



Happy New Year 2021

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**I. WHAT'S HAPPENING AT NIA: UPCOMING
EVENTS/IMPORTANT PROGRAMMES**

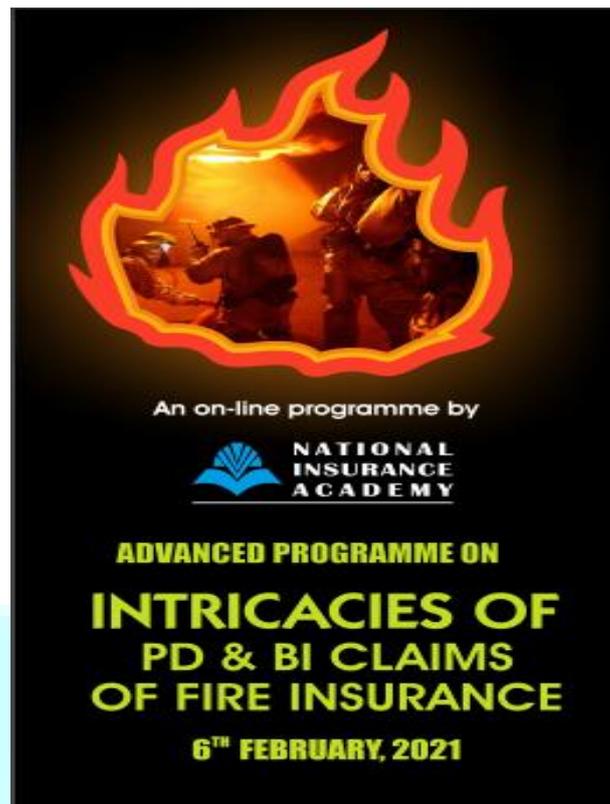
**1. MoU between National Insurance Academy and
The Institutes of Cost Accountants of India**

The poster features the ICAI logo at the top left and the NIA logo at the top right. The central text reads: 'WEBINT MOU Signing Ceremony Between THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (Statutory Body under an Act of Parliament) And NATIONAL INSURANCE ACADEMY'. The event is scheduled for 'MONDAY, 25th JANUARY 2021, 10:30 AM'. A vertical red bar on the right side is labeled 'Speakers'. Below this bar, five circular portraits of speakers are shown with their names and titles: CMA Bishwarup Basu (President, ICAI), CMA P. Raju Iyer (Vice President, ICAI), CMA Chittaranjan Chattopadhyay (Chairman, Banking, Financial Services and Insurance Committee, ICAI), CMA G. Srinivasan (Director, National Insurance Academy), and Ramana Rao A (General Manager (F&A Life Dept.), IRDAI of India). A weblink is provided: <https://icmai.in/icmai/Webint-BL.php>. A contact number is also listed: 'For any clarification please call: 96434-43047 / 83686-93781'. The website www.icmai.in is mentioned in the top left corner.

National Insurance Academy signed MoU with The Institutes of Cost Accountants of India on 25th January

2021. The collaboration will benefit both the institutions in terms of bringing learnings from the Cost Accountancy profession to the insurance industry and vice versa. Through the MoU there is scope for unlimited opportunity and potential with regard to capacity building by way of various programmes, seminars, webinars, conferences, joint publication and research.

2. Advanced Programme on Intricacies of PD and BI Claims of Fire Insurance



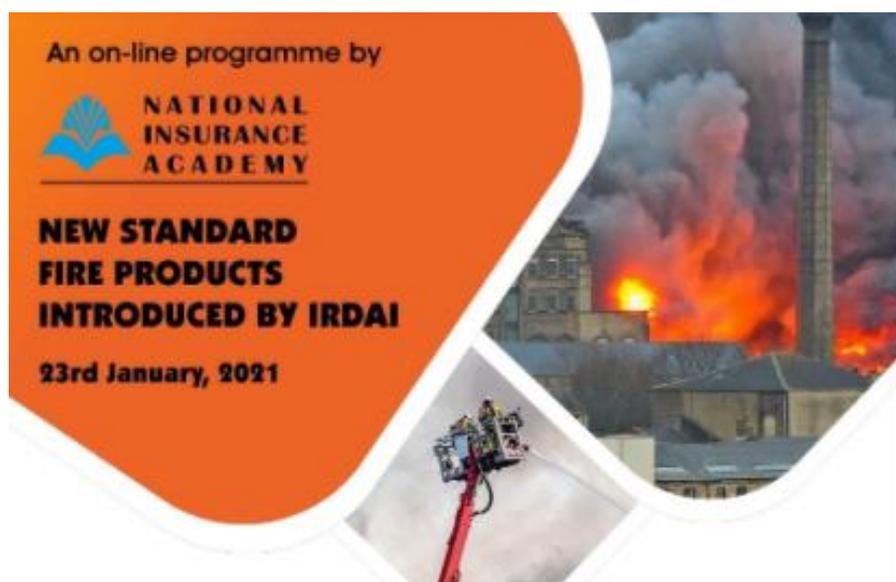
Standard Fire and Special Cover policy (SFSP) cover is widely available and many corporate entities, SMEs, shops and individuals have SFSP policies in force. However the SFSP policy with add on covers is a complex policy to understand and added to that the complexity of large risk policies with international wordings and add on covers have thrown lot of interpretations in the minds of insurers, brokers, surveyors and customers in the event of property damage and business interruption claims.

National Insurance Academy has decided to discuss the intricacies of Fire claims with case studies through a half day online programme scheduled to be held on 6th February 2021.

Visit www.niapune.org.in for more details.

To make online payment, click here: <https://niapune.org.in/payments/portal/>

3. New Standard Fire Products Introduced by IRDAI



IRDAI has come out with 3 standardised policies under fire line of business which will be offered by the general insurance companies with effect from 01.04.2021. National Insurance Academy took the initiative and conducted a half day online workshop on New Standard Fire Products introduced by IRDAI on 23rd January 2021, to discuss and explain the guidelines for standard products for Fire and Allied perils for dwellings, small and micro businesses.

II. REGULATORY DEVELOPMENTS

1. Exposure Draft:

a. Report of the Working Group (WG) to Study Cyber Liability Insurance. Click here for the report:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4348&flag=1

b. Report of the Working Group (WG) to examine and recommend linking of motor insurance premium with traffic violations. Click here for the report:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4344&flag=1

c. Exposure draft on IRDAI (Regulatory Sandbox) (Amendment) Regulations, 2021. Click here for the draft:

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4337&flag=1

d. Exposure Draft of Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) (First Amendment) Regulations, 2021. Click here for the draft:
https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4334&flag=1

2. Circulars:

a. Clarification on the IRDAI (Assets, Liabilities and Solvency Margin of Life Insurance Business) Regulations, 2016 and IRDAI (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016. Click here for the circular:
https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4322&flag=1

b. Communication on settlement of health insurance claims against General Insurance Council's instructions dated 20th June 2020 on "Reference Rates for COVID-19". Click here for the circular:
https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4338&flag=1

c. Credit Rating – Applicable for Infrastructure Investments. Click here for the circular:
https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo4331&flag=1

III. INSURANCE INDUSTRY FLASH FIGURES FOR DECEMBER 2020

Click on:

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

IV. TOPICAL ARTICLE

Increasing Penetration by Winning Trust and Retaining the Young Customers

The Indian insurance industry has total 57 companies- 24 in life insurance and 33 in general or non-life insurance. However, the overall insurance penetration is still low at 3.71% (FY 2019)

(www.ibef.org) as compared to the world average of 6.09%. Considering the fact that India is the second most populous country in the world, there is huge potential for growth.

Young Millennials who constitute about one-third of the total Indian population, have comparatively high spending appetite but there has always been scepticism with respect to their spending on buying insurance. Although the insurance companies witnessed an increase in awareness and demand for buying insurance by young customers during the Covid-19 pandemic, the interesting question is, whether this increase was short lived for the fear of pandemic or it can be witnessed in the long run too? The other aspect is that there is still some gap between the mind-set of young customers and the insurance companies. Hence in order to attract and retain young customers in the long run, insurance companies will have to learn their language and speak their mind.

Young customers are digital natives and want complete information about the products/plans but without any overload. They expect bite sized authentic information which is aligned to their needs, is available to them as and when required, and at the same time is simple and easy to understand. Customized insurance plans which are competitively priced and cover even the lifestyle risks is what can attract them. Moreover, their 24x7 access to online information indicates that they are always on the lookout for better options and would not hesitate to move on if they find a better choice. Unlike older generation people who still prefer to buy in-person, young customers are more comfortable buying online through the click of a button where they can check out the plans on their own and also compare products of various companies, rather than purchasing from an insurance agent or salesperson.

The insurance companies should thus try to address these because if the young population is attracted early, they can stay for long. The insurance companies will also have to raise their bar and provide one-touch, simple and consistent information so as to provide a better customer service, experience and products. Hence it may be stated that there is massive opportunity to improve the insurance penetration if this segment of customer is tapped effectively and retained in the long-run.

(By Ms. Ruchika Yadav, Research Associate, NIA)

V. INSURANCE NEWS

Data revolution and insurance penetration - To redefine how India is covered

High medical and hospitalisation costs have triggered a sense of fear in the minds of the people. While this conscious shift in the consumer mindset has put a building block in increasing insurance penetration, with the market share of health insurance increasing to 29.7% in H1FY21 3 as against 26% last year, over 80% of Indians don't have health covered.

To read the whole article click on: <https://timesofindia.indiatimes.com/blogs/voices/data-revolution-and-insurance-penetration-to-redefine-how-india-is-covered/>

Simplicity, liquidity key features of IRDA's Saral Pension Yojana

Annuity products are in demand as senior citizens or those closer to retirement seek regular flow of income from their accumulated corpus. However, the product basket of annuities by life insurers is large with various types of annuities and payout options. In order to simplify the world of annuities, insurance regulator IRDA has issued a circular asking insurers to launch a standard individual immediate annuity product -- Saral Pension from April 1, 2021. The insurers are expected to file product details with the regulator by February 2021.

To read the whole article click on: <https://www.businesstoday.in/money/investment/bt-insight-simplicity-liquidity-key-features-of-irdas-saral-pension-yojana/story/429387.html>

Income tax benefit up to Rs 1 lakh in health insurance plans: How much can you get?

The outbreak of the Coronavirus pandemic has brought the importance of health insurance to the forefront like never before. With the cost of hospitalization due to Covid-19 running into a few lakh, the health insurance policy has proven to be a boon to those who hold them. And, not just Covid-19, a health cover ensures you don't have to dip into your savings to meet the rising medical costs because of any illness. A health insurance plan with adequate coverage is, therefore, a must-have for not just the eldest member but for the entire family. An illness or an accident leading to hospitalization may occur with anyone, anytime.

To read the whole article click on: <https://indianexpress.com/article/business/money/%E2%80%8Bincome-tax-benefit-up-to-rs-1-lakh-in-health-insurance-plans-how-much-can-you-get-7164978/>

On-demand plans, subscription-based payment will be new trends in insurance

The Year 2020 witnessed two big changes in the insurance sector. First, regulator IRDAI allowed on-demand products, and second, policyholders were given the option to pay their premium in monthly instalments (subscription-based payment).

To read the whole article click on: <https://www.livemint.com/opinion/online-views/ondemand-plans-subscription-based-payment-will-be-new-trends-in-insurance-11611832919865.html>

IRDAI panel recommends separate premium payments in vehicle purchases

An IRDAI-appointed committee has recommended that buyers of vehicles make separate payments for the vehicles and the related motor insurance premium. The panel suggests that the premium be paid to the insurance company directly, instead of through the Motor Insurance Service Provider (MISP).

A MISP is an automobile dealer appointed by the insurer or the insurance intermediary to distribute and/ or service motor insurance policies of automotive vehicles sold through it.

To read the whole article click on: [https://www.asiainsurancereview.com/News/View-Newsletter-Article/id/75459/Type/eDaily/India-IRDAI-panel-recommends-separate-premium-payments-in-vehicle-purchases#:~:text=An%20IRDAI%2Dappointed%20committee%20has,Insurance%20Service%20Provider%20\(MISP\)](https://www.asiainsurancereview.com/News/View-Newsletter-Article/id/75459/Type/eDaily/India-IRDAI-panel-recommends-separate-premium-payments-in-vehicle-purchases#:~:text=An%20IRDAI%2Dappointed%20committee%20has,Insurance%20Service%20Provider%20(MISP))

ESIC beneficiaries to get health services in all districts from April 1

Employees' State Insurance Corporation (ESIC) insured persons (IPs) would get access to health services under the ESI scheme in all 735 districts of the country from April 1. At present, ESICs health services are fully available for its IPs in 387 districts and partly in 187 districts, while there are 161 districts that do not have such services at all.

To read the whole article click on: <https://timesofindia.indiatimes.com/business/india-business/esic-beneficiaries-to-get-health-services-in-all-districts-from-april-1/articleshow/80485945.cms#:~:text=ESIC%20beneficiaries%20to%20get%20health%20services%20in%20all%20districts%20from%20April%201,->

[PTI%20%7C%20Jan%2027&text=NEW%20DELHI%3A%20Employees'%20State%20Insurance, April%201%2C%20an%20official%20said](#)

IRDAI panel urges popularizing cyber insurance

A working group formed by the IRDAI to study cyber liability insurance has made several recommendations for insurers to deal with increased cyber risk, including suggesting that efforts be made to popularize cyber cover.

“Cyber exposure is a concern for all underwriters. Cyber affirmative and silent covers are scattered in many different products beyond standalone ones. Cyber risk permeates all classes of insurance without boundaries of industries,” the working group said.

To read the whole article click on: <https://www.asiainsurancereview.com/News/View-Newsletter-Article/id/75446/Type/eDaily/India-IRDAI-panel-urges-popularising-cyber-insurance#:~:text=A%20working%20group%20formed%20by,made%20to%20popularise%20cyber%20cover.&text=This%20is%20also%20known%20as,non%2Daffirmative%E2%80%9D%20cyber%20coverage>

Australia: Insurers raise premiums for cyber cover

Although the cyber insurance market remains an accessible and affordable means of transferring risk for insureds, there has been signs of caution from insurers as a result of the increasing claims activity in 2020.

In its report “Cyber Insurance Market Recap 2020”, Marsh notes that in an effort to sustain profitability, insurers are increasing cyber premiums (15-20% average increases in Australia), capping limits, and requiring more underwriting information.

To read the whole article click on: <https://www.asiainsurancereview.com/News/View-Newsletter-Article/id/75445/type/eDaily/Australia-Insurers-raise-premiums-for-cyber-cover>

Budget 2021 should look at strengthening digital insurance

The Union budget 2021 is one of the most crucial budgets, as the government will focus on bringing the economy back to track. While India has been able to manage the Covid pandemic crisis and the economy is beginning to display budding confidence, the budget this year is vital for all sectors.

Insurance is one such sector that needs a lot of government support to bridge the demand-supply gap amongst consumers.

To read the whole article click on: <https://www.timesnownews.com/business-economy/budget/article/budget-2021-should-look-at-strengthening-digital-insurance/712123#:~:text=The%20Union%20budget%202021%20is,the%20economy%20back%20to%20track.&text=While%20the%20insurance%20industry%20continues,building%20insurance%20accessibility%20for%20consumers>

Embedded Value: Buy insurance for long-term protection, not just to save tax

Life insurance is a major component of financial planning as it is a wonderful tool for providing financial protection to oneself and to one's loved ones. An investment or savings gives assurance when the targeted amount is assured for the dependants with the very first instalment of the savings paid as premium. If unfortunately he or she leaves them behind, the insurer steps forward to provide them financial support.

To read the whole article click on: <https://www.financialexpress.com/money/insurance/embedded-value-buy-insurance-for-long-term-protection-not-just-to-save-tax/2179283/>

Govt weighing proposal to infuse more capital into state-run general insurers

After banks, the government is weighing a proposal to infuse more capital into state-run general insurers – National, Oriental and United – in FY22 to shore up their precarious solvency levels and enable them to meet regulatory norms in the aftermath of the Covid-19 pandemic.

To read the whole article click on: <https://www.financialexpress.com/industry/govt-weighting-proposal-to-infuse-more-capital-into-state-run-general-insurers/2177788/>

Awareness post Covid high, but no surge in biz as several sectors are facing challenges

As economy has started recovering, insurance companies have seen a rise in demand.

Anuj Mathur, MD & CEO, Canara HSBC Oriental Bank of Commerce Life Insurance, told that while awareness has increased because of the Covid pandemic, it may not translate into an immediate surge in demand as several sectors are still under stress and affordability has been hit.

To read the whole article click on:

<https://indianexpress.com/article/business/economy/awareness-post-covid-high-but-no-surge-in-biz-as-several-sectors-are-facing-challenges-7159323/>

Standardised professional indemnity policy proposed

An IRDAI panel has suggested standardization of the professional indemnity policy under which insurance cover can be provided to brokers, corporate agents, web aggregators and insurance marketing firms.

As per the recommendation, policies issued under the new format will cover all damages resulting from any claim for breach of duty of the insured, fraud and dishonesty of any employee for which the insured becomes legally liable.

To read the whole article click on: <https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/75404/type/eDaily/India-Standardised-professional-indemnity-policy-proposed>

Pandemic spurs technology growth in US insurance industry

Insurers increased their use of catastrophe models, drones and mobile apps during the Covid-19 pandemic, and they anticipate growth in such technology to continue once the health crisis passes. Some growth in what is known as “insurtech” was driven by the social distancing measures and quarantines that accompanied the pandemic, while adoption of other technologies came despite it.

To read the whole article click on: <https://www.thestar.com.my/tech/tech-news/2021/01/25/pandemic-spurs-technology-growth-in-us-insurance-industry>

Reliance general insurance launches Hospi Care health policy

Reliance General Insurance has launched a Hospi Care policy today. This policy will provide a lump sum for healthcare needs. It will offer sum-insured options varying from ₹1 lakh to ₹10 lakh, with the annual premium starting at only ₹1,669 plus taxes.

To read the whole article click on: <https://www.livemint.com/money/personal-finance/reliance-general-insurance-launches-hospi-care-health-policy-11611231686015.html>

Govt appoints Siddhartha Mohanty as managing director of LIC from Feb 1

The government appointed Siddhartha Mohanty, currently serving as the managing director (MD) and chief executive officer (CEO) of LIC Housing Finance, as the MD of India's largest insurer Life Insurance Corporation (LIC) from February 1 onwards.

He will serve as the MD of LIC till his superannuation on June 30, 2023. Mohanty will be replacing TC Suseel Kumar, who is set to retire on January 31, 2021.

To read the whole article click on: https://www.business-standard.com/article/companies/govt-appoints-siddhartha-mohanty-as-managing-director-of-lic-from-feb-1-121011901533_1.html

Auto dealers can work as sales channel for motor insurance: IRDAI panel

The committee formed by the insurance regulator to review the motor insurance service provider (MISP) guidelines has suggested that automotive dealers can be considered as one of the distribution channels for soliciting motor insurance business. They may work as insurance intermediaries in much the same way as insurance brokers, but must solicit motor insurance business only.

To read the whole article click on: https://www.business-standard.com/article/pf/auto-dealers-can-work-as-sales-channel-for-motor-insurance-irdai-panel-121011901243_1.html

Traffic violations may attract higher motor insurance premiums soon

A working group committee appointed by the insurance regulator IRDAI has recommended introducing a new section in motor insurance premiums for reducing traffic violations. The committee recently submitted its draft report on the prospect of linking motor insurance premiums with traffic violations.

In a draft proposal, the committee has recommended inserting a new section to Motor Insurance called 'Traffic Violation Premium' or TVP in addition to the four sections – Own Damage insurance, the mandatory Basic Third-Party insurance, Additional Third-Party insurance and Compulsory Personal Accident Premium.

To read the whole article click on: <https://www.indiatoday.in/business/story/traffic-violations-to-attract-higher-motor-insurance-premiums-soon-1760603-2021-01-19>

Firms rush for vaccine liability cover as India kicks off vaccination drive

Covid-19 vaccine manufacturers in India have got themselves covered with product liability policies as the immunisation drive has started. They had also taken clinical trial liability insurance during the trial phase to protect themselves.

Insurance companies, on the other hand, have sought reinsurance support for such coverage from India's largest reinsurer General Insurance Corporation (GIC Re).

To read the whole article click on: [https://www.business-standard.com/article/companies/firms-rush-for-vaccine-liability-cover-as-india-kicks-off-vaccination-drive-](https://www.business-standard.com/article/companies/firms-rush-for-vaccine-liability-cover-as-india-kicks-off-vaccination-drive-121011700872_1.html#:~:text=Firms%20rush%20for%20vaccine%20liability%20cover%20as%20India%20kicks%20off%20vaccination%20drive,-Subrata%20Panda%20%7C%20Mumbai&text=Covid%2D19%20vaccine%20manufacturers%20in%20trial%20phase%20to%20protect%20themselves)

[121011700872_1.html#:~:text=Firms%20rush%20for%20vaccine%20liability%20cover%20as%20India%20kicks%20off%20vaccination%20drive,-](https://www.business-standard.com/article/companies/firms-rush-for-vaccine-liability-cover-as-india-kicks-off-vaccination-drive-121011700872_1.html#:~:text=Firms%20rush%20for%20vaccine%20liability%20cover%20as%20India%20kicks%20off%20vaccination%20drive,-Subrata%20Panda%20%7C%20Mumbai&text=Covid%2D19%20vaccine%20manufacturers%20in%20trial%20phase%20to%20protect%20themselves)

[Subrata%20Panda%20%7C%20Mumbai&text=Covid%2D19%20vaccine%20manufacturers%20in%20trial%20phase%20to%20protect%20themselves](https://www.business-standard.com/article/companies/firms-rush-for-vaccine-liability-cover-as-india-kicks-off-vaccination-drive-121011700872_1.html#:~:text=Firms%20rush%20for%20vaccine%20liability%20cover%20as%20India%20kicks%20off%20vaccination%20drive,-Subrata%20Panda%20%7C%20Mumbai&text=Covid%2D19%20vaccine%20manufacturers%20in%20trial%20phase%20to%20protect%20themselves)

Is 'sum assured' the same as 'sum insured'?

'Sum insured' and 'sum assured' are among the fundamental terms an individual essentially needs to understand before choosing a life insurance plan. The two terms are the basis on which a plan is evaluated.

Though a novice may interpret the two to mean the same, the actual meanings are significantly different. While sum assured refers to the benefit, sum insured is the reimbursement of insured loss.

To read the whole article click on: <https://www.thehindu.com/business/Industry/is-sum-assured-the-same-as-sum-insured/article33589835.ece>

IRDAI for extending validity of sandbox regulations by another 2 years

The Insurance Regulatory and Development Authority has recommended the extension of validity of sandbox regulations by another two years, in light of the fact that many applicants could not complete their experiments on time due to the pandemic.

To read the whole article click on: [https://www.business-standard.com/article/economy-policy/irdai-for-extending-validity-of-sandbox-regulations-by-another-2-years-](https://www.business-standard.com/article/economy-policy/irdai-for-extending-validity-of-sandbox-regulations-by-another-2-years-121011201708_1.html#:~:text=Irdai%20for%20extending%20validity%20of%20sandbox%20regu)

[121011201708_1.html#:~:text=Irdai%20for%20extending%20validity%20of%20sandbox%20regu](https://www.business-standard.com/article/economy-policy/irdai-for-extending-validity-of-sandbox-regulations-by-another-2-years-121011201708_1.html#:~:text=Irdai%20for%20extending%20validity%20of%20sandbox%20regu)

[lations%20by%20another%202%20years,-](#)

[BS%20Reporter%20%7C%20%7C%20Last&text=Irdai%20had%20notified%20the%20sandbox,a%20period%20of%20two%20years.&text=It%20received%20173%20applications%20in,Irdai%20has%20got%20185%20applications](#)

Please share your feedback at <http://niapune.org.in/in-feedback>

