Featured Articles

Regulator issues draft guidelines for Listing of Insurers

The Insurance Regulatory and Development Authority of India (IRDAI) on Thursday proposed that insurance companies having completed eight years of operations in case of general insurance or reinsurance and ten years of operations in case of life insurance can go for a mandatory public listing.

As per the regulatory framework in place, an insurance company can get its shares listed through and offer for sale (i.e. the existing promoters can un-lock value) or through a public issue for meeting the capital requirements, insurance sector regulator IRDAI said in a discussion paper on 'Listing of Indian Insurance Companies'.

All general insurance companies, including the standalone health and reinsurance, will take steps to get their shares listed on completion of eight years of operations, it said.

All life insurance companies shall take steps to get their shares listed on completion of 10 years of operations, it said, adding that all companies which have already exceeded the number of years of operations shall initiate steps to ensure that they get their shares listed within a period of three years from the date of issue of directions under these guidelines.

Liberty Videocon General Insurance launches multi-year two-wheeler package policy

Liberty Videocon General Insurance Company, one of India's fastest t growing general insurance companies, which is a joint venture between the Videocon Industries Limited and Liberty City state Holdings PTE Ltd, a group Company of US headquartered Liberty Mutual Insurance Group, has launched a comprehensive Multi-Year Two Wheeler Package Policy.

This is featured as a convenient, smart and super saver insurance product for two-wheeler buyers. As its name indicates, this policy will offer a multi-year coverage to customers and relieve them from renewing it every year.

The customers can insure his two-wheeler for two to three years under a single policy document. The policy will offer protection against hike in Third Party (TP) Premium every year and add-on coverage with extra shields, with attractive add-ons, the policy will provide a Roadside Assistance Cover, Gap Value Cover and Engine Safe Cover.

Insurance Regulator Sees Foreign Reinsurers Opening Branches Only in 2017-18

India is likely to see foreign reinsurers open branches in the country by financial year 2017-18, said TS Vijayan, chairman of the IRDA at an insurance summit.

So far, five foreign reinsurers have received initial approval to set up branches in India. These include Swiss Re, Munich Re, Hanover Re, SCOR and RGA. Two more rounds of approval remain, the first of which will be considered at the IRDA's next meeting in either September or October this year, Vijayan said.

Foreign reinsurers have raised concerns that according to the draft guidelines even if branches are set up, the right of first refusal for reinsurance generated in India will go to state-run General Insurance Corporation of India. Vijayan said that the concerns were noted by the regulator and that the matter was under consideration.

The insurance regulator is neutral on the issue of consolidation in the sector. Vijayan was responding to questions about the proposed merger of HDFC Life with the life insurance arm of Max group. HDFC Life - Max Life merger will create the country's largest private life insurance company. The transaction is expected to be completed by the end of 2017.

Aegon Life to move away from agency channel

Online insurance company Aegon Life Insurance today said it is lookin g at significant investments in technology over the next 2-3 years, a move to shift towards digitally-enabled omni-channel distribution model.

Our efforts are towards improving direct engagement with our customers. We see immense benefits in serving our customers directly by investing in technology, empowering them and improving efficiencies. This will enable cost saving, the benefits of which can be passed on to the customers, Aegon Life MD and CEO K S Gopalakrishnan said in release.

The company, he said, will look at significant investments in technology over the next 2-3 years to provide customers with a seamless omni-channel experience.
Riding on the wave of Digital India, Aegon Life Insurance will further strengthen its direct sales forces across the country.

The company will continue its partnership with third-party distributors, new-age partners like web aggregators and also pursue bank tie-ups.Aegon Life Insurance will be moving away from the agency channel, and expand its presence through direct sales, Gopalakrishnan added.

Quick News

New Motor Bill to provide cashless treatment for the ''golden hour'

In a welcome move aimed at saving lives, the Bill seeking amendment to the Motor Vehicles Act has made provisions for cashless treatment during the "golden hour" of the accident. For many road accident victims, the first 45-minutes is the most crucial time within which they need aid and which many a times prove the difference between life and death.
To cut the red tape and the filling out of forms in private hospitals in an emergency, the Act said that a fund will be created by the Central government for cashless treatment for the "golden hour."

Raj University signs MoU with National Insurance for students

Rajasthan University signed a MoU with National Insurance for a scheme under which a student will be provided a life insurance cover of Rs 5.50 lakh. In case of the death of a student in accident, the family will get Rs 5.50 lakh. If a student gets injured in accident, a medical assistance of Rs 40,000 will be provided, the university spokesperson said. The scheme is for 28,000 students and the premium is Rs 40 per annum per student.

Health insurance rules get a makeover
Soon, there may be innovative health insurance covers in the market — say, a policy that covers diabetic patients or one which covers obesity — thanks to IRDAI. In July, the regulator introduced new regulations for health insurance policies replacing the Health Insurance Regulations, 2013. The new regulations allow launch of innovative products on a pilot basis with a maximum term of five years. If the product works well, it will be converted into a regular product at the end of five years; if not, it is allowed to be withdrawn.

General insurers expect bumper harvest from new crop insurance

Indian non-life insurers are hoping to reap a bumper harvest estimated around Rs 13,000 crore per annum from the Pradhan Mantri Fasal Bima Yojana (PMFBY), the new crop insurance scheme, and the topline of some of the insurers are expected to grow by several hundreds of crore, say industry officials.

The PMFBY will be the growth story for the non-life industry in India. The topline of some insurers are expected to grow by Rs 1,000 crore and some others by Rs 300 crore, said S.S. Gopalarathnam, Managing Director, Cholamandalam MS General Insurance Company Ltd, told IANS.
Several states have started finalising their tenders for selecting the insurance companies to insure the crops in their states.

Officials in the Tamil Nadu government preferring anonymity told IANS that public sector Agricultural Insurance Company of India Ltd (AIC) and New India Assurance Company Ltd have bagged one cluster each in the state.They said discussions will be held to finalise one more insurer for the third cluster.We have divided the districts into three clusters and insurers are selected cluster-wise, a state government official said.
The new regulation also lets insurers to remove loading on the premium for an individual if he improves his health (can be done at the time of policy renewal). It also specifies clearly that no insurer can get a fresh evaluation by the underwriter done during a policy renewal and ask the policyholder to go through a medical examination unless there is a request for higher sum insured.

National Insurance’s solvency levels down

National Insurance Company's solvency ratio has fall en below the level mandated by the regulator, making the state-run general insurer less palatable for investors in the planned initial public offering.

The company's solvency margins have fallen to 1.2 times against the prescribed levels of 1.5 times.
Solvency margin is the minimum prescribed surplus of assets over liabilities.

The Insurance Regulatory and Development Authority has prescribed that all insurance companies maintain 1.5 times surplus over liabilities at all times. All life, general and health insurance companies have to maintain the minimum prescribed limit by the regulator.

We have presented our case to the regulator where we have said that we will be exit0069ng high risk portfolios, said National Insurance Company chairman K Sanath Kumar.
We'll be writing more retail health and motor (policies), which have low risk and capital requirements, he said.

The insurer will have no issues if the fair value and real estate is used in improving solvency margins to the prescribed level. The company has fair value of Rs 6,000 crore and many real estate properties which are not used in calculating solvency.

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