



In This Issue:

I. What's Happening at NIA

International Research Conference at National Insurance Academy (NIA) Pune

II. Regulatory Developments

III. Industry Flash Figures

IV. Topical Article

V. Insurance News

I. WHAT'S HAPPENING AT NIA

1. International Research Conference at National Insurance Academy (NIA) Pune

The National Insurance Academy (NIA) is hosting the International Research Conference on August 23, 2024, at its Pune campus. The event will feature prominent figures from LIC, key persons from IRDAI, and notable experts from global institutions like the World Bank and the Asian Development Bank. Research papers will be presented across various tracks such as Technology & Insurance, Innovative Insurance Products, and Insurance Inclusion. The conference aims to foster dialogue on critical topics like financial capability, the significance of pensions, and the role of women in insurance inclusion, contributing to advancements in the insurance sector.

II. REGULATORY DEVELOPMENTS

1. Circulars

- a. Master Circular on General Insurance Business. Click here for the circular:
<https://irdai.gov.in/web/guest/document-detail?documentId=5025428>
- b. Master Circular on Life Insurance Products. Click here for the circular:
<https://irdai.gov.in/web/guest/document-detail?documentId=5032913>
- c. Master Circular on Submission of Returns, 2024. Click here for the circular:
<https://irdai.gov.in/web/guest/document-detail?documentId=5050759>
- d. Master Circular on Operations and Allied Matters of Insurers. Click here for the circular:
<https://irdai.gov.in/web/guest/document-detail?documentId=5083599>

2. Order:

- a. Final Order in the matter of Billionbrains Garage Ventures Private Limited
<https://irdai.gov.in/web/guest/document-detail?documentId=5068714>

3. Press Release:

- a. Reforms in Life Insurance Business
<https://irdai.gov.in/web/guest/document-detail?documentId=5033351>
- b. Reforms in General Insurance Business
<https://irdai.gov.in/web/guest/document-detail?documentId=5025865>
- c. IRDAI advised Insurance Companies to settle Cyclone Remal Claims on Fast Track
<https://irdai.gov.in/web/guest/document-detail?documentId=4982127>
- d. Submission of Regulator Return
<https://irdai.gov.in/web/guest/document-detail?documentId=5051627>
- e. Insurance Reforms to Empower the Policyholder
<https://irdai.gov.in/web/guest/document-detail?documentId=5084496>

III. INSURANCE INDUSTRY FLASH FIGURES FOR MAY 2024

For monthly insurance industry data, click on:

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

IV. TOPICAL ARTICLE

Parametric Insurance: An Innovative Approach to Risk Management

In the ever-evolving landscape of insurance, parametric insurance stands out as an innovative solution designed to provide swift, transparent, and efficient coverage for a wide range of risks. Unlike traditional insurance, which indemnifies the policyholder for the actual loss incurred, parametric insurance pays out a predetermined amount based on the occurrence of a specified event. This type of insurance is gaining traction for its ability to address complex and often uninsurable risks, particularly those related to natural disasters, climate change, and other large-scale disruptions.

Understanding Parametric Insurance

At its core, parametric insurance is based on the use of predefined parameters or triggers. These triggers are typically objective metrics that can be independently verified, such as wind speed in a hurricane, the magnitude of an earthquake, or the amount of rainfall during a flood. When the trigger event meets or exceeds the predefined threshold, the policyholder receives a payout, regardless of the actual damage or loss sustained.

For example, a farmer may purchase a parametric insurance policy to protect against drought. The policy could be triggered if the rainfall during the growing season falls below a certain level, as measured by a reliable weather station. If the rainfall threshold is breached, the farmer receives a payout to help offset the financial impact of the drought, without the need for lengthy claims processing or damage assessments.

Advantages of Parametric Insurance

Speed and Efficiency: One of the most significant advantages of parametric insurance is the speed with which payouts can be made. Traditional insurance claims can take weeks or even months to process, often leaving policyholders in financial distress while they wait for reimbursement. In

contrast, parametric insurance payouts are triggered automatically and can be disbursed within days, providing much-needed liquidity in the aftermath of a disaster.

Transparency and Objectivity: Parametric insurance relies on clear, objective metrics that are independently verifiable. This transparency reduces the potential for disputes between insurers and policyholders, as there is no need for subjective assessments of damage. The predefined parameters and triggers are agreed upon upfront, ensuring that both parties have a clear understanding of when and how payouts will be made.

Coverage for Hard-to-Insure Risks: Traditional insurance policies often exclude or limit coverage for certain types of risks, such as extreme weather events or catastrophic losses. Parametric insurance can fill these gaps by providing coverage for events that are difficult to quantify or predict. This makes it an attractive option for sectors such as agriculture, energy, and tourism, which are particularly vulnerable to environmental and climate-related risks.

Challenges and Considerations

While parametric insurance offers numerous benefits, it is not without its challenges. One of the primary concerns is basis risk, which arises when the payout does not accurately reflect the actual loss experienced by the policyholder. For instance, a farmer may receive a payout for drought conditions, but if the crop yield was not significantly affected, the payment may not align with the actual financial impact.

Another consideration is the need for accurate and reliable data to set the triggers and parameters. The effectiveness of a parametric insurance policy depends heavily on the availability of high-quality data and robust modeling techniques. Insurers must invest in advanced technology and analytics to ensure that the triggers are appropriately calibrated and reflect the true risk exposure.

The Future of Parametric Insurance

As the world faces increasing uncertainty and the frequency of natural disasters continues to rise, the demand for innovative risk management solutions like parametric insurance is likely to grow. Advances in technology, such as satellite imagery, IoT sensors, and big data analytics, are enhancing the accuracy and reliability of parametric triggers, making these policies more attractive and accessible.

Moreover, parametric insurance can play a crucial role in bridging the protection gap, particularly in developing countries where traditional insurance penetration is low. By providing

timely and efficient financial support in the wake of disasters, parametric insurance can help build resilience and support sustainable development.

In conclusion, parametric insurance represents a forward-thinking approach to risk management, offering speed, transparency, and flexibility. While challenges remain, the continued evolution of this innovative insurance model promises to provide valuable protection in an increasingly uncertain world.

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

V. INSURANCE NEWS

1st phase of Bima Sugam to be launched around April 2025

The first phase of Bima Sugam, a proposed ground-breaking one-stop online platform for insurance services, is expected to be launched around April next year, IRDAI chairman Debasish Panda said at a 7 June meeting with the CEOs of life, general and health insurers..

To read the whole article click on:

<https://asiainsurancereview.com/News/View-NewsLetter-Article/id/88458/Type/eDaily/India-1st-phase-of-Bima-Sugam-to-be-launched-around-April-2025>

5 hospitals 1st to come under national health umbrella

The National Health Claim Exchange (NHCX) – a technology enabled platform for exchanging claim related documents among insurance companies along with patient's medical record is all set to be rolled out in five Kolkata hospitals. National Insurance Company the leading insurer of east and the nodal body for expansion of NHCX here, has roped in Fortis, Apollo, Belle VBue BM Birla and Sushrut for enrollment in NHCX.

To read the whole article click on:

http://timesofindia.indiatimes.com/articleshow/110885723.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Motor insurance rule change: No arbitrary claim rejection, quicker claim settlement, pay as you drive option must.

Insurance regulatory and development authority of India (IRDAI) has updated the master circular clarifying important rules for motor insurance policy holders. The regulator has proposed the implementation of strict timelines for claim settlement of auto insurance policy holders. It is a crucial step towards improving efficiency and customer satisfaction.

To read the whole article click on:

https://economictimes.indiatimes.com/wealth/insure/motor-insurance/motor-insurance-rule-change-no-arbitrary-claim-rejection-quicker-claim-settlement-pay-as-you-drive-options-must-says-irdai/articleshow/110907614.cms?utm_source=contentofinterest&utm_medium=%20text&utm_campaign=cppst

IRDAI allows policyholders to cancel policies, get refund

Giving more flexibility and freedom to policyholders, the Insurance Regulatory and Development Authority of India (IRDAI) has said, retail policyholders can cancel an insurance policy at any time during the term by informing the insurer and get the refund for the remaining policy period.

To read the whole article click on:

<https://indianexpress.com/article/business/irdai-allows-policyholders-to-cancel-policies-get-refund-9386628/>

Policy loan now mandatory in all life insurance savings products

Facility of policy loan is now mandatory in all life insurance savings products, enabling policyholders to meet liquidity requirements. Issuing a master circular which consolidates all regulations with regards to life insurance policies, the Insurance Regulatory and Development Authority of India (Irdai) also said the free look period, which provides time to review the policy terms and conditions, is 30 days as against 15 days earlier.

To read the whole article click on:

https://www.business-standard.com/finance/insurance/policy-loan-now-mandatory-in-all-life-insurance-savings-products-irdai-124061200749_1.html

Insurance companies can't reject claims for lack of documents

The Insurance Regulatory and Development Authority of India (IRDAI) instructed that no claim shall be rejected by general insurance companies for “want of documents”. Insurers have been instructed to collect all necessary documents while issuing policies to customers.

To read the whole article click on:

https://www.business-standard.com/finance/insurance/general-insurer-cannot-reject-claims-citing-lack-of-documents-irdai-124061100946_1.html

IRDAI accepts registration withdrawal plea of Paytm General Insurance

Fintech firm One97 Communications, owner of the Paytm brand, will now focus on the distribution of insurance products of other insurers after the sector regulator IRDAI has accepted Paytm General Insurance's registration withdrawal application.

To read the whole article click on:

https://www.business-standard.com/finance/insurance/irdai-accepts-registration-withdrawal-plea-of-paytm-general-insurance-124061201196_1.html

IRDAI issues master circular on general insurance as part of industry reform

The IRDAI has issued a comprehensive master circular on general insurance business as part of reforms in the non-life sector, ushering a new era of measures for simplified and customer-centric insurance solutions towards seamless customer experience and ease of operations for insurers in a calibrated manner.

To read the whole article click on:

<https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/88490/Type/eDaily/India-IRDAI-issues-master-circular-on-general-insurance-as-part-of-industry-reform>

CAMSRep launches insurance portfolio management platform - Bima Central

CAMSRep (CAMS Insurance Repository Services), a wholly owned subsidiary of the Company and a leading Insurance Repository launches Bima Central, a revolutionary one-stop platform for simplifying insurance portfolio management.

To read the whole article click on:

[CAMSRep launches insurance portfolio management platform - Bima Central | Capital Market News - Business Standard \(business-standard.com\)](https://www.business-standard.com/news/camsrep-launches-insurance-portfolio-management-platform-bima-central-capital-market-news)

IRDAI issues life insurance master circular aimed at simplification, transparency and informed decisions

The IRDAI has issued a Master Circular on Life Insurance business in a move towards making life insurance simple, easy to understand and enhancing transparency for a well-informed decision by prospects/policyholders.

To read the whole article click on:

<https://asiainsurancereview.com/News/View-NewsLetter-Article/id/88503/Type/eDaily/India-IRDAI-issues-life-insurance-master-circular-aimed-at-simplification-transparency-and-informed-decisions>

Slash GST on health insurance to 5% from 18%: Trade body to government

The government should bring down the existing GST (Goods & Services Tax) on individual health insurance policies to 5 per cent from the existing 18 per cent to encourage people to buy these policies as a measure of social security, the Confederation of General Insurance Agents' Associations of India appealed to the government.

To read the whole article click on:

https://www.business-standard.com/finance/insurance/insurance-agents-body-urges-govt-to-cut-gst-on-health-policies-to-5-124061801274_1.html

Zurich completes acquisition of 70% stake in Kotak General Insurance

Zurich Insurance Company (Zurich), a leading global multi-line insurer, has completed the acquisition of a majority stake in Kotak Mahindra General Insurance Company (Kotak General Insurance) from Kotak Mahindra Bank (Kotak), following the receipt of all necessary regulatory approvals.

To read the whole article click on:

<https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/88547/Type/eDaily/India-Zurich-completes-acquisition-of-70-stake-in-general-insurer>

IRDAI issues Master Circular to enhance governance of insurers' operations

The IRDAI has asked insurance companies to form an advertisement committee, approved by the board of directors, and appoint a senior-level officer of the distribution channel to examine and approve advertisements. This is to ensure that the advertisements are true and not misleading.

To read the whole article click on:

<https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/88567/Type/eDaily/India-IRDAI-issues-Master-Circular-to-enhance-governance-of-insurers-operations>

Pension regulator to finalize new guidelines soon

As per PFRDA chairman, Hemant Contractor , The Pension Fund Regulatory and Development Authority (PFRDA) is set to issue new guidelines for the sector.

To read the whole article click on:

<https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/88576/Type/eDaily/India-Pension-regulator-to-finalise-new-guidelines-soon>

LIC warns policyholders about offers to buy their current insurance policies

The life insurance corporation of India (LIC) has clarified its position in response to news reports that some businesses were considering buying policies from current LIC policy holders instead of having them surrendered to LIC.

To read the whole article click on:

https://economictimes.indiatimes.com/wealth/personal-finance-news/lic-warns-policyholders-about-offers-to-buy-their-current-insurance-policies/articleshow/111251468.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Niva Bupa plans to go public to raise US\$360m

Indian health insurer Niva Bupa is planning to raise \$360m in an IPO, potentially valuing the business at up to \$2.5bn.

To read the whole article click on:

<https://asiainsurancereview.com/News/View-NewsLetter-Article/id/88589/Type/eDaily/India-Niva-Bupa-plans-to-go-public-to-raise-US-360m>

General insurance sector gets huge GST relief

The GST Council of India, chaired by Finance Minister Ms Nirmala Sitharaman, has clarified that no tax will be levied on co-insurance premiums and reinsurance commissions under the GST law.

To read the whole article click on:

<https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/88605/Type/eDaily/India-General-insurance-sector-gets-huge-GST-relief>

Health insurance claim approval rate stands at 94%

The government has asked insurance providers to introduce daycare packages for patients seeking Ayush treatment and said it expects insurance coverage to expand as the treatment guidelines are standardised.

To read the whole article click on:

<https://www.asiainsurancereview.com/News/View-NewsLetter-Article/id/88615/Type/eDaily/India-Health-insurance-claim-approval-rate-stands-at-94->

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

