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**I. EVENTS AT NIA**

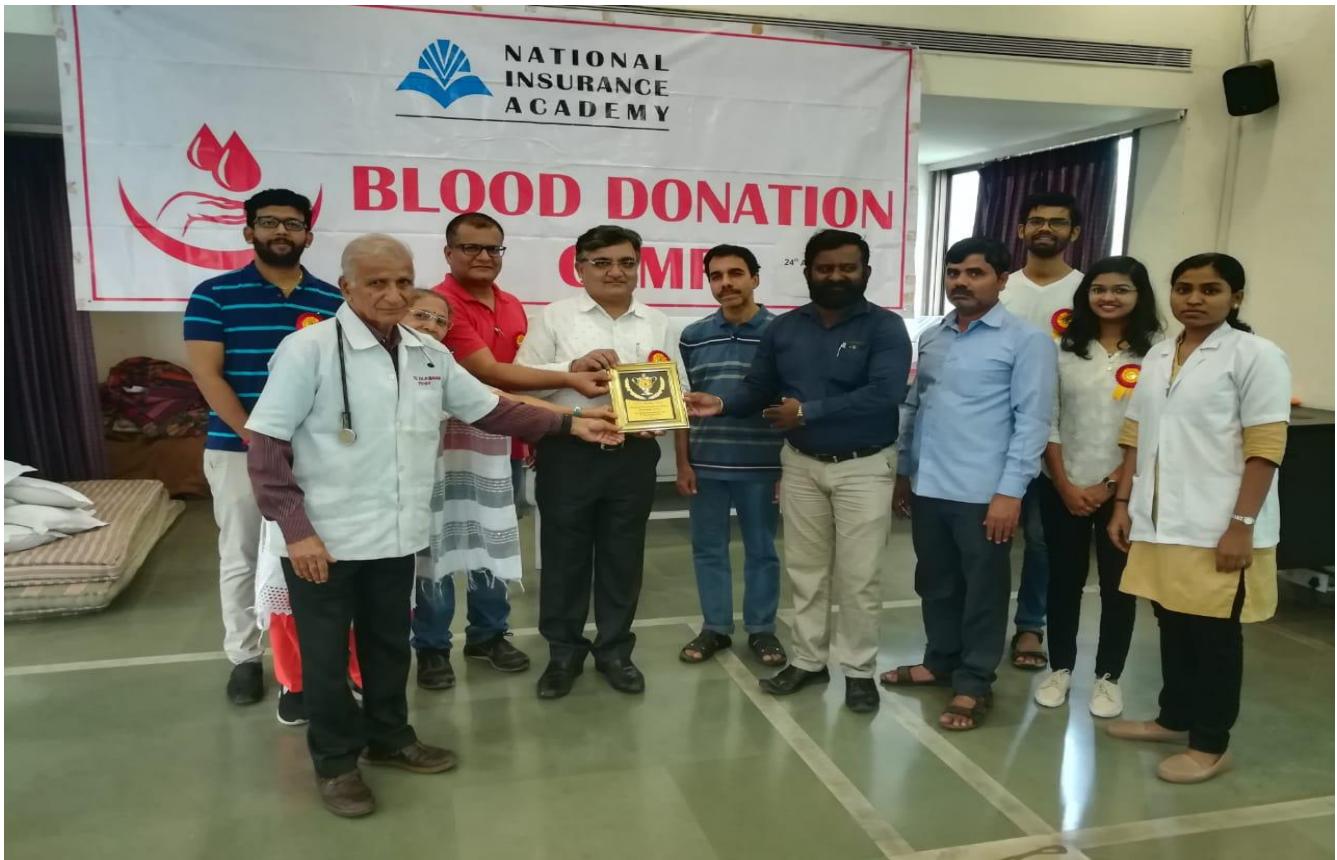
**1. Independence Day Celebration**



**2. Tree Plantation**



### 3. Blood Donation Camp



National Insurance Academy organized Blood Donation Camp on 24 August 2019.

## II. UPCOMING EVENTS AT NIA

### 1. HR Summit

National Insurance Academy is organising HR Summit- Tatva 2019 on “World of Work: Changing Landscape” - A Seminar on HR Perspective on 06 September 2019. For more details, click on: <http://pgdm.niapune.org.in/events/tatva>

### 2. 15<sup>th</sup> Insurance Summit

National Insurance Academy is organising 15<sup>th</sup> Insurance Summit on the theme “Navigating Insurance Eco System: A Strategic Perspective on Building a Resilient Industry”. The event is scheduled to be held on 10 October 2019 in Mumbai. For more details, visit [www.niapune.org.in](http://www.niapune.org.in)

### ***III. INSURANCE INDUSTRY FLASH FIGURES FOR JULY 2019***

Click on:

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

### ***IV. TOPICAL ARTICLES***

#### **1. Parametric Insurance- The Innovation Gaining Traction**

Catastrophic risks are characterized by low frequency and high impact losses. Seven out of ten economic sectors are affected by climatic disasters leading to huge economic losses. Unfortunately these perils are happening with increased frequency now, almost five times more than pre 1970 level, across the world geographies. Traditional insurance methods inhibit the insurers from undertaking such catastrophic risks. Parametric insurance tool enables insurers to mitigate the insured to the extent of a prefixed amount on triggering of the peril crossing a threshold limit though not to the extent of the actual economic loss.

The insurer makes it simple and transparent by way of clearly defining the trigger point of a loss to be considered for payment, an amount which is prefixed. No complicated underwriting, data collection and crunching is involved. Claims trigger on touching the parameter like precipitation deficit percentage, wind speed, frost intensity and duration. Thus, insurer, does not run away from the catastrophic risk but undertakes a predefined limited indemnity in terms of declared amount on the face of the policy on the contingency happening beyond a predetermined threshold level. Efficient and granular satellite captured data being available now, insurers are in a position to discover the threshold trigger point with ease. Block chain technology can enable seamless payment of claims.

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

## 2. Life Insurance Industry's Key Parameters

The Life Industry has registered a growth in First Year Premium by 44.25% and 0.96 % in Policies by completing over 70 Lakh policies with a premium of Rs 82146.46 Crores by 31st July, 2019. The sector is showing a positive growth rate and for FY 2018-19, it registered a growth of 22.40% in First Year Premium and 8.33 % in Policies.

The underlined focus areas for the sector are low Insurance Density, low Insurance penetration & low Persistency ratios.

### Trend of Insurance Penetration & Density in Life Insurance Sector:

Financial Year	Insurance Density (Premiums Per Capita) (US\$)			Insurance Penetration (Premiums as % of GDP)		
	Life	Non-Life	Total	Life	Non- Life	Total
2013-14	44	11	55	2.6	0.7	3.3
2014-15	43.2	11.5	54.7	2.72	0.72	3.44
2015-16	46.5	13.2	59.7	2.72	0.77	3.49
2016-17	55	18	73	2.76	0.93	3.69

Figure: 1 Source (<https://www.ibef.org/download/insurance-feb-2019.pdf>)

With launch of many social security Insurance schemes, the large number of population has been brought under the Insurance coverage Umbrella. Although the trend is positive, but still as an Insurance industry we have to undertake a very long & steady journey. All over the world, we were ranked 41st in terms of Insurance penetration and 73rd in terms of Insurance Density in 2016-17.

### Persistency Ratios:

Life Insurance is a long term contract between an insured and the insurer, where the insured pays the premium up to a stipulated period and in return, insured/beneficiaries are bound to get benefits as per the contract. Persistency of policies is the backbone of insurance industry's long

term sustainability and growth. It is measured in the number of policies as well as the premium retained in the books of an insurer at the end of 13th, 25th, 37th, 49th and 61st month respectively.

As per the figure: 2, in India, the persistency ratio is around 80% at the end of the 13th month. It keep on decreasing and at the end of the 61st month, it has come around 40%. If we look around the global scenario, the persistency ratios are around 90% in the 13th month and over 65% at the end of 61st month, while the acceptable persistency rate in life insurance is 80% for policies that are 3 years old and 60% for 10-year-old policies.

The lower persistency Ratio is one of the major concern area for the Life Insurance industry. Once the insured stops paying the due premiums, the very purpose of taking a Life insurance policy gets defeated.

In case of an exigency under a lapsed policy, the beneficiaries does not get the claim amount as per the contract.

Lower Persistency rates are not only hitting the Insured and Insurers but they are also hurting the overall economic development of our country, as the long term savings through Life Insurance plans might not be available for the long term projects.

#### Life Insurance Industry's Persistency Ratios (Policy Basis)

Insurer	2017-18					2018-19				
	13th	25th	37th	49th	61st	13th	25th	37th	49th	61st
Aditya Birla Sun LI Co Ltd	60.00	51.00	44.00	35.00	29.00	62.00	52.00	44.00	35.00	28.00
Aegon LI Co Ltd	80.00	59.00	51.00	61.00	48.00	83.00	74.00	55.00	49.00	50.00
Aviva LI Co Ltd	74.56	64.81	51.46	40.78	38.68	65.00	57.00	50.00	41.00	42.00
Bajaj Allianz LI Co Ltd	64.46	50.06	41.30	34.12	27.12	63.60	50.90	48.10	42.40	32.40
Bharti AXA LI Co Ltd	57.44	50.14	42.99	42.85	33.42	58.20	50.00	45.50	40.40	38.80
Canara HSBC OBC LI Co Ltd	69.78	60.10	49.49	41.84	34.26	NA	NA	NA	NA	NA
DHFL Pramerica LI Co Ltd	74.33	59.28	39.68	29.05	15.60	77.20	66.10	54.11	36.57	26.59
Edelweiss Tokio LI Co Ltd	74.00	58.31	49.52	33.03	25.58	NA	NA	NA	NA	NA
Exide LI Co Ltd	58.93	51.95	43.55	37.95	32.22	NA	NA	NA	NA	NA
Future Generali India LI Co Ltd	57.84	40.66	27.05	27.15	20.08	65.79	39.07	27.74	22.68	33.91
HDFC LI Co Ltd	69.00	61.00	60.00	55.00	47.00	71.00	61.39	56.29	57.27	47.18
ICICI Prudential LI Co Ltd	80.70	73.20	66.30	59.40	49.10	78.80	72.00	66.50	62.50	53.30
IDBI Federal LI Co Ltd	68.14	56.00	51.87	51.93	43.43	73.39	58.24	49.60	48.07	49.24

India First LI Co Ltd	65.61	57.10	47.02	41.81	38.41	65.88	57.16	52.16	43.76	33.63
Kotak Mahindra LI Co Ltd	81.11	70.65	63.21	55.82	47.20	NA	NA	NA	NA	NA
Max LI Co Ltd	77.00	69.00	58.00	52.00	47.00	79.00	67.00	60.00	54.00	49.00
PNB Met LI Co Ltd	71.70	57.77	45.84	36.62	26.47	NA	NA	NA	NA	NA
Reliance Nippon LI Co Ltd	66.47	50.78	41.97	38.37	32.97	77.60	64.20	51.70	44.00	41.60
Sahara India LI Co Ltd	75.00	66.96	52.14	43.68	33.14	NA	NA	NA	NA	NA
SBI LI Co Ltd	69.86	59.81	53.14	50.39	38.00	70.91	61.72	55.23	48.03	42.38
Shriram LI Co Ltd	52.02	30.58	25.97	27.23	19.34	NA	NA	NA	NA	NA
Star Union Dai-ichi LI Co Ltd	68.96	59.47	51.41	46.62	42.85	65.56	55.89	43.71	35.97	33.67
Tata AIA LI Co Ltd	65.33	49.03	45.81	39.92	32.74	70.07	57.75	45.11	43.83	37.97
LIC of India	66.00	58.00	53.00	53.00	43.00	66.00	60.00	54.00	50.00	51.00

Figure: 2 Source: IRDAI's Hand book & Public disclosures of Life Insurance Companies

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

## V. INSURANCE NEWS

### IRDAI comes out with Sandbox Rules

The Insurance Regulatory and Development Authority of India (IRDAI) announced guidelines on operational issues pertaining to regulatory sandbox. This move will allow insurance companies to test products in particular geography or among set of few policyholders before they are available in the market. Market participants say that, going forward, there might be new products launched specially for the retail segments.

To read the whole article click on: <https://www.financialexpress.com/money/insurance/irdai-comes-out-with-sandbox-rules/1684669/>

### To Prevent Frauds, General Insurers Keen to Use Aadhaar for KYC of Policyholders

General insurance companies want to use the Aadhaar data of policyholders to build a KYC registry and track claims data to prevent fraud. Pointing out that they are the only industry that does not do KYC of customers, general insurers have asked the Insurance Regulatory and Development Authority of India (IRDAI) to allow them to use Aadhaar. They are keen on

building a CIBIL-like registry of claims to detect frauds and decide on the pricing for customers in segments such as health and motor insurance, based on the trends in their claims.

To read the whole article click on: <https://www.pressreader.com/india/the-hindu-business-line/20190824/281736976110931>

### **Alert! Owners of Uninsured Vehicles to now be notified by IRDAI**

IRDAI (Insurance Regulatory and Development Authority) will be launching a pilot project in a move to drive awareness campaign. IRDAI chairman S C Khuntia said that the upcoming project will help the insurance companies in improving their premium collections. IRDAI has also roped in four state governments for this project. "We are working with four state governments on a pilot project on how to contact the owners of the motor vehicles that are not insured and send communication to them that they come and renew," Khuntia said at the inaugural session of an insurance and pension sector event organised by CII.

To read the whole article click on: <https://www.financialexpress.com/auto/car-news/alert-owners-of-uninsured-vehicles-to-now-be-notified-by-irdai/1683857/>

### **India's Deposit Insurance Cover Remains the Lowest Globally**

The continued weak performance of banks has brought the focus back on the appallingly low deposit insurance cover in India. The 2018 annual survey by the International Association of Deposit Insurers (IADI) highlights the gnawing issue of low deposit cover in India vis-a-vis other countries.

To read the whole article click on: <https://www.thehindubusinessline.com/money-and-banking/indias-deposit-insurance-cover-remains-the-lowest-globally/article29189333.ece>

### **Ayushman Reimbursement for Private Hospitals Short of Costs Incurred: FICCI/EY report**

The current procedure costs prescribed by the government's cashless health insurance scheme

– Pradhan Mantri Jan Arogya Yojana (PM-JAY) or Ayushman Bharat – are at times just half that private hospitals incur, according to a report by the Federation of Indian Chambers of Commerce and Industry and EY.

To read the whole article click on: <https://www.thehindubusinessline.com/money-and-banking/ayushman-reimbursement-for-private-hospitals-short-of-costs-incurred-ficci-report/article29183285.ece>

## **Keeping Millennials Fit and Healthy With Insurance**

Millennials or the Gen Y worries more about their smartphones and latest apps than their health and wellness. Statements like "I am young and healthy. I don't need a doctor, I don't need tests, I don't need any medicines. So why do I need insurance?" - could well be the mindset of this generation.

To read the whole article click on: <https://www.dnaindia.com/personal-finance/report-keeping-millennials-fit-and-healthy-with-insurance-2783185>

## **Scammers Use Fake Website to Sell Bogus Insurance Policies; Case Filed**

General Manager of a health insurance company has lodged a police complaint at Cuffe Parade police station stating that an unknown accused had allegedly prepared a fake website using the license number and the logo of his company and falsely selling fake medical insurance policies to the people in order to dupe them.

To read the whole article click on: <https://www.dnaindia.com/mumbai/report-mumbai-scammers-use-fake-website-to-sell-bogus-insurance-policies-case-filed-2783321>

## **Global AI Insurance Premiums To Exceed \$20 Billion By 2024, As Insurers Seek Efficiencies, Juniper Says**

New data from Juniper Research forecasts that the value of AI underwritten insurance premiums will exceed \$20 billion by 2024, up from an estimated \$1.3 billion in 2019. This



growth will be driven by streamlined underwriting processes, faster customer onboarding and reductions in operational costs enabled by AI.

According to the research, Insurtech: Impact Assessments, Insurer Readiness & Market Forecasts 2019-2024, efficiencies in underwriting will be enabled by increased use of telematics and IoT management tools in the motor, home, life and health insurance sectors.

To read the whole article click on: <https://which-50.com/global-ai-insurance-premiums-to-exceed-20-billion-by-2024-as-insurers-look-for-efficiencies-juniper-says/>

### **Country-wide Floods May Spike up Insurance Losses**

Floods have ravaged parts of Assam, Kerala, Karnataka, Maharashtra, Madhya Pradesh and Odisha over the past few months. Almost 60-70 people are said to have lost their lives across the country in various flood-related incidents, apart from massive loss to property and vehicles. It is expected that this will lead to a rise in insured losses.

To read the whole article click on:

<https://www.moneycontrol.com/news/business/economy/country-wide-floods-may-spike-up-insurance-losses-4317541.html>

### **New Motor Vehicles Law Will Increase Insurance Penetration**

The Indian roads are the most dangerous in the world going by the number of road traffic accidents and the ever increasing number of fatalities resulting out of them. The existing Motor Vehicles Act, 1988 was archaic and in dire need of amendment to address improvement in road safety, strengthen public transport and improve transport related services available to the public.

To read the whole article click on: <https://www.moneycontrol.com/news/trends/expert-columns-2/new-motor-vehicles-law-will-increase-insurance-penetration-4317261.html>

### **SBI General Insurance Aims at Rs 6,000-crore Premium Income in FY20**

SBI General Insurance is aiming at a total premium income of more than Rs 6,000 crore in the

2019-20 financial year. A joint venture between State Bank of India (SBI) and Insurance Australia Group (IAG), the company reported Rs 4,717 crore in premium revenue in FY19, SBI General Insurance MD and CEO Pushan Mahapatra said.

To read the whole article click on: [https://www.business-standard.com/article/companies/sbi-general-insurance-aims-at-rs-6-000-crore-premium-income-in-fy20-119080701585\\_1.html](https://www.business-standard.com/article/companies/sbi-general-insurance-aims-at-rs-6-000-crore-premium-income-in-fy20-119080701585_1.html)

## **Foreign Investors See Growth in Insurance, Increase Stakes**

Foreign portfolio investors (FPIs), normally good at spotting long-term structural bets, are keen on India's insurance businesses. Although large private insurers have significant FPI investments, the quantum of increase in FPI holdings over the past year reflects the bullishness of overseas funds.

To read the whole article click on:

<https://economictimes.indiatimes.com/markets/stocks/news/foreign-investors-see-growth-in-insurance-increase-stakes/articleshow/70562778.cms?from=mdr>

## **New Norms for Insurance Marketing**

Insurance regulator IRDAI has notified changes to regulations governing insurance marketing firms (IMFs). The amendments to the regulations notified in 2015 have been introduced from a perspective of increasing insurance penetration by providing an enabling environment. The regulator had also constituted a committee that made many recommendations, including a reduction in the net worth, expansion of the area of operation of IMFs, as well as the basket of products.

To read the whole article click on: <https://www.thehindu.com/business/new-norms-for-insurance-marketing/article28838926.ece>

## **Insurance Firms Taking Digital Route To Offer Services**

According to a report by Kantar IMRB, India's internet users are expected to register double digit growth to reach 627 million in 2019. The report states that nearly 293 million active internet users reside in urban India, while there are 200 million active users in rural India. Additionally, the number of smartphone users is expected to explode to 829 million by 2022 from 404.1 million in 2017, as per a Cisco report. And with this surge in internet access on a small handheld screen, India is witnessing a mammoth digital transformation across sectors including the insurance sector.

To read the whole article click on: <https://www.dnaindia.com/personal-finance/report-insurance-firms-taking-digital-route-to-offer-services-2779583>

## **LIC launches much Awaited Cheaper Term Plan Jeevan Amar**

The Life Insurance Corporation (LIC) of India has launched its much awaited term insurance plan Jeevan Amar, which is much cheaper than its just-withdrawn Amulya Jeevan Term Plan. Not only the new term plan is cheaper, but it is more flexible and has much wider features.

As Jeevan Amar is a term plan, it is a without profit plan and is also a non-linked plan. Which means, the plan is not market-linked and there will be no maturity value and only death claim will be payable to the nominee in case of unfortunate demise of the life assured during the policy term, provided the policy is in force.

To read the whole article click on: <https://www.financialexpress.com/money/insurance/lic-launches-much-awaited-cheaper-term-plan-jeevan-amar-know-its-features-and-eligibility/1665993/>

## **California Follows the Disastrous Flood Insurance Path to Fire Insurance Fiasco**

There's a crisis threatening to scorch state homeowners, Californians say. Residents in forested areas threatened by wildfires are running into problems finding affordable insurance as insurers adjust premium prices—or refuse coverage—to reflect the risk and expense of settling amidst pretty tinder. But, as you might expect, politicians propose to "fix" the problem. Their scheme

follows the path set by government-funded coastal flood insurance, spreading costs to taxpayers who live far from danger areas to effectively subsidize development in high-risk areas for the lucky few.

To read the whole article click on: <https://reason.com/2019/08/05/california-follows-the-disastrous-flood-insurance-path-to-fire-insurance-fiasco/>

## **Insurers must ensure RC is Cancelled in Case of Total Loss of Vehicle**

In case of an accident or theft of a vehicle, you would usually think of making an insurance claim. But is that enough, especially if your vehicle is severely damaged and you need to sell the remains to a scrap dealer?

You can make a claim in case of an accident where the total cost of repair is more than 75% of the insured declared value (IDV). IDV is the approximate market value of your vehicle at the time of filing the claim. But apart from making a claim, there are other loose ends you should tie up before selling the remains of a destroyed vehicle.

To read the whole article click on: <https://www.livemint.com/money/personal-finance/insurers-must-ensure-rc-is-cancelled-in-case-of-total-loss-of-vehicle-1564902504454.html>

## **ICICI Lombard using AI for Fraud Detection**

Private sector insurer ICICI Lombard is using artificial intelligence (AI) and machine learning to not only improve claims processing and settlement but also to detect frauds in segments such as motor and health insurance.

Girish Nayak, Chief of Customer Service, Operations and Technology, ICICI Lombard General Insurance, said the company is looking to use AI in various aspects of operations.

To read the whole article click on: <https://www.thehindubusinessline.com/money-and-banking/icici-lombard-using-ai-for-fraud-detection/article28815093.ece>

For sharing your feedback, please visit <http://niapune.org.in/in-feedback>

