



GENERAL INSURANCE COUNCIL

Newsletter

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For Private Circulation Only

Message

I am very happy to see General Insurance Council coming out with its own newsletter aimed at informing member companies as well as common policyholders on the new development and initiatives in the industry.



General insurance Council is an association of 45 non-life insurers, reinsurers and health insurance companies. It is a statutory body set up under 64C of insurance act and its role is to aid and advise insurers, carrying on general Insurance business in the matter of setting up standards of conduct and sound practice and in the matter of rendering efficient service to holders of policies of general insurance.

General insurance industry has grown very fast in last 2 decades and has brought lot of choices for the policy holders. Many new products and innovative practices have not only increased the penetration but have also made claims settlement process much easier.

While growth is good it is very important that the benefit of insurance reaches all policy holders and brings the most deprived and vulnerable sections of the society into safety net of insurance. Towards this object general insurance council has done a commendable job by working on many useful projects and expanding its reach to all stakeholders in the general insurance industry.

I am sure this newsletter will prove to be extremely helpful in making people aware of all developments in the industry and provide a positive image of a compassionate industry working tirelessly for the benefit of policyholders.

With best wishes.

A.V. Girija Kumar

Chairman, General Insurance Council

GI Council is happy to launch its newsletter to spread the awareness on important initiatives undertaken by it for the benefit of the industry and policyholders. General Insurance Council is a platform with strong collaborative ethos to address the concerns faced by Insurers and the policy holders and in this regard several projects have been launched by us the details of which, you can find inside this newsletter.



2019 holds a lot of promise for insurance sector which has been seeing phenomenal growth over past two decades with many innovative ideas to reach the masses of the country and increase insurance penetration.

General Insurance Council is also focussed on promoting the expertise and professionalism in our industry and towards this aspect we have been holding regular meetings of underwriters to adopt best practices and contract certainty for the benefit of policyholders.

Another area of focus is increasing interactions with international associations. IUMI has already decided to organise their annual conference in India in one of the coming years. Cooperation with international associations will help in adopting global best practices and exchange of information for the benefit of insurers and public alike.

Please welcome this initiative wholeheartedly.

Wishing you all the best.

R. Chandrasekaran

Secretary General, General Insurance Council



Release of year book 2018 by EC on 26.12.2018

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Council projects and plans

IDV

Insured Declared Value is the maximum Sum Assured payable by the insurer on total loss of vehicle.

This project aims at standardizing the IDV for a particular make/model/variant of a vehicle (currently only 4 wheelers - private cars) for a particular age of the vehicle in a particular state, that will be used across the general insurance industry. The corresponding values will be shared by all insurers on a monthly basis.

A portal for IDV for use by the public to understand the value provided by the insurer is available on the GI Council website.

Online MIS

The GI Council collects data on financial status of the companies, as well as details of data based on sectoral and LOB split.

The yearbook published by council showcases the activities and achievements of the General Insurance Industry. It gives detailed analysis of the data and provides insights into country level parameters. The year books of last 10 years are available on website for download.

ETASS

The Electronic Transaction Administration and Settlement System is a platform to bring in transparency and ease of settlements of transactions between the General insurers in India. This is based on the coinsurance agreement of 5th Dec 2014, signed by all the companies and the Electronic Transaction Administration and Settlement System guidelines mandated by the IRDAI in May 2015, assigning General Insurance Council the role of Electronic Transaction Administration and Settlement System administrator. All coinsurance transactions are

reconciled and settled as per the Electronic Transaction Administration and Settlement System systems.

The Electronic Transaction Administration and Settlement System deals with the integration of coinsurance balances from all LOBs. The intercompany transactions in all LOBs are captured in the system and the same process of confirmation/dispute is followed. All forms of transactions and settlements that are inter-company are handled by this version.

The Electronic Transaction Administration and Settlement System has brought down the inter-company disputes in the area of coinsurances and It is envisaged that the settlements will be made online at the end of the phase.

Fraud Risk Mitigation

The ultimate cost of frauds is paid by policyholders only in a sense that frauds by few cause more controls and checks by insurers for policyholders resulting, many a times, in delay and disputes.

The General Insurance Council is

working at reducing frauds in the industry. To this end, many data sharing and experience sharing platforms have been enabled.

The Fraud Risk Mitigation project is a set of small actions that the industry is taking in order to prevent, identify, prove and then take appropriate action against fraudsters.

PMSBY

Pradhan Mantri Suraksha Bima Yojana was started by the Ministry of Finance in 2015-16 to provide insurance in case of disability or death. The premiums fixed are low and the claim processing is fast, in order to ensure that the policyholder is given the benefits at the earliest.

The GI Council maintains a common database of all the claims reported and handled by the insurance companies. These are matched against the claims reported to the banks, at regular intervals in order to ensure processing is done at the earliest and pending cases can be suitably handled. Analysis of the data is also carried out for improvement in services.

As on date, over 36000 claims have been reported and paid during 2017-18.



Farewell to Mr G Srinivasan, Chairman GI Council on 27.7.2018

Industry has come a long way since opening in 2001. Here are few key changes in last 10 years.

1. Macro-economic and Insurance Indicators:

- Insurance penetration (in percentage) at current prices has increased from 0.60 in 2008-09 to 0.90 in 2017-18;
- Insurance density has nearly increased three-fold from Rs. 286 to Rs 1,115;
- The number of insurers and reinsurers offering general, health and specialised insurance has increased to 45 in this year, with the entry of newer players, some of them operational only on digital medium.
- The opening of the market for reinsurers, has seen the establishment of the India branch of the Lloyds syndicate as well as branches of nine other foreign reinsurers. Indian players have also entered the reinsurance market.

2. Industry growth and Capital leverage

- Gross Direct Premium Income (GDPI) in India has

increased almost 5 times from Rs. 33,565 crores in 2008-09 to Rs. 150,662 crores in 2017-18;

- Capital employed has trebled from Rs. 22,403 crores to in 2008-09 to Rs. 63,959 crores in 2017-18, while Investments have increased more than fourfold from Rs. 42,164 crores in 2008-09 to Rs. 215,524 crores in 2017-18.

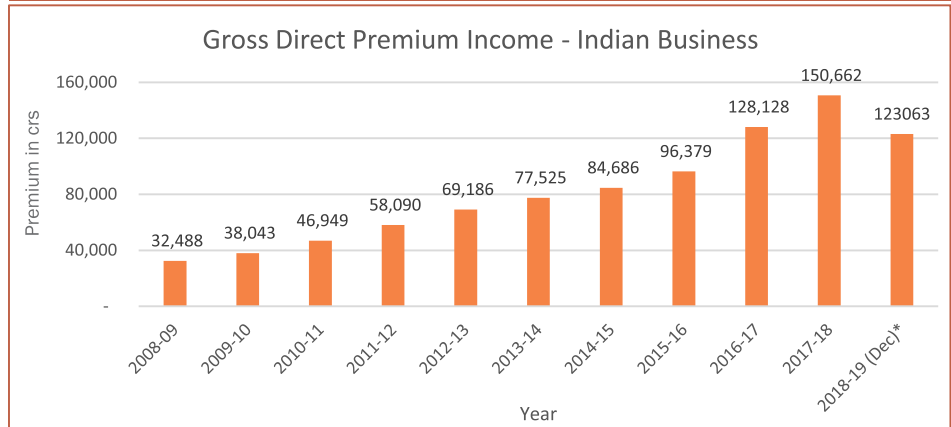
3. Operational Parameters (2008-09 versus 2017-18)

- Number of offices has more than doubled from 5,601 to 11,160
- Number of employees has grown from 89,595 to 126,638;
- Number of policies issued almost trebled from 6.71 crores to 18.28 crores
- Overall net retention ratio declined marginally from 70.1% to 68.6%.
- Number of Claims handled has increased to 4.12 crores in 2017-18.

Premium Gross direct Premium (GDPI)

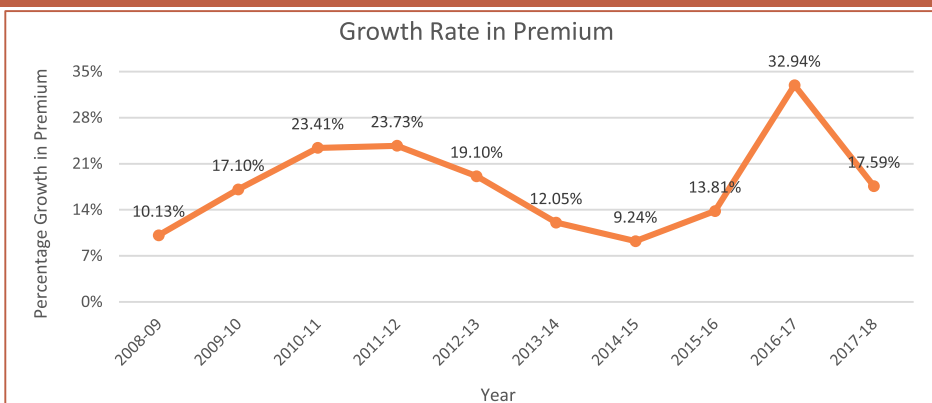
The Non-Life Insurance Industry in India has recorded CAGR of 18.16 % in the period 2008-09 to 2017-18. The premium income, which was ₹ 32,488 Crores in 2008-09, has increased substantially to ₹ 1,50,662 Crores in 2017-18. Motor and Health segments remain the leading drivers of Premium growth.

Gross Direct Premium Income - Up to December 2018



* Unaudited.

Growth Rate in Premium*:2017-18



Growth rate up to December 2018-19 (unaudited and not shown in above graph) is 13.13%.

The growth rate of the Non-Life Insurance Industry which had slowed down during 2012-15 has now turned around due to pickup in economic activity.

News from Overseas Insurance Associations

1. Technology to Strengthen Insurance Fraud Detection to Safeguard the Interest of Policyholders

30 Nov 2018

The Hong Kong Federation of Insurers (HKFI) announces the launch of the Insurance Fraud Prevention Claims Database (IFPCD) on 1 December 2018. Through its state-of-the-art AI technology, the IFPCD will be able to help detect different types of insurance fraud, particularly those involving multiple claims and syndicates. The relevant AI technology is provided by Shift Technology, a French Company based in Paris with an office in Hong Kong. Shift Technology has confirmed that the IFPCD is European Union (EU) - General Data Protection Regulation (GDPR) compliant.

“By nature, fraud is not easy to detect. In respect of indemnity insurance, experience in other markets overseas shows that for every \$100 paid out in claims, about \$10 to \$15 would involve certain elements of fraud,” said Mr Harry Wong, Chairman of the HKFI Provisional Executive Committee on IFPCD. “Hong Kong is lagging far behind many other insurance markets in terms of fraud detection and prevention. We need to move ahead quickly to catch up. Hence this IFPCD to protect the interest of honest policyholders,” added Mr Wong.

“Fraud, in whatever form, is a serious crime and we support the initiative of HKFI to set up this IFPCD to help combat insurance fraud in the common interest of policyholders,” said Mr Edward Chan, Chairman of the Steering Committee on IFPCD.

2. Launch of the first-ever blockchain application for motor insurance authentication

17 Dec 2018

The Hong Kong federation of Insurers today announces the launch of the Motor Insurance DLT-based Authentication System (MIDAS), a blockchain application to help authenticate motor insurance cover notes / policies. The technology involved is provided by CryptoBLK, a Hong Kong startup at Science Park specializing in the development, deployment and operation of Blockchain systems.

“MIDAS is the first ever industry-wide application of blockchain technology in the space of motor insurance in Asia,” said Mr Philip Kwan, Chairman of HKFI's Accident Insurance Association. “This is a classic case of Public-Private Partnership initiative to address the perennial problem of fake cover notes in our insurance market”, added Mr Kwan

Editor's Note

It is with great pleasure that first newsletter from GI Council is reaching you at the beginning of 2019. Through this newsletter we wish to connect with member companies more actively. We would not only be sharing important developments but would also seek your cooperation and contributions in sharing success stories in customer service for a positive image of the industry.

We will be informing you of major training programs and conferences and online education which will help the members in keeping up with latest trends in the industry.

This is a small initiative to bring the general insurers together but as they say a journey of thousand miles starts with first step. We solicit your cooperation to make it a success.

Please send your suggestions and comments on sanjiv@gicouncil.in to help us improve this newsletter.

Sanjiv Singh
Head Technical

In lighter vein



*You have to come here in person.
They're always too busy to answer the phone*



General Insurance Council

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

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