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**I. EVENTS AT NIA**

**1. CD Deshmukh Seminar**



20<sup>th</sup> Annual CD Deshmukh Memorial Seminar on “Well-Being: Strategic response from Life insurers, Health insurers, and Pension providers” was held on 11 January, 2019. Mr. Hemant Contractor, Chairman, PFRDA was the Chief Guest. This was attended by representatives of life, general, and health insurance companies.

**2. Convocation of PGDM**



Convocation ceremony of NIA's PGDM batch 2017-19 was held on 12 April, 2019. Dr Bhushan Patwardhan, Vice-Chairman, University Grants Commission, New Delhi was the Chief Guest. All the graduates got Campus placement in companies from India and abroad.

### 3. NIA-RIMS MoU



NIA signed a Memorandum of Association with Risk and Insurance Management Society (RIMS), USA for Training, Education and Research in the area of Risk Management in April 2019.

### 4. Prof. Shaun Wang from Singapore visits NIA



Prof. Shaun Wang, Director, Insurance and risk Finance Research Centre, Nanyang Business School, Singapore visited NIA in April 2019 and addressed and interacted with NIA Faculty, Research Associates and insurance industry representatives.

### 5. Seminar on Title Insurance



NIA organized a Seminar on Title Insurance on 26 February, 2019 at Hotel Taj Land’s End, Mumbai. Dr. Vijay Satbir Singh, IAS (Rd), Member Maharashtra Real Estate Regulatory Authority was the Chief Guest of the event. The seminar provided a platform for all stakeholders like real estate builders, promoters, bankers, housing finance companies, insurers, reinsurers, insurance brokers and Government representatives to appreciate the product features, scope, terms and conditions including pricing.

### 6. Swiss Re International Seminar



NIA and Swiss Re organized a two day International Seminar on Challenges of Climate Risks on Insurance Business – Risk Mitigation and Adaptation Strategies from February 7-8, 2019, at Hotel Taj Santacruz, Mumbai. IRDAI Chairman, Mr. Subhash Chandra Khuntia was the Chief Guest of the seminar. The seminar was attended by industry representatives from both India and abroad.

## ***II. INSURANCE INDUSTRY FLASH FIGURES FOR FY 2018-19***

Click on:

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

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

### **1. Regulatory Sandbox in Insurance Market**

A Committee appointed by IRDAI to explore the implementation of Sandbox approach in innovation in products and process of Insurers in Indian market has recommended positively to put in place a regulatory enabling environment for the same as per their report submitted in February 2019.

A sand box is used in engineering work to gradually bring down a heavy arch structure by propping up support by a pillar standing on a sand box and then allowing the sand to gradually escape the small hole at the bottom of the box which slowly sinks the supporting prop. This innovative device allows a controlled action minimizing or eliminating any damage. Similarly a sand box approach in financial services sector is put in place by the regulators. The financial sector regulators in Europe, UK have allowed Fintech to bring in innovative products and processes to be tried as a pilot experiment under the supervision for a limited period of time and assess the efficacy before getting approval for regular introduction in the market.

Massive fin tech innovation is happening in the Asian region in banking and financial services. Insurance being a related service cannot be immune from this. Thus insure tech is the natural

follow up which is associated with financial products. Realising this IRDAI has now allowed insurers to innovate products and processes and first incubate in the market for a specific period and evaluate the efficacy. Once the experiment succeeds in achieving the intended outcomes it is filed with the regulator as a regular product. Thus regulator creates an enabling climate without losing its supervision. Too much regulation stifles innovation and growth and sand box approach is to moderate the control and provide the breathing space for innovation for better products, processes and enhancing customer satisfaction.

The innovation is expected to be across products in digital platform, payment systems, tracking of digital assets and physical assets, customer database, identity identification, processes and transaction recordings.

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

## **2. Title Insurance**

Title Insurance Policy is a new nonlife insurance product offered in the Indian market. Real Estate Regulatory Authority is expected to mandate compulsory Title Insurance to the builders of residential and commercial property. The policy covers the financial loss to the flat and shop owners arising out of defective title of the land on which the property has been built. The builder can take the policy on the Gross Development Value which represents the aggregate sale price of the whole property including the cost of land. For the allottee sum insured represents the amount paid to the builder as per agreement of sale. The risks covered include defect in the title owing to forgery, fraud, failure of transfer of conveyance, falsified or expired power of attorney, not appearing on public documents and absence of legal right to access to land. Defence cost and legal fees are also included in the limit of indemnity. The period of policy is 7 years extendable by further 8 years.' Subsequent to the completion of the project this policy is transferred by the builder in the name of the owners. Urbanisation in India is fast and huge number of housing and commercial projects are in progress with large amounts of investment. A prospective house owner runs a heavy risk if title is defective, hence MAHARERA's intent to mandate compulsory title insurance is timely. National Insurance Academy, Pune organised a seminar on....at Hotel Taj Lands End, Mumbai which was attended by insurers, brokers, reinsurers, builders, bankers and authorities from MAHARERA. This

provided a very useful platform for all stake holders to deliberate upon the issues, challenges, opportunities and practical steps were suggested to take this initiative forward.

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

### **3. Life Insurance Penetration and Protection Gap**

Life Insurance sector in India is amongst the fastest growing in the world. The real premium growth in 2017 was 8% which compares favourably with global growth of 0.5 %. With 15% annual growth, it has the potential to become one of the largest in the world. Total First Year Premium Income (FYPI) for 2017-18 was ₹ 1, 93,866 crores with a growth of 10.77%.

The insurance penetration in India is however, very low compared to many other countries. Insurance penetration which is measured in terms of total premium as a percentage of GDP, was 2.76% in 2017.

#### **Protection Gap**

About 80% of the Indian population is either uninsured or under insured and 67% of the population lives in rural India. When it comes to insurance a vast majority of population in India does not have any form of social protection and consequently the people do not have any financial coverage in the contingent event of sickness, accident or death. Insurance protection for the masses and inclusive growth of society are imperative for India.

The reasons for huge coverage gaps and low penetration are:

- Lack of insurance awareness and low insurance literacy
- Insurance products are generally complex and difficult for people especially the uninformed to understand.
- Insurance and savings are quite different and people generally do not distinguish between the two.
- The insurers are largely confined to urban centres and their reach in rural India is limited.
- The agents selling life insurance products lack in knowledge and professionalism often resulting in mis-selling, wrong selling or under selling.

Adequate steps need to be taken by the insurers, the regulator, the Government and other stakeholders to address the following issues:

- Simple and affordable products
- Strengthening existing channels of distribution and identifying new models (like CSCs/Public Service Centres. Common Service Centres can be leveraged to increase insurance penetration especially in rural areas.
- Improvement in service delivery, reliability, accuracy, credibility, speed and transparency
- Professionalism of insurance intermediaries: the Government's skill development initiatives can focus on insurance intermediaries.
- Technology to be used in a big way for ease of buying, better service delivery and operational efficiency.

Micro insurance can play an important role in providing insurance coverage to the vast majority of the population who cannot afford to buy regular insurance. IRDAI Micro Insurance Regulations 2005, amended in 2013 and Micro Insurance Regulations 2015 were aimed to reach the economically weaker sections of the society through low ticket sized and easy to understand products. It is designed to expand the distribution network and improve coverage by making insurance accessible and affordable to those who cannot buy regular insurance by offering low premium and simple products through different distribution channels.

Government schemes like PMJJBY, PMSBY and Ayushman Bharat have done a lot in taking insurance to the masses in a big way. The Government through these social Security Schemes has given a big push to insurance inclusion initiatives. It has created awareness, activated demand and created a market which was so far unexplored. The insurance companies can now build up on the awareness and the demand created by these social security schemes by launching new innovative life and health insurance products to increase insurance coverage in a big way.

(By Mr. Shiv Prabhat, Chair Professor- Financial Inclusion & Social Security, NIA)

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

### **Capturing the Full Potential of Analytics in Insurance**

Leaders in financial services are harnessing advanced analytics to tap into huge new troves of data and unlock billions of dollars in value. Banks are using news media data to identify credit risks, for example, rather than relying only on financial and demographic data. Hedge funds are driving trading strategies based on correlations between emotions expressed in Twitter feeds and stock market movements.

The insurance industry has always relied on data and analytics across underwriting, claims, fraud detection and so on, and two advances are unleashing significantly more value in the industry: the explosion of data sources, include “structured,” machine-readable data and “unstructured” 2 data such as video, text and social media; and leaps in computing technology and advanced analytics techniques and tools such as machine learning. Meanwhile, the shift from batch to real-time processing and visualization of data feeds is fundamentally changing core operations in claims, billing and CRM.

To read the whole article click on: <http://www.businessworld.in/article/Capturing-The-Full-Potential-Of-Analytics-In-Insurance/19-05-2019-170647/>

### **We are requesting the Govt to allow Aadhaar based KYC in insurance: IRDAI Chief**

It will be 20 years next year of the insurance industry opening up to the private sector. Mint’s Insurance Conclave 2019, held on 14 May in Mumbai, debated what the last 20 years in the insurance industry have been like in terms of laying the foundation for both life and non-life insurers and what changes the industry would possibly witness in the next 20 years.

The chairman of the Insurance Regulatory and Development Authority of India (IRDAI), Subhash Chandra Khuntia, delivered the keynote address at Mint’s insurance conclave held in Mumbai on 14 May.



To read the whole article click on: <https://www.livemint.com/insurance/news/we-are-requesting-the-govt-to-allow-aadhaar-based-kyc-in-insurance-irdai-chief-1558269012737.html>

## **Local Reinsurance Giant Raises Premium Rates**

Businesses in several sectors such as pharma, textiles and steel have seen their property insurance rates soar by as much as eight times after national reinsurer GIC Re revised its reinsurance coverage terms with effect from 1 March.

GIC has justified the higher rates, saying that even at the new levels, premium revenue only matches claims in the eight sectors where rates have been increased, reported The Times of India. The revision was announced on 21 February to insurance companies.

To read the whole article click on: <http://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/46058/Type/eDaily/India-Local-reinsurance-giant-raises-premium-rates>

## **Sale Deal in Final Stage of Completion: Star Health**

Private sector insurer Star Health and Allied Insurance Company Ltd was in the final stage of completion of sale process and the transition was likely to happen in first quarter of the next financial year, a top official said.

"A consortium has won the sale process and in April-May-June we look forward to transition happening," company Chief Operating Officer, Dr S Prakash said here.

A consortium of WestBridge AIF, investor Rakesh Jhunjhunwala and Madison Capital signed definitive agreements with the shareholders of Star Health to purchase the shares of the insurer last year.

To read the whole article click on:

<https://economictimes.indiatimes.com/industry/banking/finance/insure/sale-deal-in-final-stage-of-completion-star-health/articleshow/68478352.cms>

## **Can NRIs Purchase Life Insurance in India?**

You may be well settled in a foreign country but your love and concern for your family members' future just keeps growing over the years. Well, life insurance is here to put your mind at ease. Let's see how!

If you are an NRI and are looking for an affordable protection plan from India, there are now some interesting plans offered by insurers. You can buy term insurance plans at premiums that are one of the cheapest in the world, at the same time it gives you the comfort of buying through a known brand back in your homeland.

To read the whole article click on: <https://www.moneycontrol.com/news/business/personal-finance/can-nris-purchase-life-insurance-in-india-3666241.html>

## **Third Party Motor Cover: New Rates Likely to Come into Effect from June**

Third-party insurance policies are mandatory by law, and Motor accounts for nearly 40 per cent of the general insurance market. The Insurance Regulatory and Development Authority of India (IRDAI) may announce the premium rates for motor third-party cover from June, according to sources close to the development.

To read the whole article click on: <https://www.thehindubusinessline.com/money-and-banking/third-party-motor-cover-new-rates-likely-to-come-into-effect-from-june/article26704264.ece>

## **Most Insurers Align Premium Rates with GIC Re Norm**

Even though a case has been filed in the Telangana High Court by Laurus Labs Ltd pleading scrapping of General Insurance Corporation of India's (GIC Re) move to accept fire insurance risks at a stipulated rate, majority of primary insurers have aligned premium rates with that of the reinsurer, said industry officials.

To read the whole article click on: [https://www.business-standard.com/article/news-ians/most-insurers-align-premium-rates-with-gic-re-norm-119033100573\\_1.html](https://www.business-standard.com/article/news-ians/most-insurers-align-premium-rates-with-gic-re-norm-119033100573_1.html)

## **Digit Insurance to Release India's First Digital Health Cover**

Digit Insurance, India's first digital insurance provider, currently offers cover for cars, travelling, homes and mobile phones - but it's entering the health insurance market after a company-led research project revealed a gap in the market for its services.

Digit Insurance, India's first digital insurance provider, will launch a fully digitised health insurance service - as it aims to provide cover to young people who may not understand why then need it.

The company's business strategy is led by former Allianz chief Kamesh Goyal and already has products in motor, travel, home and mobile lines.

To read the whole article click on: <https://www.compelo.com/insurance/news/digit-insurance-india/>

## **\$255 Million: Coinbase Confirms Extent of Crypto Insurance Coverage**

Coinbase has revealed the details of its insurance arrangements for cryptocurrency held on customers' behalf, a rare move in an opaque market.

In a blog post, Philip Martin the exchange's vice president of security, confirmed that it is covered for up to \$255 million for coins held in so-called hot wallets - in other words, assets which are essentially online and open to potential hacks. CoinDesk first reported in November that Coinbase's coverage was in this ballpark.

To read the whole article click on: <https://www.coindesk.com/coinbase-insurance-coverage>

## **India Has Millions of Medical Records Online But No Law to Keep the Data Safe**

Over the years, with the growth of internet businesses, data privacy has gained even more importance. And when it comes to healthcare data, the importance of data privacy only

increases. India has been toying with the idea of a healthcare data privacy bill since 2018, but it hasn't come into effect yet.

In March 2018, the Indian Ministry of Health and Family Welfare said that it plans to set up a nodal body called National Digital Health Authority, that would enforce privacy and security measures for electronic health data in India. However, while the setting up of the regulatory body is awaited, there are multiple healthtech startups out there today with millions of users that have access to medical records.

To read the whole article click on: <https://www.businessinsider.in/world-health-day-india-needs-laws-to-protect-online-medical-data/articleshow/68771225.cms>

## **LIC Gets 12 Years from RBI to Cut Stake In IDBI Bank, Says Report**

LIC, a long-term investor in IDBI Bank, argued that it has nearly 30 percent of its advances as bad loans in the December quarter. IDBI Bank was classified as a private sector bank by RBI recently.

As per the Insurance Regulatory and Development Authority (IRDAI), LIC can hold up to 15 percent stake in any bank which can go up to 30 percent as per the board approval.

To read the whole article click on: <https://www.cnbctv18.com/finance/lic-gets-12-years-from-rbi-to-cut-stake-in-idbi-bank-says-report-2899031.htm>

## **Paytm Plans Digital Distribution of General Insurance This Fiscal: CEO**

Mobile payments platform Paytm will undertake digital distribution of general insurance products this fiscal, said its Founder and CEO, Vijay Shekhar Sharma.

The proposed foray into general insurance distribution will come on the heels of Paytm expanding in the financial services space through wealth products (SIP registration already launched), stock broking, and planned offer of small consumer loans through partnerships with banks and NBFCs.

To read the whole article click on: <https://www.thehindubusinessline.com/money-and-banking/paytm-plans-digital-distribution-of-general-insurance-this-fiscal-ceo/article26781941.ece>

## **India's Social Protection Needs to Be Reshaped to Address Increased Poverty Vulnerability**

Although economic growth has reduced poverty rate, the pace of poverty reduction has slowed down, and poverty vulnerability also has increased. India still has the largest number of people on earth living in near poverty, and even though they may not be currently poor, they are highly vulnerable to falling back into extreme poverty.

India, one of the fastest growing economies in the world, has a social protection system that may be outdated. Its social protection was founded in the 1970s, when half of the population was chronically poor, and most of them lived in rural areas. India's economy has undergone a sea change during the last three decades. Increased investments in physical and human infrastructure, rapid urbanisation, young demographics and productivity-enhancing reforms have increased the pace of economic growth. India is urbanising at 100 times the pace at which the UK had urbanised, and the country's urban population will soon reach 600 million people, twice the size of America's.

To read the whole article click on: <https://www.financialexpress.com/opinion/indias-social-protection-needs-to-be-reshaped-to-address-increased-poverty-vulnerability/1543366/>

## **Life Insurance: 5 Ways to Raise Growth Momentum of Insurance Industry**

Such tax related alignment is likely to create whitespace for offering protection solutions for aged customers who are otherwise unable to find affordable insurance solutions.

The current market, regulatory and legislative structures offer little head room to the insurance industry for exponential growth in the medium term. We would argue for concerted efforts for creating large whitespaces for the industry to invest further.

## **Customer Value**

We recommend two special additional tax breaks under Section 80(C) for investments in life insurance plans and pension plans. This special dispensation can help improve industry penetration from 2.76% to over 3% in the next three years. This dispensation would help channelise long-term household savings that could bring in much needed domestic capital for infrastructure investment.

To read the whole article click on: <https://www.financialexpress.com/money/life-insurance-5-ways-to-raise-growth-momentum-of-insurance-industry/1543298/>

## **Losses More than \$1 Bn in Major US Health Fraud: Investigators**

One of the largest healthcare frauds in American history caused more than USD 1 billion in losses after hundreds of thousands of patients were lured into the scheme, US investigators said Tuesday, announcing charges against 24 people.

The alleged scheme involved the provision of wrist, knee and other braces to elderly and/or disabled patients who did not need them, but who were covered by the Medicare public insurance system.

To read the whole article click on:

<https://economictimes.indiatimes.com/news/international/world-news/losses-more-than-1-bn-in-major-us-health-fraud-investigators/articleshow/68805080.cms>

## **Non-Insured Vehicles Involved In Accidents to be Auctioned**

To provide financial compensation to accident victims involving vehicles which are not insured, the State Transport Department has issued a notification under which owners and drivers of non-insured vehicles involved in fatal accidents in the state will now stand to lose their vehicles.

According to the notification issued by K Siva Prasad, Principal Secretary, Transport Department on April 8, when the owner of a registered motor vehicle involved in an accident fails to furnish a copy of the third party risk insurance policy, the motor vehicle shall be sold off

in a public auction by the Magistrate of the area where the accident occurred on the expiry of three months of vehicles taken in possession by the investigating officer.

To read the whole article click on: <https://www.tribuneindia.com/news/non-insured-vehicles-involved-in-accidents-to-be-auctioned/758658.html>

## **IRDAI directs speedy settlement of cyclone claims as losses could rise to \$500m**

Insurance Regulatory and Development Authority of India (IRDAI) has directed general and standalone health insurance companies to ensure that all claims of the affected insured population in the cyclone Fani ravaged Odisha and neighbouring states are surveyed immediately and the payments disbursed at the earliest.

A circular from IRDAI issued by member (non-life) Sujay Banarji has said that the time taken to settle the claims should not exceed the stipulated timeline.

To read the whole article click on: <https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/46711/Type/edaily/India-IRDAI-directs-speedy-settlement-of-cyclone-claims-as-losses-could-rise-to-500m>

## **Soon, you will be able to track your insurance claims**

To ensure fair and transparent claim settlement procedures, insurers have been asked to notify about the claim's status at various stages of its processing

You can use the claims reference number to track the claims status through a portal, website, an app of the insurance company or any authorised electronic means

To read the whole article click on: <https://www.livemint.com/insurance/news/soon-you-will-be-able-to-track-your-insurance-claims-1555415731558.html>