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PSU General Insurers Join Hands To Form Third Party Administrator

With a view to speedy settlement of the claims and to provide cashless facilities to the beneficiaries, the four public sector general insurers, United India Insurance Company Limited, Oriental Insurance Company Limited, National Insurance Company Limited and New India Assurance Company Limited have decided to join hands to form a Third Party Administrator (TPA).



Speaking to the reporters, Chairman-cum-Managing Director of United India Insurance, Mr. Milind Kharat said, "We will tie up with several hospitals in the country to increase the network of our services."

To make the services more hassle-free, we have joined hands, Mr. Kharat said, adding, general insurance industry has clocked a business of Rs 78,000 crore in the last fiscal by registering a growth of 12 per cent.

It is observed that there are several cases where claims are not yet settled.

IRDA Penalises Reliance Life For Violating Norms

Insurance watchdog, the Insurance Regulatory and Development Authority (IRDA) has imposed a penalty of Rs 1.77 crore on Reliance Life Insurance Company (RLIC), a part of Anil Ambani's led Reliance Capital, for violating norms.

The regulator has found that the private insurer had violated a number of norms by getting business from entities which were not licensed to do business in the life insurance sector. IRDA asked the insurer to pay the penalty within 15 days. By doing this, the regulator has given a strong message in the insurance sector that it will not tolerate any unfair businesses or violations that may impact a consumer directly or indirectly.



Recently, a major insurance scam had come into light, wherein an insurance broking company had duped more than 2,000 people by selling policies of Reliance Life Insurance Company on false promises. The agents had lured people by giving false offers, such as provision of interest-free personal loan accounting 10-times the amount of premium paid. The insurer terminated the broking firm; however, thousands of investors have lost their savings.

The regulator found Reliance Life guilty for violating about 47 norms set by the IRDA. The insurer violated norms including marketing, advertising and distribution.

Consumer Commission Orders Oriental Insurance To Pay Rs 1 Cr Claim

Hearing a complaint jointly filed by 3-garment companies against New Delhi and Tripura branches of the Oriental Insurance Company and its Coimbatore-based Divisional Manager, the National Consumer Disputes Redressal Commission (NCDRC) has ordered the insurer to pay around Rs one crore claim to all three firms, which were insured with it, for their loss caused due to fire in their garments unit in Tripura in 1998.

The three firms had obtained six insurance policies against fire from the insurers for their garments units, which caught fire in 1998 due to an electric short circuit. The garments firms had claimed a loss of around Rs 3-crore.

The firms informed the insurer about the mishap, but after doing surveys over a period of a year, the insurer repudiated the claim blaming for the mishap on the complainants. The insurance company and its officials claimed the firms had failed to produce the documents as required by them and a delay was caused by the companies. It also alleged that the fire was not accidental.

The apex consumer commission nullified the insurer's arguments and directed to pay a total of Rs 98,02,863 as claim to Tripura-based firms Sri Priyaluckshmi Garments, Sri Priyaluckshmi Exports and Sri Priyaluckshmi Apparels.

The bench, headed by Justice J M Malik, directed the insurer to pay the complainants a sum of Rs 74,69,331, Rs 14,25,073 and Rs 9,08,459 respectively along with interest from the date of the incident in 1998.

The bench also asked Oriental Insurance Company to pay Rs 5 lac to the complainants towards compensation amount.



Air India Invites Bids For Insurance For Its 105-Aircraft Fleet Worth \$9bn

The national carrier Air India on Wednesday invited bids from Indian insurance firms for renewal of insurance for its entire 105-aircraft fleet worth a whopping 9 billion US dollars, even as it is in the process of acquiring the remaining 13 of the 27 Dreamliners it has ordered. As per officials of Air India, the bids have been invited on standalone basis or as a consortium. And, it would have to be submitted by June 4, 2014.

The process has begun to firm up the companies, which would provide the insurance cover for the fleet, due for renewal from October 1," the officials informed. The aircraft fleet insurance covered would include aviation risk, hull all risk and hull war risk among other areas, they added.

Two years ago, two consortia had bid for the insurance coverage of the airline's fleet. One was a grouping of New India Assurance (as the lead insurer), Oriental Insurance, National Insurance and United India Insurance, while the other one was the consortium of HDFC Ergo General Insurance, SBI General Insurance and ICICI Lombard.

The finance ministry has made it clear that there would be no purchase preference support given to PSU insurers in order to provide a level-playing field to their private counterparts who bid.



SBI Debt Insurance Costs Hit 11-Months Low

Following the landslide victory of BJP-led NDA in the country's general election for 16th Lok Sabha, the cost of insuring State Bank of India's debt, used as a proxy for Indian sovereign debt, fell to a 11-month low.

As per the data provided by Markit Limited, a London headquartered global financial information and services company, the SBI's 5-year credit default swaps fell 13 bps (basis points) from Thursday's (a day before the result) close to 206 bps, the lowest since June 2013.



State Bank of India

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