Featured Articles

Aviva to hire Deutsche Bank, JP Morgan to divest from India insurance biz

UK-based insurer Aviva Life Insurance has hired Deutsche Bank and JP Morgan to sell its stake in the Indian insurance joint venture Aviva Life Insurance (ALI) Company. Its stake will be sold either to another global insurer or to the Burmans.

According to the sources close to the development, the company is valued at Rs 1,100 cr. The Indian insurance sector has been limping due to slow growth, IRDA's restrictions and the capital-intensive nature of the sector. Aviva Life has performed poorly, and has slipped to 13th in the rankings table with its total premium income falling 11% in the last fiscal year to Rs 2,140 cr.

Out of 24 private life insurance companies in India, 7 are still loss making. In fiscal year 2012-13, Aviva Life registered a profit of Rs 32 crore. The Insurance Regulatory and Development Authority (IRDA) has imposed product design, capping expenses and increasing policy tenor, which has reduced margins in life insurance business. Policy sales have slowed down over the past few years.

Since the sector was opened for private and foreign companies in year 2000, two international insurers ING and New York Life have exited life insurance joint ventures in India.

ALI is a joint venture between Dabur Group, one of India's oldest business houses and Aviva Group. Aviva holds 26% stake, the maximum permissible limit; while the Dabur group holds the rest 74% stake in the joint venture.

Single insurance product for all needs can improve reach; says Vijayan

Single insurance product covering all basic insurance needs, together with options for customisation, would help improving insurance penetration in India than having multiple products for a basic cover, said Insurance Regulatory and Development Authority (IRDA) Chairman TS Vijayan.

Inaugurating the 7th Global Insurance Summit organised by ASSOCHAM in Hyderabad, Mr. Vijayan said, "Currently, a typical general insurance product covers specific risks such as fire, health, accident and loss of belongings under separate policies. This approach is very cumbersome and a major roadblock in increasing insurance penetration."

"Specific circumstances of low-income groups like unstable income, migration for work and others should be considered while designing insurance products to best suit their needs," he added.

Furthermore, he said that cost effective ways of distributing insurance covers would be key to success in increasing insurance coverage among low income groups. Absence of proper mechanisms to create awareness and effectively communicate about protection offered by an insurance product to a policyholder has led to low persistency and low claim ratios in the micro-insurance business.

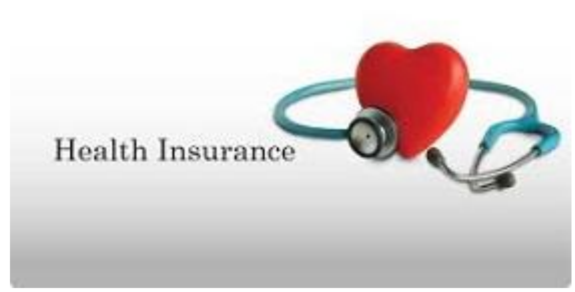
"The policy servicing mechanisms, particularly for claims, adopted by insurers would be critical in delivering necessary protection," he said, adding, "The claim payment procedure should be simple and transparent to ensure timely payment of all eligible claims."

On IRDA's latest initiatives in enhancing the use of technology, he said that issuance of e-policies through insurance repositories would reduce policy issuance costs significantly.

Insurers to offer health insurance policies featuring cashless OPD

From next time you visit your doctor, you may not have to pay, even if you are just an outpatient. The health insurance providers are mulling to tailor products, having which you would not require to pay towards OPD expenses at any network hospital. As of now, patients need to be hospitalised not less than 24 hours to avail this cashless facility.

However, some insurers have already started providing OPD coverage but only through reimbursements. Which means a patient needs to pay at the time of treatment and later on, submits bills in order to get expenses back.



Apollo Munich's Maxima is now offering vouchers for various services such as consultation and pharmacy.

"We are charity vouchers for OPD diagnosis with underling limits," said Apollo Munich Health Insurance MD and CEO Mr. Antony Jacob, adding, "This is accessible in designated outlets. We repay if a sanatorium is not in a network list."

ICICI Lombard is also planning to offer similar product. "We are planning to bring OPD on cashless platform," said Mr. Sanjay Datta, Head of Health at ICICI Lombard, adding, "We will soon start a pilot. This should help ease life for the average insurance customer."

Global reinsurers keen to enter Indian market

Even though the Insurance (Laws) Amendment Bill, 2008, to allow foreign reinsurers to set up branch operations, is yet to get necessary Parliamentary nod, global reinsurance behemoth are looking to enter the Indian market, a leading newspaper said.

Most global reinsurers are now developing their insurance business offshore. As of now, public sector GIC Re is the only reinsurance company in India.

"India is an exciting market to be present in. We are encouraged to learn about the possibility of the Insurance Bill being cleared in the Parliament with regard to the opening of branches by foreign re-insurers," said Mr. Victor Peignet, CEO of SCOR Global P&C. SCOR is the 6th largest global reinsurance firm. At present, it operates its business with its Indian clients offshore from Singapore.

According to a Munich Reinsurance official, more than $1.382 trillion in additional premiums will be generated in the Asian region by years 2020 with growth markets such as China and India contributing almost 70%.

"At the moment our reinsurance premiums from India are about $41.5 million, while we have roughly $1.382 billion in China. Regulation in India is still too spontaneous and some protectionist tendencies still exist," the official said.

Michel M Lies, Group CEO, Swiss Re, the second largest global re-insurer said that in the long term India is an important market.

Swiss Re which is keen to set up a health insurance company is currently negotiating with L&T for a joint venture.

Kerala govt. rolls out a medical insurance scheme for police personnel

The Kerala state government today launched a comprehensive medical insurance scheme for the 56,000 police force. It is expected that the state government would incur an annual expenditure of Rs 20 cr on this scheme.

Making a statement under Rule 300 in the Assembly, the Home Minister Mr. Ramesh Chennithala said the cabinet meeting yesterday approved the scheme, which was worked out with United India Insurance Company, a state-run general insurance firm.

"When this scheme is introduced, it will help nearly 56,000 police personnel and their families," the minister said.

The key feature of this scheme is that the insured police personnel will not need to pay premium. The entire premium amount will be borne by the state government. Under the scheme, those police personnel who get injured in accidents, police action or any encounter with a violent mob, will get treatment expenses with a buffer limit of rupees one crore for the entire police force. In addition, they will also get the family floater amount of Rs 2,00,000.

IRDA asks insurer to adopt effective measures to curb laundering

With a view to curb money-laundering through insurance, the Insurance Regulatory and Development Authority has asked private player Birla Sun Life Insurance Company to adopt affective procedure to know source of funds by policyholders and not merely rely on documentation for premium payment of over rupees one lac per annum.

"Authority advises Birla Sun Life Insurance Company to lay adequate emphasis on effective procedures for strengthening the compliance norms of the AML (Anti-Money Laundering) master circular and all subsequent regulatory instructions issued on this matter from time to time," the regulator said in a recent order.

It is believed that the new IRDA order is an implication of a news last year that had accused 23 leading banks and insurance firms including Birla Sun Life Insurance Company of ‘running a nationwide money-laundering racket, blatantly violating laws of the land’.

According to the news published on a web-portal, the financial entities offered to open bank accounts and lockers without following Know Your Customer (KYC) norms, convert black money into white and obtain fictitious PAN cards.

The regulator, in a separate order, guided Future Generali India Life Insurance to put in place fair compliance system while submitting information to the Authority.

Further, the order said that the company during the hearing discovered the fact that there was a procedural lapse while exercising the due diligence when forwarding the referral application to the Authority.

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