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**I. EVENTS AT NIA**

**1. Education Leadership Award 2019**



National Insurance Academy has been awarded the Education Leadership Award at the National Education Awards 2019 function held in Mumbai on 4th July 2019.

**2. IRDAI Chairman's visit to NIA**



Mr. Subhash Chandra Khuntia, Chairman, Insurance Regulatory and Development Authority of India (IRDAI) visits National Insurance Academy.



### 3. 101st Centenary Day Celebration of New India Assurance Co. Ltd.



National Insurance Academy celebrated 101st foundation day of The New India Assurance Co. Ltd. on 23rd July 2019.

### 4. Inaugural of Induction Training Programme of Direct Recruit Officers of New India Assurance Co. Ltd.



Inaugural function of Induction Training Programme for 284 Direct Recruit Officers of The New India Assurance Co. Ltd. Batch 2019 (July 15, 2019 to October 18, 2019).



## 5. Strategic Leadership Programme for Executive Directors of LIC



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**STRATEGIC LEADERSHIP FOR  
EXECUTIVE DIRECTORS OF LIC OF INDIA 'THE COLLOQUIUM'  
26.07.2019 TO 27.07.2019**



## 6. Training Programme conducted by NIA Faculty at Swiss Re, Bangalore



NIA Faculty- Mr. KK Panda and Mr. AK Pattnaik, conducted Induction training programme for Swiss Re Recruits at their Bangalore office.

## ***II. INSURANCE INDUSTRY FLASH FIGURES FOR JUNE 2019***

Click on:

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

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

### **1. Sachetisation of Insurance Products- The latest innovation in Indian market**

Survey points to the fact that 51% of Indians feel that insurance is not affordable and the process is cumbersome. The insurance penetration of abysmal 3.44% does not go down well with the fastest growing major economy. With a huge population of 130 crores, India offers a huge potential of insurance business if affordability and seamless digital process are addressed.

Small ticket sachet products for smaller period like a few hours, 1 day or 1 week satisfies the prospect's expectations of affordability, relevance and real time transaction. The success of tiny sachets in FMCG products needs to be replicated in insurance. With JAM and UPI, companies like GO DIGIT have started selling sachet insurance like single flight delay insurance without involving traditional proposal form, receipt and policy. Companies are roping in e-commerce players, wallet companies, payments and small finance banks to offer the products. The moment a flight gets delayed beyond the specified time, the insured's account gets credit of the ticket price. Similarly, Toffee, an insurance broker has tied up with 4-5 insurers to offer these sachet products for bicycles, back packs, mobile screens; and the claims are being settled online with minimal documents. This entire process is operated on Artificial Intelligence and is a win-win for both, the insurer as well as the insured. Insurer saves on procurement and administrative cost, whereas the insured gets cheaper and hassle free insurance on real time. Thus personal accident, health, vehicle, and travel insurance etc. can be done in sachet form. This is an emerging insurance disruptor with huge growth potential.

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

## 2. Life Insurance Industry becomes more customer centric

Life insurance industry is a fast paced growing industry. Quarter-1 FY 2019-20 results of the Life insurance industry are out and as per Table:1 the First year premium registers a growth of 65.09% by procuring First Year premium of Rs 60637.22 Crore and 48 Lakhs policies with a growth of 0.25%.

Life Insurance New Business (FY 2019-20) Data As on 30.06.2019							
SNo.	Parameters	For the Month June, 2018	For the Month June, 2019	Growth	Up to 30th June, 2018	Up to 30th June, 2019	Growth
1	First Year Premium (In Crore)	16611.57	32241.33	94.09%	36729.80	60637.22	65.09%
2	No. of Policies / Schemes	1967917	1899624	-3.47%	4795892	4807717	0.25%
3	No. of lives covered under Group Schemes	17289082	20275059	17.27%	39508146	46655398	18.09%
4	Sum Assured	367007.42	421842.91	14.94%	854226.19	1004852.31	17.63%

Table: 1 (Source: IRDAI website)

Benefits paid by the Life Insurers as per Table: 2 below, clearly shows that the benefits paid in FY 2018-19 are showing an upward trend.

Life Insurance Industry Benefits Payout (In Crores)				
S.No.	Particulars	Financial Year 2017-18 As on 31st March, 2018	Financial Year 2018-19 As on 31st March, 2019	Growth
1	Claims by death	22477	26595	18.32%
2	Claims by maturity	133896	167844	25.35%
3	Annuities / Pension payment	9324	11607	24.49%
4	Survival Benefits	3040	3156	3.83%
5	Bonus to Policyholders	876	1019	16.27%
6	Surrender	99918	109065	10.04%

Table: 2 (Source: Public Disclosures of Life Insurance Companies except Sahara India LI Com Ltd)



Rs 26595 Crores were paid in FY 2018-19 towards Death Claim & 167844 Crores towards Maturity Claim.

The Surrender Payments also increases in FY 2018-19.

In June, 2019 640 Individual Life Insurance & 207 Group Life Insurance products were available in the Indian Insurance Market (source: Life Insurance council).

Approx. 33.15 Crore individual Life Insurance policies were enforced as on 31.03.2018 (source: IRDAI handbook 2019). As a custodian for the Insurance industry, Insurance regulator has always played a proactive role in understanding the dynamic needs of such a large Life Insurance customer base and rolling out with regulations accordingly.

Recently IRDAI has come out with regulations for Non-Linked & Linked Life insurance products. Some of the major points are as follows:-

**(1) Extension in the Revival Period:**

(i) Non Linked Life Insurance policy can be revived within 5 years from First unpaid premium (FUP)

(ii) Linked Life Insurance policy can be revived within 3 years from First unpaid premium (FUP)

**(2) Paid up Value:**

(i) Non Linked Life insurance policy will acquire a paid up value by paying 02 Annualized premiums. Policy can be surrendered after acquiring a paid value.

(ii) Linked Life insurance policy will acquire a paid up value by paying 01 premium and can withdraw after the end of Lock in period.

**(3) Suicide Clause:**

(i) In case of Non Linked policies, death due to suicide within 12 months from the date of commencement of risk or from the date of revival of the policy, as applicable, the nominee or beneficiary of the policyholder shall be entitled to at least 80% of the total premiums paid till the date of death or the surrender value available as on the date of death whichever is higher, provided the policy is in force.

(ii) In linked policies, the fund value as on the date of intimation will be paid

**(4) Higher withdrawals & flexibility in Pension Products-** Policy holder can commute up to 60% of the corpus and utilize the balance amount to purchase immediate annuity or deferred annuity from the same insurer at the then prevailing annuity rate. However, policyholder will be given an option to purchase immediate annuity or deferred annuity from another insurer at the then prevailing annuity rate to the extent of percentage (currently 50%, as stipulated by the Authority) of the entire proceeds of the policy net of commutation.

**(5) Reduction in level Premium-** In case of Non Linked LI plans, an option may be given to policyholders to decrease premium upto 50% (subject to minimum premium limit under that product),if they have the paid the premium for first five completed policy years.

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

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

##### **Life Insurers Turn Street Darlings on Earnings, Growth Potential**

Life insurance companies extended their winning streak in 2019 as investors cheered their steady earnings growth in a slowing economy. Analysts said some investors are replacing banks with insurers in their portfolios, but they warn some of these stocks might be richly valued.

To read the whole article click on:

<https://economictimes.indiatimes.com/markets/stocks/news/life-insurers-turn-street-darlings-on-earnings-growth-potential/articleshow/70389291.cms?from=mdr>

##### **Ahmedabad Cyber Cell Busts Insurance Scam in Delhi**

The Ahmedabad cyber cell has busted an illegal call centre being operated out of Delhi and arrested eight accused. According to officials, the accused used to dupe people on the pretext of giving them insurance refund. Cops have also issued notices to 16 women who worked as telecallers at the centre.

To read the whole article click on: <https://www.dnaindia.com/ahmedabad/report-ahmedabad-cyber-cell-busts-insurance-scam-in-delhi-2775847>

## **Governors Weigh Health Care Plans as they Await Court Ruling**

As they gather at a conference in Utah, governors from around the U.S. are starting to think about what they will do if an appeals court upholds a lower court ruling overturning former President Barack Obama's signature health care law. More than 20 million Americans would be at risk of losing their health insurance if the 5<sup>th</sup> U.S. Circuit Court of Appeals agrees with a Texas-based federal judge who declared the Affordable Care Act unconstitutional last December because Congress had eliminated an unpopular tax it imposed on people who did not buy insurance.

To read the whole article click on: <https://timesofindia.indiatimes.com/world/us/governors-weigh-health-care-plans-as-they-await-court-ruling/articleshow/70387848.cms>

## **India Witnessing Big Growth in number of Women Insurance Advisers: IRDAI**

There has been a spurt in the number of women advisers in the insurance sector and the growth has been steady, the latest IRDA data said.

The data showed the number of women insurance agents has grown in percentage when compared to their male counterparts. In 2017-18, the number of women advisers grew 28% compared to 25% in the previous year, the number of advisers being 20.83 lakhs in 2017-18 against 20.8 lakhs agents in 2016-17.

To read the whole article click on: <https://timesofindia.indiatimes.com/business/india-business/india-witnessing-big-growth-in-no-of-women-insurance-advisers-irda/articleshow/70386637.cms>

## **How New Laws are Helping Insurance Policies Improve**

This year several new insurance regulations have been notified or proposed. These laws consist of many seemingly incremental changes but when put together become a meaningful step



forward for policyholders. The regulations cover life insurance, both traditional and unit-linked insurance plans (Ulips), health insurance, third-party administrators (TPAs), fixed benefit critical illness and personal accident plans, insurance distributors and a framework for product innovation.

To read the whole article click on: <https://www.livemint.com/insurance/news/how-new-laws-are-helping-insurance-policies-improve-1563896790218.html>

### **Railway Travel Insurance: ₹7 Crore in Claims to Passengers by Private Insurers**

Private insurance companies received a premium of around ₹46 crore in the last two years from railway and its passengers while making a payout of only ₹7 crore in claims under the national transporter's travel insurance scheme, an RTI has found.

To read the whole article click on: <https://www.livemint.com/news/india/railway-travel-insurance-rs-7-crore-in-claims-to-passengers-by-private-insurers-1563776305811.html>

### **IRDAI Relaxes Repayment Terms in Suicide Cases within 12 Months**

Good news for policyholders. Earlier, there were no regulatory provisions for any refund to a policyholder, during the first year of policy issuance, in case a person committed suicide, and life insurers could have legitimately denied any payment of claims to the beneficiaries of such a life insurance policyholder during that period.

To read the whole article click on: <https://www.financialexpress.com/money/irdai-relaxes-repayment-terms-in-suicide-cases-within-12-months/1652456/>

### **New IRDAI Rules to Make Traditional, Pension and Unit Linked Products More Beneficial For Policyholders**

In a bid to improve the product proposition, the Insurance Regulatory and Development Authority of India (IRDAI) has released product guidelines for both traditional insurance plans

and ULIPs. It has modified the rules for pension products, traditional plans and Unit Linked Insurance Plans by easing the surrender and annuity norms.

To read the whole article click on: <https://www.financialexpress.com/money/new-irdai-rules-to-make-traditional-pension-and-unit-linked-products-more-beneficial-for-policyholders/1645906/>

## **Cost of Early Exit from Life Insurance May Cost a Little Less, but Will Still Hurt**

The cost of ditching your bundled insurance plan – traditional policies that club investment with insurance – is high and, according to the new product regulations notified on 10 July 2019, will continue to hurt.

Although, as signalled in the draft guideline released in October last year, the surrender costs – charge for leaving the policy before the term expires – have come down slightly, they are nowhere close to giving you the comfort of moving out of an insurance plan mid-way with little cost implications.

To read the whole article click on: <https://www.livemint.com/insurance/news/cost-of-early-exit-from-life-insurance-may-cost-a-little-less-but-will-still-hurt-1563189198568.html>

## **LIC Premium Growth Jumps Twofold, Collects Rs 26,030 Crore in June**

While private insurers lag, state-run Life Insurance Corporation (LIC) has significantly widened its share of the insurance market in India and now corners 73.87 per cent of the industry. While ICICI's market share slid 1.2 per cent and HDFC Life's share was down 0.5 per cent.

In terms of premium growth, LIC witnessed more than twofold rise in its new premium collection to Rs 26,030.16 crore in June 2019 from Rs 11,167.82 crore in the same period last year, according to data from the Insurance Regulatory and Development Authority (IRDAI). LIC sold 13.32 lakh policies to collect over Rs 25,000 crore in just one month.

To read the whole article click on: <http://www.newindianexpress.com/business/2019/jul/15/lic-premium-growth-jumps-twofold-collects-26030-crore-in-june-2004082.html>

## **Govt Plans To Tweak PMFBY; To Make Crop Insurance Voluntary To All Farmers**

Making crop insurance voluntary to all farmers, removal of high premium crops, giving flexibility to states to provide customised add on products -- are some of the key changes the Centre is planning to make to the Pradhan Mantri Fasal Bima Yojana (PMFBY), a senior government official said.

The agriculture ministry has also proposed setting up of State Level Corpus Fund, and migration of savings to a National-level Insurance Risk Pool to quell public perception that insurance companies are making profits from the scheme, the official said.

To read the whole article click on:

<https://economictimes.indiatimes.com/news/economy/agriculture/government-plans-to-tweak-pmfby-to-make-crop-insurance-voluntary-to-all-farmers/articleshow/70228598.cms>

## **Long-Term Third Party Insurance Only For New Vehicles: IRDAI**

The Insurance Regulatory and Development Authority of India (IRDAI) has clarified that long-term third party motor insurance policy will be applicable only for new private cars and two-wheelers. According to IRDAI clarification, existing vehicles will get only one year insurance cover on renewal while new private cars will have to compulsorily go for three-year policies. Similarly, new two-wheelers will have to get compulsory five-year policy.

To read the whole article click on: <https://indianexpress.com/article/business/long-term-third-party-insurance-only-for-new-vehicles-irdai-5827275/>

## **Govt to use AI to Curb Frauds in Ayushman Bharat**

The rapidly increasing popularity of the government's flagship health insurance scheme Ayushman Bharat has also made it equally vulnerable to frauds. This has prompted the government to put in place extra layers of protection by using artificial intelligence, monitoring utilization needs, and forming standard treatment protocols to check irregularities including over charging, wrong billing, over testing, beneficiary duplication and abuse in referral mechanism.



To read the whole article click on: <https://timesofindia.indiatimes.com/india/govt-to-use-ai-to-curb-frauds-in-ayushman-bharat/articleshow/70200019.cms>

## **Stay Healthy, Pay Less Insurance Premium**

Much like all insurance products, life insurance makes your life easy by taking the stress out that stems from the unpredictability of life. But when it actually comes to taking a policy, most investors get confused with the overload of information and overwhelmed with the premium amount and want to pay as little as possible. If the cost associated with the insurance premiums has negatively affected your decision of buying life insurance premium, then tips below might help you find different ways to lower your life insurance premiums without burning a hole in your pocket.

To read the whole article click on: <https://www.dnaindia.com/personal-finance/report-stay-healthy-pay-less-insurance-premium-2767482>

## **Health Insurance for Smoker? Key Things You Should Know**

Health insurance schemes are typically customised for every individual according to the respective requirements, age, health conditions, eating habits, intake of intoxicating substances such as cigarettes, alcohol, and other drugs. All the health insurers assess the profile of their customers in detail before offering the health insurance and calculating the premium according to the sum insured. Experts suggest that individuals should take health insurance as early as they can because at the early stages of life a sizeable corpus can be insured by paying low premiums.

To read the whole article click on: <https://www.timesnownews.com/business-economy/personal-finance/insurance/article/health-insurance-for-smoker-key-things-you-should-know/447191>

## **Digital Adoption can Change the Face of Indian Insurance Sector - Here is Why**

Insurance is an industry that is ripe for a technological overhaul. Now that the government has allowed 49 percent foreign direct investment (FDI) in this sector, insurers can go ahead and

expand and innovate. To a certain extent this has already begun with the use of chatbots, artificial intelligence and robotic process automation. Insurers who have been in business for 10 years can now raise funds via initial public offerings (IPO).

To read the whole article click on: <https://www.cnbcvt18.com/views/digital-adoption-can-change-the-face-of-indian-insurance-sector-here-is-why-3874011.htm>

## **Govt May Look into Single Pension Regulator**

The Finance Ministry may finally decide on the much-debated issue of a single regulator for all pension products and could form a committee to deliberate the matter. Almost three years ago, Pension Fund Regulatory and Development Authority (PFRDA) had sought a final word on the matter with the government as the agency lobbied to be the exclusive pension regulator, reported Moneycontrol. Furthermore, PFRDA wanted the word “pension” to be attached only to products approved and regulated by them.

To read the whole article click on:

## **Govt Looks at Revising Rules to Quicken Crop Insurance Payouts**

The Agriculture Ministry plans to issue new operational guidelines for its flagship crop insurance scheme Pradhan Mantri Fasal Bima Yojana (PMFBY), with the goal of cutting delays in settling claims. The new rules may set a ceiling on PMFBY premiums, and include a provision where all collected premiums would be deposited in a fund, reported The Times of India. The proposed rules could also make insurance purchase voluntary even for farmers who take up loans. Currently, it is compulsory for such farmers to buy the crop insurance.

To read the whole article click on:

## **Life Insurance Giant to Offer US \$ 18 bn Line of Credit for Highway Projects**

Insurance giant LIC has agreed to offer a line of credit amounting to INR1,250bn (\$18bn) by 2024 to fund highway projects, Union Minister Nitin Gadkari has said. Keen on the timely execution

of the ambitious Bharatmala project that aims to lay a grid of highways pan-India, the Road Transport and Highways Ministry has been looking to harness various sources of finance including pension and insurance funds, reported Press Trust of India. The Bharatmala project is expected to cost INR 8,410 bn.

To read the whole article click on: <https://www.asiainsurancereview.com/News/View-Newsletter-Article/id/47614/Type/eDaily/India-Life-insurance-giant-to-offer-US-18bn-line-of-credit-for-highway-projects>

### **Persistency Ratio Stands at Less Than 50% in 61st Month**

India's life insurance industry has reported a persistency ratio of 47% in the 61st month for the financial year ended 31 March 2019 (FY19). This means that less than half of life policies continue into the sixth year. Based on the number of policies renewed, life insurance giant LIC's 61st month persistency ratio was 51%, reported Hindu Business Line. Many privately held life insurers reported a persistency ratio of less than 40% for FY19 in the 61st month, data compiled by Business Line reveal.

To read the whole article click on: <https://www.asiainsurancereview.com/News/View-Newsletter-Article/id/47556/Type/eDaily/India-Persistency-ratio-stands-at-less-than-50-in-61st-month>

### **Lloyd's Syndicate Leaves Local Reinsurance Market**

MS Amlin, a syndicate of Lloyd's India, has exited the Indian reinsurance market after a group-level global decision. London-based specialist reinsurance market Lloyd's operates in India through a branch that was set up in April 2017. The IRDAI said in a statement that MS Amlin through Lloyd's India had informed the IRDAI that, as a part of a group-wide review of MS Amlin operating structure and performance, MS Amlin had decided to discontinue business operations in India and requested the approval of the Authority on the matter. MS Amlin entered India in June 2018.



To read the whole article click on: <https://www.asiainsurancereview.com/News/View-Newsletter-Article/id/47488/Type/eDaily/India-Lloyd-s-syndicate-leaves-local-reinsurance-market>

### **Australia: Huge Transformation Forecast for General Insurers to Stay Profitable**

General insurance in Australia by 2030 will be characterised by end-to-end personalised and dynamically priced customer experiences. These changes are expected to take place to counter the slowdown in growth in the Australian market, according to a report by international professional services firm PwC and its global strategy consulting business, Strategy&. In Australia, the net annual growth in premiums has remained slow and volatile. The outlook is that premium growth is likely to face downward pressure due to risk-improvements (e.g. driverless cars, connected homes) driving lower claims frequency. There will also be a shift to complex risks (e.g. natural disasters, mental health issues, cyber espionage) fuelling volatility.

To read the whole article click on: <https://www.asiainsurancereview.com/News/View-Newsletter-Article/id/47349/Type/eDaily/Australia-Huge-transformation-forecast-for-general-insurers-to-stay-profitable>

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