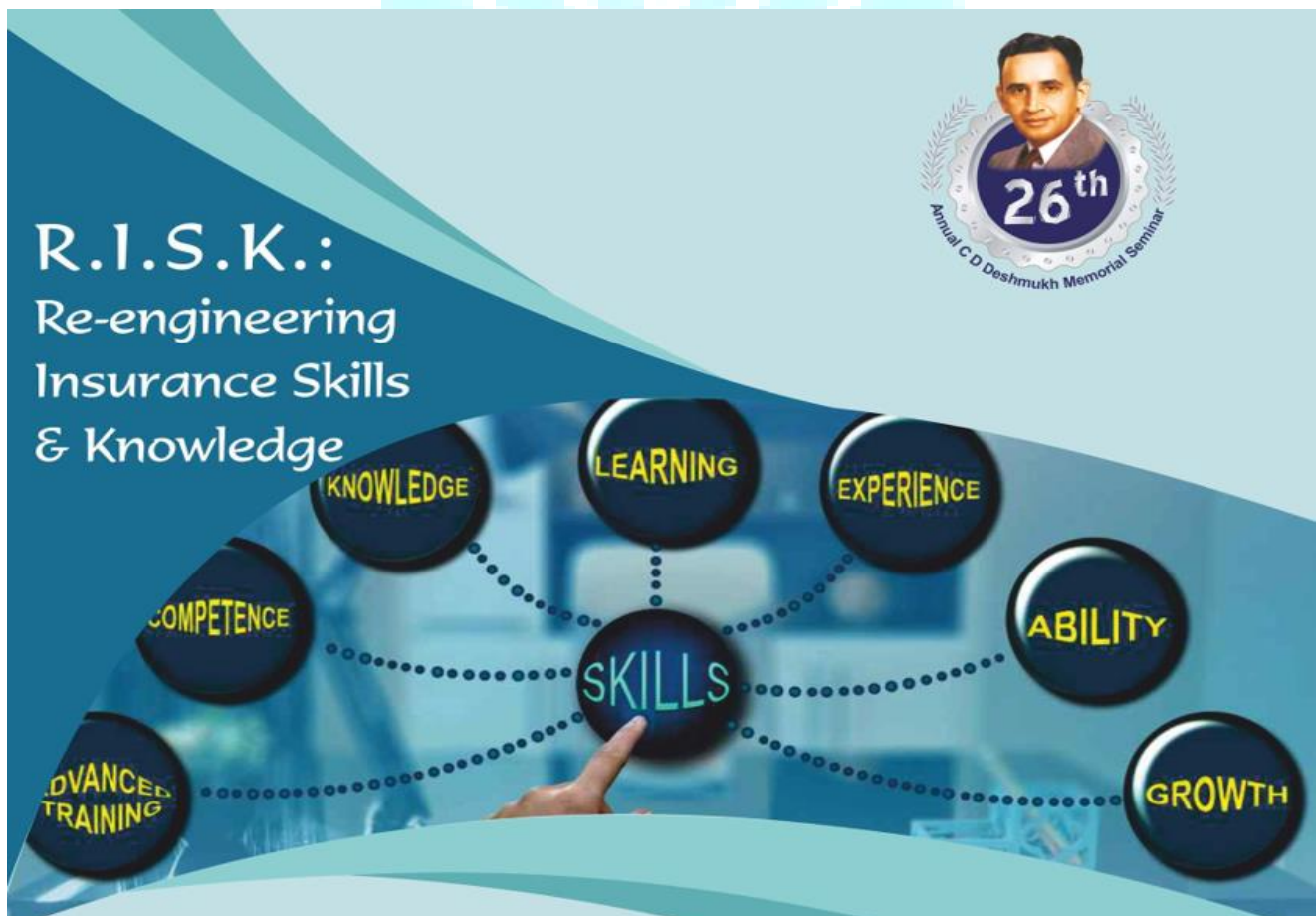
Mr. B.C. Patnaik has taken over the prestigious role of Director at the National Insurance Academy on December 26, 2023. Before this, he held the esteemed position of "Member (Life)" at IRDAI from May 1, 2023, and served as the dynamic and visionary Managing Director of LIC of India from October 1, 2021, to March 31, 2023.

A highly accomplished professional, Mr. Patnaik is a postgraduate in Political Science and a Fellow of the Insurance Institute of India. Joining LIC in 1986 as a Direct Recruit Officer, his illustrious 37-year career was marked by exemplary contributions in Marketing, Customer Relationship Management, Underwriting, Group Business, Personnel, and Training. His diverse and impactful roles took him across Maharashtra, Gujarat, Uttar Pradesh, Bihar, and West Bengal, where he consistently demonstrated transformational leadership. Notably, he revitalized the Jamshedpur and Berhampur Divisions, earning them widespread acclaim.

As a forward-thinking Chief (CRM), he spearheaded groundbreaking initiatives such as LIC's e-services and the innovative NACH payment modes. His tenure as Secretary General of the Council for Insurance Ombudsmen was equally remarkable, ensuring seamless business continuity during the COVID-19 pandemic by pioneering online hearings and complaint registrations. Renowned for his empathetic and people-centric leadership, he remains a trusted advocate for the insured community.

Mr. Patnaik is an avid and curious reader, with a keen interest in emerging technologies, FinTech, and global economic developments. A passionate admirer of music and an enthusiastic supporter of sports, he actively promotes environmental sustainability, championing cleanliness, a pollution-free environment, and carbon footprint reduction. Known for his approachable and inspirational demeanor, he thrives on connecting with people and sharing his invaluable experiences.

2. National Insurance Academy (NIA) is hosting 26th Annual C. D. Deshmukh Memorial Seminar: R.I.S.K. - Reengineering Insurance Skills and Knowledge



The National Insurance Academy (NIA) is hosting the 26th Annual C. D. Deshmukh Memorial Seminar on January 21, 2025. The seminar's theme, "**R.I.S.K. - Reengineering Insurance Skills and Knowledge**," reflects the transformative changes in the insurance industry.

This prestigious event will serve as a platform for leading industry experts to discuss and deliberate on evolving customer demands and the future of insurance, with a focus on innovation. Through insightful discussions, the seminar aims to chart a strategic roadmap for the industry's growth and adaptability in an ever-changing environment. This gathering of thought leaders will provide valuable perspectives and actionable insights, ensuring the industry stays ahead of the curve in meeting emerging challenges.

3. National Insurance Academy celebrated its 45th Foundation Day

On December 16, 2024, the National Insurance Academy (NIA) celebrated its 45th Foundation Day, marking over four decades of excellence in education and research in the insurance and actuarial fields. The occasion brought together faculty members, staff, and students to reflect on the remarkable journey of NIA.

Director-in-Charge, Mr. V. Balagopal, addressed the gathering, highlighting the academy's achievements and its contributions to shaping the insurance sector. He commended the dedication and hard work of the faculty and staff over the years, which has significantly contributed to the institution's success. In his speech, Mr. Balagopal expressed his gratitude to everyone involved in the academy's growth and encouraged the NIA family to continue striving for excellence in the years ahead. The event was a celebration of NIA's past accomplishments and a call to contribute to its future successes.

II. REGULATORY DEVELOPMENTS

1. Regulation:

Exposure Draft IRDAI (Regulatory Sandbox) (Amendment) Regulations

<https://irdai.gov.in/web/guest/document-detail?documentId=6094821>

2. Annual Repot

Annual Report 2023-24- IRDAI

<https://irdai.gov.in/web/guest/document-detail?documentId=6436847>

3. Press Release:

Press Release- GDP flash Figure of Non-Life Insurers up to November 2024

<https://irdai.gov.in/web/guest/document-detail?documentId=6409445>

III. INSURANCE INDUSTRY FLASH FIGURES FOR NOVEMBER 2024

For monthly insurance industry data, click on:

1. [Life Insurance](#) (Source: LI Council)
2. [Non-Life Insurance](#) (Source: GI Council)

IV. TOPICAL ARTICLE

The Futuristic Approach in Insurance

The insurance industry is undergoing a profound transformation as it adapts to the rapidly changing needs of consumers and the demands of a dynamic environment. Modern customers expect personalized, accessible, and flexible products that align with their evolving lifestyles and priorities. At the forefront of meeting these expectations is product innovation, driven by advancements in technology that enable insurers to deliver tailored solutions. Simultaneously on the other side, the increasing frequency of climate-related risks is compelling the industry to rethink its approaches to underwriting and payment of claims.

IRDAI's recent reforms are driving innovation and a stronger focus on customer needs in the insurance market. They encourage tailored solutions and better risk management to address emerging challenges. These changes are creating a more resilient and customer-focused insurance ecosystem.

Product Innovation: Shaping the Future of Insurance

Product innovation is essential for insurers to stay competitive and relevant in an ever-evolving market. By leveraging advanced technologies like AI, IoT, and blockchain, insurers can create personalized products tailored to individual customer needs. For example:

- **Usage-based insurance** has gained traction in auto and health sectors, offering flexible pricing models based on real-time data.
- **Parametric insurance** is emerging as a solution for climate risks, enabling faster payouts triggered by predefined events.

The parametric approach in insurance offers a predefined payout when measurable triggers like rainfall levels or wind speeds are met, bypassing traditional claim assessments. This ensures faster, transparent, and cost-effective settlements.

In India, the Weather-Based Crop Insurance Scheme demonstrates its utility. Farmers receive payouts if rainfall falls below a threshold during the cropping season. Data from agencies like the Indian Meteorological Department verify these triggers, aiding smallholder farmers in timely recovery. Similarly, parametric insurance is being explored for cyclone-prone coastal areas,

where payouts are based on recorded wind speeds. Advantages include quick settlements and reduced administrative costs, but challenges like limited data infrastructure, lack of awareness, and basis risk (mismatch between trigger and actual loss) persist.

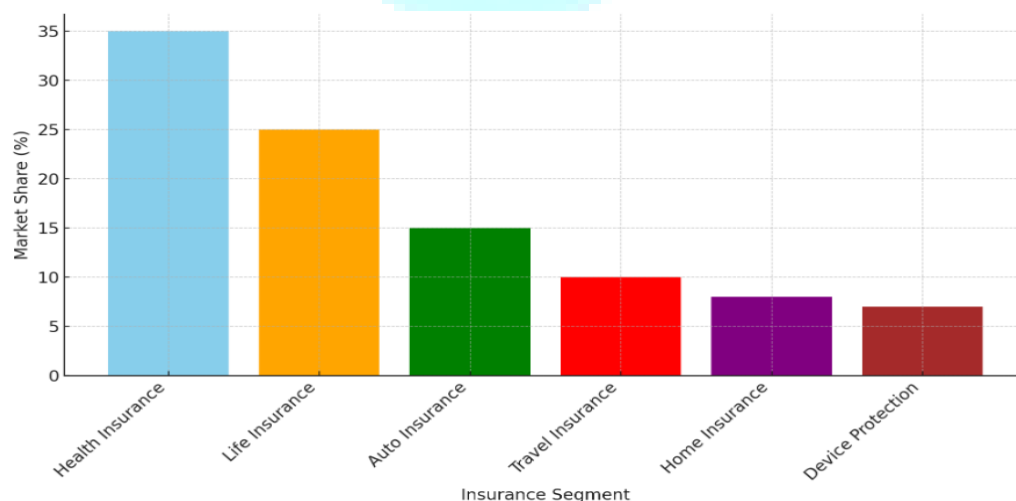
Despite challenges, the parametric model holds immense potential to mitigate weather-related risks in India, supporting vulnerable communities and enhancing economic resilience. It's a key step towards modernizing insurance in a disaster-prone nation.

Insurers are also exploring **embedded insurance**, seamlessly integrating coverage into non-traditional purchasing journeys, such as buying travel tickets or electronics. Effective innovation requires a customer-centric approach, continuously refining products based on feedback and emerging trends. Collaborations with tech startups and insurtech firms can accelerate the development of cutting-edge offerings. Such innovations not only enhance customer satisfaction but also open new revenue streams, ensuring long-term growth and adaptability in a dynamic industry landscape.

The focus on embedded insurance

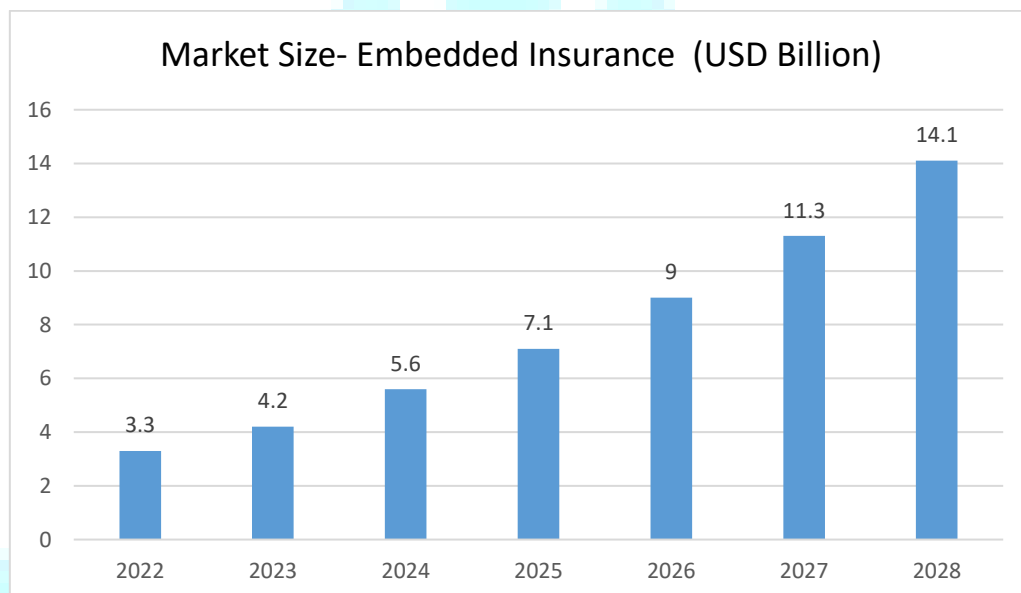
Embedded insurance is an innovative distribution model where insurance is seamlessly integrated into the purchase of a product or service. Unlike traditional insurance that requires customers to seek coverage independently, embedded insurance simplifies the process by offering protection at the point of sale. This approach enhances customer convenience and reduces friction by bundling insurance within the primary transaction.

Fig. 1-Embedded Insurance market in India (distribution by segment)



The chart (Fig. 1) reveals that health insurance dominates India's embedded insurance market, capturing 35% of the share, followed by life insurance at 25%. Auto insurance holds a moderate 15%, while travel and home insurance contribute smaller portions at 10% and 8%, respectively. Device protection, though growing, represents only 7% of the market. This indicates a strong preference for essential and high-risk coverage areas in the embedded insurance landscape.

For instance, when booking a flight, travelers often have the option to add travel insurance directly through the airline's platform or in health Insurance policy integration with fitness apps or wearable devices. Similarly, e-commerce platforms may provide extended warranties or protection plans during the checkout process for electronic devices.



The data shows consistent growth in the embedded insurance market, starting at \$3.3 billion in 2022 and nearly quadrupling to \$14.1 billion by 2028. This reflects a compound annual growth rate (CAGR) driven by increasing adoption and integration of insurance products with consumer services. The sharp increase between 2025 and 2028 highlights accelerated demand. The growth trajectory underscores significant opportunities for insurers and technology-driven distribution models.

API marketplaces play a crucial role in enabling embedded insurance by connecting insurers with third-party platforms. Through standardized APIs, businesses can easily integrate insurance solutions into their existing ecosystems. This fosters scalability, accelerates time-to-market, and ensures a seamless customer experience.

This model benefits businesses by increasing customer trust and loyalty while generating additional revenue. For customers, it ensures access to relevant and affordable coverage tailored to their needs, fostering a sense of security. Embedded insurance is particularly gaining traction in sectors like travel, retail, fintech, and mobility, revolutionizing the way insurance is delivered.

Sustainability: A Core Pillar for Insurers

Sustainability has become a business imperative for insurers. Climate change, social responsibility, and regulatory pressures are reshaping expectations of the industry's role in promoting a sustainable future. Insurers are uniquely positioned to drive change by integrating Environmental, Social, and Governance (ESG) factors into operations, underwriting, and investment strategies.

For instance:

- **Green insurance products**, such as coverage for renewable energy projects or discounts for eco-friendly practices, incentivize sustainable behavior. Insurers are also adopting certain practices like paperless work to promote green insurance.
- Insurers promote climate resilience by funding sustainable infrastructure and supporting initiatives that reduce environmental risks.

Transparency is critical, with insurers increasingly publishing sustainability reports to demonstrate progress and commitments. By embedding sustainability into core strategies, insurers can address societal challenges, strengthen market positions, and build trust with stakeholders. A sustainable approach drives innovation and ensures a lasting positive impact.

The insurance industry is at a transformative crossroads, driven by innovation, customer-centric models, and sustainability imperatives. By embracing advanced technologies, fostering product innovation, and integrating ESG principles, insurers can address emerging risks and meet evolving consumer demands. Embedded insurance and parametric models exemplify the industry's potential to simplify processes and enhance resilience. A future-focused approach ensures not only growth and profitability but also a meaningful contribution to societal and environmental well-being.

(By Dr. Ravi Jaiswal, Faculty Member, National Insurance Academy, Pune)

V. INSURANCE NEWS

Life Insurance industry posts 15.67 per cent growth in new business premiums at ₹2.42 lakh crore

LIC leads with a 16.08 per cent rise, while private insurers see a 15.09 per cent uptick during April-November 2024, Life Insurance Council data reveals.

Read more at:

<https://www.thehindubusinessline.com/economy/life-insurance-industry-posts-1567-per-cent-growth-in-new-business-premiums-at-242-lakh-crore/article68969937.ece>

Insurance premium financing expected to see healthy growth of 25% annually

According to an industry expert, Insurance premium financing, currently in its early stages, is expected to see a healthy growth of 25 per cent annually over the next few years amid increasing awareness of insurance and higher liquidity management needs among customers.

Read more at:

https://www.business-standard.com/finance/insurance/insurance-premium-financing-expected-to-see-healthy-growth-of-25-annually-124121901485_1.html

PM Narendra Modi launches LIC's 'Bima Sakhi Yojana' to empower women

Prime Minister Narendra Modi launched Bima Sakhi Yojana, an initiative of the state-owned Life Insurance Corporation (LIC) that aims to enrol 100,000 Bima Sakhi in 12 months to financially empower women. The scheme is designed to benefit women in the age group of 18-70 years, who are Class-10 pass

Read more at:

https://www.business-standard.com/finance/insurance/pm-narendra-modi-launches-lic-s-bima-sakhi-yojana-to-empower-women-124120901176_1.html

Micro insurance premium in life segment tops Rs 10k cr in FY24

In 2023-24, new business premium (NBP) in life insurance's micro-insurance segment, which targets low-income groups, surpassed Rs 10,000 crore for the first time, according to the financial year's Annual Report by the Insurance Regulatory and Development Authority of India (IRDAI).

Read more at:

https://www.business-standard.com/finance/news/in-a-first-micro-insurance-premium-in-life-segment-tops-rs-10k-cr-in-fy24-124122500576_1.html

Indian insurance firms seek zero-coupon bonds to manage long-term risks

Indian insurers have asked the government to issue new sovereign debt instruments, including zero-coupon bonds, to broaden investment opportunities available to them, Insurance companies have made a request to the Reserve Bank of India, which has then discussed the matter with the Finance Ministry of the government.

Read more at:

https://www.business-standard.com/finance/news/indian-insurance-firms-seek-zero-coupon-bonds-to-manage-long-term-risks-124120300101_1.html

India exploring insurance coverage for Ayush treatment for foreign nationals

India's Ministry of Ayush is examining a proposal to explore the possibility of including insurance packages for ayurveda, yoga, naturopathy, unani, siddha and homeopathy treatment, of foreign nationals visiting India.

Read more at:

<https://www.thehindubusinessline.com/money-and-banking/india-exploring-insurance-coverage-for-ayush-treatment-for-foreign-nationals/article68938540.ece>

Over Rs 20k crores of unclaimed amounts lie with life insurers at end of FY24

Unclaimed amounts with life insurance companies dropped marginally at the end of FY24 to Rs 20,062 crore from Rs 22,237 crore at the beginning of FY24, owing to initiatives taken by the Insurance Regulatory and Development Authority of India (Irdai), its annual report for FY24 revealed.

Read more at:

https://www.business-standard.com/finance/personal-finance/over-rs-20k-cr-of-unclaimed-amounts-lie-with-life-insurers-at-end-of-fy24-124122300989_1.html

Insurance premiums may drop if GST Council decides to reduce taxes

As per Finance Minister Nirmala Sitharaman, the cost of insurance to the policy holder is expected to come down if the GST Council recommends a reduction in GST rate on health and life insurance policies.

Read more at:

https://www.business-standard.com/finance/news/insurance-premiums-may-drop-if-gst-council-decides-to-reduce-taxes-fm-124120200655_1.html

Unease over government's proposal to raise cap on foreign direct investment to 100 per cent

The government's proposal to overhaul its insurance laws, including raising the cap on foreign direct investment (FDI) to 100 per cent, has sparked optimism and unease. In a draft amendment to the Insurance Act of 1938, the finance ministry aims to encourage competition, simplify regulatory processes and expand the market to underserved areas.

Read more at:

<https://www.telegraphindia.com/business/unease-over-governments-proposal-to-raise-cap-on-foreign-direct-investment-to-100-per-cent/cid/2067501>

Rising Healthcare Costs, Seasonal Motor Risks Fuel Surge in Insurance Claims

Escalating healthcare costs, monsoon-driven motor risks, and increasing claims due to lifestyle diseases are reshaping India's insurance landscape, highlighting the critical importance of comprehensive coverage. These insights come from Policybazaar's report on Insurance Claims Trends 2024, which reveals significant shifts in health, motor, and term insurance claims.

Read more at:

https://www.businessworld.in/article/rising-healthcare-costs-seasonal-motor-risks-fuel-surge-in-insurance-claims-541014#goog_rewarded

Cuts in GST on insurance premiums backed by IRDAI and Finance Ministry

The IRDAI and the Finance Ministry's Financial Services Department have voiced support for a proposal to cut GST on insurance premiums.

Read more at:

<https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/90267/Type/eDaily/India-Cuts-in-GST-on-insurance-premiums-backed-by-IRDAI-and-Finance-Ministry>

Insurers to recalibrate health insurance premiums on higher medical inflation

Medical inflation in India is projected to hover around 10% to 15% in 2025, according to a report released by WTW, a leading global advisory, broking and solutions company.

Read more at:

<https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/90299/Type/eDaily/India-Insurers-to-recalibrate-health-insurance-premiums-on-higher-medical-inflation>

IRDAI to introduce norms for more qualified insurance sales personnel

The Insurance Regulatory and Development Authority of India will introduce regulations to ensure that more qualified people are employed at the entry level to sell insurance policies.

Read more at:

https://www.business-standard.com/finance/insurance/irdai-to-introduce-norms-for-more-qualified-insurance-sales-personnel-124121201107_1.html

IRDAI may limit insurance companies' overdependence on parent banks

The Insurance Regulatory and Development Authority of India is likely to bring in regulations to limit the overdependence of life insurance companies on their parent banks for business sources through bank channels.

Read more at:

https://www.business-standard.com/finance/insurance/irdai-likely-to-limit-insurance-firms-overdependence-on-parent-banks-124121201066_1.html

Claims ratio of non-life insurers dips to 82.52% in FY2024

As per the Irdai's annual report, Net incurred claims to net earned premium (claims ratio) of non-life insurance industry stood at 82.52 per cent during 2023-24 as against 82.95 per cent in the preceding fiscal year.

Read more at:

https://www.business-standard.com/finance/insurance/claims-ratio-of-non-life-insurers-dips-to-82-52-in-fy24-irdai-report-124122300706_1.html

Non-life insurers' profit in green in FY24 after 2 straight years of losses

After two successive years of reporting losses, the non-life insurance industry has turned profitable in FY24. The aggregate net profit of the non-life insurance industry, which includes general insurers, standalone health insurers, and specialised PSU insurers, stood at Rs 10,119 crore in FY24.

Read more at:

https://www.business-standard.com/finance/insurance/non-life-insurers-profit-in-green-in-fy24-after-2-straight-years-of-losses-124122300969_1.html

AB Capital infuse Rs 23 crore into health insurance arm via rights issue

Aditya Birla Capital, a non-banking financial company (NBFC), has invested close to Rs 23 crore into its health insurance arm Aditya Birla Health Insurance (ABHI) through rights issue.

Read more at:

https://www.business-standard.com/companies/news/ab-capital-infuse-rs-23-crore-into-health-insurance-arm-via-rights-issue-124122401076_1.html



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