



GENERAL INSURANCE COUNCIL

Newsletter

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Message



It has been a great feeling working in a sunrise industry like insurance. I have spent 41 years and have loved every moment in this profession

I have seen industry's transition from primarily corporate and commercial business to retail and social welfare schemes on an unparalleled scale. The changes in last 2 decades have been mind boggling and nothing short of revolution.

I will be retiring from General Insurance Council on 31st July 2019. My experience of 8 years as SG of GI Council gives me mixed feelings. A lot has been done but much more is required to be done. General insurance penetration is still .95%.

Let me now give you a snapshot of non-life industry

The main function of the insurance is to provide protection against the probable chances of loss. It is primarily business of mitigating suffering due to unfortunate events. Insurance today is inseparable part of social welfare in any country.

At a more macro level the industry supports our economy and protects the taxpayer.

First, it pays approx. Rs 76000 crs in claims every year. That removes the burden on the government and individuals who

would otherwise have to support the loss. It frees up funds to be used in more productive ways.

Second, the industry underpins nation building – economic activity is possible because insurance protects the industries and individuals in all pursuits, whether that be building a national highway or giving professional advice in business and private practice.

It's also worth noting this financial services industry is an employer and generator of wealth. The general insurance industry provides jobs to nearly 1 million people out of which 1.25 lacs are regular employees. Its outstanding growth rate of approx. 15% for last many years distinguishes it from any other sector of our economy. In 2018-19 it has generated premium of Rs 1,70,000 crores. In the year 17-18 alone issued over 18 crores policies and handled over 3 crores claims and is tirelessly trying to increase its reach.

But still insurance industry suffers from negative image many a times. It is time we became little more vocal about the good work done by us and my message to all professional in the industry is to work for positive image of this noble profession and always keep customer as the focus of all innovation in products and services.

With best wishes ...

R. Chandrasekaran

Secretary General, General Insurance Council

Editor's Note

Winds of change in General Insurance Council

We feel great pleasure in welcoming Mr M N Sarma, former Chairman Cum Managing Director of United India Insurance Company as the new Secretary General of General Insurance Council. Mr Sarma has 36 years of experience in insurance industry including foreign operations while working in New India Assurance.

We also welcome with great pleasure Mr CR Vijayan, a former Director and General Manager in General Insurance Corporation as Deputy Secretary in General Insurance Council.

We wish outgoing Secretary General Mr R Chandrasekaran whose term ends on 31st July a very happy and healthy retired life. He has been the Secretary General for last 8 years and left an indelible mark by launching several initiatives for the benefit of industry

Sanjiv Singh
Head Technical



Mr MN Sarma, new Secretary General and Mr CR Vijayan, Dy Secretary being welcomed by Mr R Chandrasekaran

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“India is very close to my heart” says Lars Lange

Lars Lange, Secretary General, International Union of Marine Insurance (IUMI) visits General Insurance Council



Mr Lars Lange with Mr R Chandrasekaran, speakers and panellists.

19.6.2019, Mumbai

Mr Lars Lange, Secretary General IUMI visited Mumbai on 18-19 June 2019 to meet GI Council Officials and marine underwriters of India.

Speaking in an All India Marine Underwriters’ meet on 19th June at Cricket Club of India, Lars spoke on importance of Asia as key focus and growth area for IUMI. Stating that 29% of global marine insurance business is coming from Asia, he sees great potential for growth in Indian marine insurance industry. He said that India is very close to his heart and it is very likely that important IUMI meetings and conferences will take place in India in near future.

He gave a detailed presentation on IUMI’s area of activity and how it is working to address the global issues related to marine insurance. He thanked General Insurance Council for organizing the market meet and hoped that India will play much bigger role in IUMI in times to come and strengthen the industry. He also spoke at length on IUMI’s vast data base, current issue and the fast-growing education program.



Both Secretary Generals with guests from shipping industry

Earlier Mr R Chandrasekaran Secretary General, General Insurance Council, in his keynote address welcomed Mr Lars Lange and spoke on the importance of marine business and need to further improve the professional skills.

Stating that he himself started his career with marine insurance and it remains his deep interest even today, he urged the underwriters to take more and more interest in the subject and try to become member of IUMI Tcs.

To encourage this line of business, GI Council has started a special program for skill development and advised to make use of vast pool of

knowledge and resources provided by IUMI. He further stated that Indian market has taken some great initiatives to improve the underwriting of marine insurance and praised marine underwriters as a dedicated class.



A section of audience

There were excellent presentations by Indian underwriters on issues facing the industry in India

Sibesh Sen of HDFC and Lalit Talan of New India made presentations on “Changing face of logistics in India” and “Technological innovations in marine insurance”, respectively. Links to presentations are as under:

Presentations were followed by a lively panel discussion on “Marine Insurance in India -Challenging Times ahead!”

The panelists S. Balachandran, Head Marine- Tata AIG, R. Balasundaram, Executive VP, Global Insurance Brokers, Mr S N More, GM GIC Re, Mr B S Rath, MD Premier Brokers Ltd, Hong Kong, Aditya Suklikar, President, ICC Shipping Association (ICCSA), discussed and debated on issues like falling volume of marine business, use of technology in marine insurance market, Port led development as facilitator for growth of marine insurance, Impact of sanctions and trade restrictions.

A conversation with Secretary General, Mr R Chandrasekaran,

You are the longest serving secretary General in the history of GI Council who has seen industry transforming itself in a decade. What are the most significant changes in the industry in the last decade?

One of the most significant changes the industry witnessed was the freeing of the prices of administered rates from the tariff regime. This resulted in significant competition amongst insurers, thereby benefitting the policyholders.

The second significant change in the industry in the last decade was the periodic review of the IRDAI administered Motor TP Insurance premium rates. The various revisions during the last 8 years is apparently seen as an increase in Motor TP Insurance premium rates. These rates are Actuarially estimated considering the claims developments, increase in compensation awards and frequency and severity of road accidents. Even now I would say that in some of the vehicle segments the administered TP rates are inadequate to cover the claims incurred.

The third and significant change is the rapid development in technology and digital platforms, enabling data analytics to take the centre stage for innovation and growth in insurance penetration.

One of the major functions of the Council is taking up critical issues for the industry with the regulator/ government. How successful the Council has been in articulating the issues and getting what it wanted for the industry?

The GI Council has been constituted as a representative body of all insurers who have been authorized to transact insurance business in India. Post amendment of the Insurance Act in 2015, the Council has been given the role of Self-Regulatory Organization. The GI Council has been taking up various issues with the Regulator involving amendment or clarification or changes to the regulations prescribed by the Authority. GI Council has really succeeded in representing before IRDAI, MoRTH, DFS as well as Department of Revenue, Govt of India on all regulatory/legislative changes required in the Motor Vehicles Amendment Act and in the GST laws (during its formative stages) which are the most significant achievements of the Council in the last 2-3 years. Similarly, the MV Act Amendment Bill has also incorporated suggestions made by the Council towards expeditious settlement of compensation to road accident victims.

What do you consider major achievements of Council under your leadership and what are the areas which could not be tackled for want of resources or any other constraints?

I would consider the showcasing GI Council as the representative body of all insurers and gaining recognition amongst the Government Departments, Ministries, High Courts, Judiciary, Law enforcement authorities as my significant contribution to GI Council during my tenure. As the GI Council is emerging as the Body for all insurers and reinsurers, there are several areas which can be simultaneously attempted on priority vis-à-vis resources available. There are no constraints.

What are the focus areas of Council at present?

The two focus areas at present are:

- Fraud Risk Mitigation activities including a full-fledged Fraud Analytics project for Motor & Health insurance portfolio;
- Planning and executing the Pan-India Insurance Awareness & Education Campaign to promote general insurance products

Despite paying enormous amounts as claims the industry suffers from a negative image in the eyes of common people. If it is correct, what according to you should be done to improve the image.

The only way to improve the image of the industry is to continually improve the turnaround time in settlement of claims. I feel only this step i.e. treating each policyholder as a VIP customer alone would improve the image of the industry.

Tell us something about your personal side

Before joining the insurance industry, I was working for Indian Bank in Chennai. Only

when one of my classmates got selected as an Officer in LIC of India in 1977, pressure was built on me by my father to look at insurance as a career. I was selected through All India competitive exams in 1978 as the first batch of direct recruit officers for GIC of India and the 4 subsidiary companies.

Unfortunately, I have not developed any hobbies and interests other than pursuing insurance as my career till now. I can say that in my 40 years of insurance career I have gone to the theatre less than 40 times to see a film. I do intend to take up learning Sanskrit as one of my hobbies. My second hobby would be to travel far and wide within India to places of interest and historical sites.

Any fears, anxieties or superstitions?

I always had anxiety in whichever position I have worked that I should not fail in any assignment. In fact, this anxiety alone is my main source of motivation. I also believe that we should give something more than what is expected of us.

Your life was hugely impacted by

There are many impactful events in my professional career. On the personal front the near-death experience of my mother impacted me considerably to take life as it comes.

Secret of your energy

Resilience, Positive attitude, Frugal living and not succumbing to any temptations.

Your message to the industry

Always try to innovate in your areas of work and keep the Policyholder (customer) at the centre of such innovation.



Mr Charles Smith of Clyde & Co giving a presentation on General Average to marine underwriters

News from International Associations

Asia Forum conference at Shanghai, 22-23 May 2019

The second IUMI Asia Forum was held in partnership with the Shanghai Institute of Marine Insurance (SIMI) on the 22-23 May. It was a huge success with over 300 senior management representatives in attendance.

The Asia Forum is structured differently to IUMI's annual conference (held annually in September) – it targets more local and regional delegates, as well as international attendees, and the industry scope is wider, encompassing more than just underwriting.

Over the course of the conference the presenters discussed many of the challenges and key issues that underwriters currently face. Digitalisation and its impact on the shipping and logistics industries was high on the agenda, alongside the current trade disputes between countries.

Mr Sanjiv Singh from General Insurance Council was invited to represent Indian market who gave a presentation and participated in the panel discussion on 23rd May at Shanghai.

The IUMI Asia Forum is a new format which was established in 2018 to complement the work of the IUMI Asian hub in Hong Kong. The event provides an opportunity to give IUMI more visibility in the

growing Asian markets and to move IUMI closer to its members and partners in this region. It is planned that General Insurance Council will host 2022 IUMI ASIA Conference.

Hong Kong Federation of Insurers (HKFI)
June 2019

Insurance Fraud Prevention Claims Database (IFPCD)

Participating insurers and the Project Team have been working assiduously on the data transfer of the Motor line of business (LOB), of which the relevant fraud analytics are expected to be available in Q4 2019.

Medical LOB is set to be ready in early 2020 based on the current progress and we are planning to roll out other LOBs such as Personal Accident, Travel and Employees' Compensation in due course.

Our fraud detection capability will be substantially enhanced with the available analytics. So, we have organized a briefing to facilitate Members' reporting of fraud cases. In addition to the sharing of first-hand experience by seasoned claims handlers in dealing with fraudsters, we have also invited speakers from the Commercial Crime Bureau (CCB) to enlighten us on the proper way of reporting such cases to the Police Force (www.hkfi.com)

MV (Amendment) Bill 2019

The Motor Vehicles (Amendment) Bill 2019 has been introduced in the Lok Sabha on 15th July 2019. It has many far-reaching and beneficial features which help the common man.

Benefits to Common Man (Victim or family in case of fatal injury) involved in road accidents:

1. Expedient compensation to Road accident victims and relief from prolonged litigation delay and costs: The Bill provides for direct filing of claim with the Insurer for faster and simpler mode of getting compensation. Currently, the victim or family of deceased victim must file in MAC Tribunal which have to follow the procedure set and it takes about 5-7 years to decide the compensation. They would therefore not have to undergo prolonged litigation or incur lawyer's fees, court stamp fees, and related expenses which most cannot afford.
2. Insurance compensation within one month of submitting all requisite documents: Insurers Companies mandated under the Bill to decide on the compensation within a month of the submission of claim with the documents. Thereby making it faster and quicker relief so that claimant has money when they need it rather than get after years.
3. Scheme of "Golden Hour" ambulance services across the country to save lives and reduce road fatalities: introduced for immediate treatment to victim within an hour of accident so that precious lives can be saved.
4. Option of Fixed Compensation to reduce or eliminate litigation. Fixed compensation of Rs. 5 lakhs in case of Death and Rs. 2.5 lakhs in case of Grievous injury.
5. The Bill attempts to increase the minimum limit for appeals to reduce litigation and appeals against smaller awards by increasing the minimum limit for filing appeals by 10 times higher (from Rs. 10,000/- to Rs 1,00,000/-).
6. Government proposal to constitute Motor Vehicle Accident Fund for prompt payment of compensation for Hit & Run accidents, Golden Hour Treatment, Interim Relief, among others for benefit of accident victims.

7. Driver & other co-worker of a Transport vehicle included in the mandated Third-Party insurance cover to provide relief to the families of drivers or co-workers involved in an accident.
8. Deterrent penalties: The Bill ensures responsibility on part of all vehicle drivers towards other road users and manufacturers of vehicles by hiking and providing deterrent penalties on them
9. To curb drunk-driving: Insurance companies have a statutory defense against compensation in respect of accidents caused by drunken driving, but the victim / claimants do get compensation from the MV Accident Fund.

Wisdom@Venky

'Where there is a will there is a way but more often than not when there is a way there is no will.

Because there is no willingness to forget or forgive or to chart a new course, will power gets waylaid."

In lighter vein



"Your resume is bloated with half-truths, false praise, exaggeration and unsubstantiated accomplishments. I'd like to hire you to write our Annual Report."



General Insurance Council

Industry Association of General and Health Insurance & Reinsurance Companies in India

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