Featured Articles

LIC to pay Rs 3.71 lac as interest to man for repudiating claim

Insurance behemoth the Life Insurance Corporation (LIC) of India has been directed by a district consumer forum to pay a sum of Rs 3.71 lac towards interest along with the insurance amount of Rs 5.30 lac to one Mr. Kiran Patel, a resident of Ghatkopar, after the insurer wrongly repudiated his deceased father's insurance claim on the ground that his death from a staircase fall was not an accident but was caused by pre-existing hypertension.

The forum observed that that by not granting the double accident benefit, LIC had indulged in deficiency of service. The forum took the note of a neighbor's eyewitness account along with the medical papers to conclude, "We have no hesitation to conclude that the evidence brought on record by the complainant is sufficient to conclude that the deceased died due to the fall, which is sufficient to conclude due to accidental death and therefore the complainant fulfils the parameter for getting double accident benefit."

The forum also cited an order of the National Commission, which says that even the murder of a person and his/her death due to murder is an accidental death.

The complainant, Mr. Patel argued that his father fell while climbing the staircase at their residential building and sustained severe head injuries on July 6, 2005. He underwent surgery for a hematoma sustained in the accident. But his health deteriorated and he died after suffering a cardiac arrest on July 10, 2005.

Despite submitting all documents along with claim, the insurer only granted the basic amount to the complainant. The insurer repudiated the double accident benefit claim. Thereafter, aggrieved Patel moved to the Additional Mumbai Suburban District Consumer Disputes Redressal Forum in February 2008.

The forum pointed out that from the examining of medical papers, it is seen that the deceased had subdural hematoma, which cannot be ruled out due to the fall.

"Secondly, the death certificate does not show anywhere the subdural hematoma sustained by Devji was not because of hypertension, nor does it show that the deceased Devji sustained a blood clot due to hypertension. On the contrary, the death certificate shows he died due to a cardiac arrest," the forum observed.

Insurers consider increasing insurance premium on luxury vehicles

General insurers in India are considering raising premium charged on luxury vehicles as they think claims raised from this segment have exceeded the auto industry average and costs to repair these high-end vehicles are high.

The increasing number of claims has made the business of insuring luxury cars a loss-making. The ratio of claims to premium paid in this segment doubled from a year earlier to 80 % in the FY 2012- 2013, said an industry insider.

Mr. S.S. Gopalaratnam, MD & CEO of Cholamandalam MS General Insurance blames rising sales of luxury cars and the changing profile of buyers for rising claims.

"Earlier, these high-end vehicles were chauffeur-driven and now it is being driven by owners themselves. Chauffeurs are experienced people and they have a duty to perform", said Mr. Vijay Kumar, Head (Motor Insurance), Bajaj Allianz General Insurance, adding, "Vehicles with owner-drivers are leading to a higher number of accidents. We have seen claims in high-end segment double in the last one year."

There is a need for the premium to increase by 20-30 percent because of the high cost involved, he added.

Future Generali appoints Munish Sharda as new MD, CEO

Private sector insurance player Future Generali India Life Insurance Company Ltd has announced that it has appointed Mr. Munish Sharda as the new Managing Director & Chief Executive Officer of the company. Mr. Sharda succeeded Mr. K.G. Krishnamoorthy Rao.

On his appointment, Generali Asia Regional Officer Mr. Sergio Di Caro said, "Sharda's in-depth understanding of the financial services industry, coupled with his leadership qualities will strongly contribute to further extending Future Generali's success in India."

Prior to this appointment, Mr. Sharda has worked for several organisations and has huge experience of about 20 years. Mr. Sharda has worked for Aviva Life Insurance Company as Director (Sales & Distribution) for past five years and Citibank India for 10 years in its consumer lending business.

Mr. Sharda holds a Masters in Business Administration (PGDM) from one of country's premier institutions the Indian Institute of Management (IIM), Lucknow and a Bachelors Degree in Mechanical Engineering from Punjab Engineering College, Chandigarh.

Future Generali Life is a joint venture between India's Future Group and Italy's Generali Group.

About 67% employees prefer state-run insurers for buying insurance

According to a study conducted by the Associated Chambers of Commerce and Industry of India (ASSOCHAM), one of India's apex trade associations, as many as 67 % of salaried employees prefer public sector companies for buying an insurance product as they feel such insurers are more credible and secure. Among all salaried employees, only 25% prefer private sector insurance companies for their insurance needs.

Further, the study said, "Public sector insurance companies, led by insurance behemoth Life Insurance Corporation (LIC) of India, maintain the highest share in selling insurance policies and their penetration far outweighs private sector peers."

However, the study said that when it comes to mutual funds, private sector insurers preferred among salaried employees, though the sector itself remains low key as the retail market investor does not yet find confidence. About 60% of salaried employees in all segments prefer private sector for mutual fund while only 20 per cent opt for public sector banks.

ASSOCHAM represents the interests of trade and commerce in India, and acts as an interface between industry, government and other relevant stakeholders on policy issues and initiatives. The goal of this organisation is to promote both domestic and international trade, and reduce trade barriers while bringing up conducive environment for the growth of trade and industry of India. It is a member of the International Chamber of Commerce through ICC, India.

IRDA sets up committee to look into a possibility of FDI in insurance intermediaries, TPAs

With a view to look into a possibility to increase foreign direct investment (FDI) ceiling in insurance intermediaries and third party administrators (TPAs) up to 100 percent, the insurance regulator in India, Insurance Regulatory and Development Authority (IRDA) has formed a ten-member committee, said an IRDA release.

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Although, the Insurance Act, 1938 does not specify any FDI ceiling for insurance intermediaries, the regulator itself has limited it to 26 percent.

The committee will be headed by Sr. Joint Director of IRDA Mr. Suresh Mathur.
Representatives from insurance companies (life & non-life), broking firms, IRDA officials and industry bodies are members of the committee. The committee has asked to submit its report in three months.

The regulator has received references from various stakeholders requesting them to consider FDI in insurance brokers to 100 percent from existing 26%.

Apart from looking into a possibility of increasing FDI limit for these entities, the committee will also look into the extent to which it is to be permitted, its significance on the industry and study international practices in this regard.

The regulator has recently released the Insurance Brokers Regulations, according to which the broker's licence would have to be renewed every three years. Not more than 50 percent of the premium should be from any one client in a financial year, it said.

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CONTACT DETAILS

Corporate Office:
Plot-8, Sector-32, Urban Estate, Gurgaon-122001, Haryana, India
Phone: 0124 – 499 88 88
Email: research@insuringindia.com