Together We Serve

GENERAL INSURANCE COUNCIL

Newsletter

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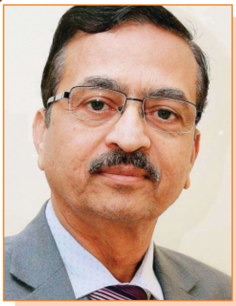
Message



Dear Reader,

I wish you a very happy new year.

The general insurance industry continues on the path of recovery post-Covid-19 shock. The year, 2021, holds much promise for the Indian insurance sector, seeing, phenomenal growth over the past two decades till Covid disrupted it last year. The year 2020 was challenging and tested the industry's resilience in being helpful and relevant in the global crises by reaching out to the customers. Benjamin Franklin famously said- "By failing to prepare, you are preparing to fail". According to a recent global outlook survey by Deloitte forty-eight per cent of 200 responding insurance executives agreed that the pandemic "showed how unprepared our business was to weather this economic storm,". Though the industry had not anticipated the impact of Covid, it has learnt valuable lessons.

New types of coverage may be spurred by the pandemic, such as the launch of more parametric policies (which pay upon the occurrence of a triggering event rather than having to claim a specific insured property loss). Global endeavours for a Pandemic pool, new innovative covers for personal insurances, technology-driven claims settlement and remote surveys, have all been driven by the adversity faced due to Covid.

In the Indian market, various new products in the health segment have come up. Standard products for Fire and Allied Perils like Bharat Sookshma Udyam Suraksha and Bharat Laghu Udyam Suraksha aimed at Micro and Small industry segments are examples of innovative product development. The Council initiatives like Fraud Analytics, insurance awareness program, standardization of crucial policy wordings and Covid claims treatment costs will prove beneficial for the insuring public, our members and all stakeholders in the coming times. The council will endeavour to see that industry embraces best practices to serve the country's people fully.

With the vaccination drive underway and control on pandemic looking optimistic, we expect life to come back to normal by the middle of this year. Hopefully, the industry will regain the momentum of high growth.

I wish you all the best.

MN Sarma

Secretary General, General Insurance Council

"The pandemic has made people realise the importance of being adequately insured"

A conversation with Mr Atul Sahai, Chairman, General Insurance Council

Mr Atul Sahai

2020 was a bad year for the Indian general insurance industry growth except for outliers like New India. How do you see the prospects in 2021 given that the world is still under the shadow of the pandemic?

The spread of COVID-19 pandemic and the lockdowns that followed had an adverse impact on the Indian economy and insurance industry was also not spared. However, one positive impact of the pandemic was that it has significantly enhanced the digital capabilities of the insurers and the resultant benefits, in my opinion, are there to stay. The second positive impact is that the awareness level of people regarding insurance, both life and non-life, has increased considerably and this should have a positive impact on future growth.

If you see, over the last 2 decades or so the non-life industry has faced several challenges and still manged to deliver a mid-teen CAGR. The industry continues to have a long growth runway ahead and should soon revert to its historical growth rate. The Government of India is also taking a lot of proactive steps to revive the economy and the effect of these steps should be visible in the coming years.

Was the industry able to meet expectations of its policyholders during the pandemic?

The industry has shown resilience and adaptability in meeting the challenges posed by the pandemic, especially

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A Conversation with Mr Atul Sahai, Chairman, GI Council

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with regard to service to the customers. IRDAI promptly came out with various regulations/circulars to ease issuance of digital policies and settlement of claims. Further, the Regulator also came out with Covid specific insurance covers, to be issued by the Industry.

Quick settlement of claims digitally, especially health claims, increased use of digital modes by the distribution channels and the end customers has gone a long way in meeting the expectations of the Policyholders during the pandemic.

How important is the use of state-of-the-art technology for the insurance industry? Do you see insurtechs dominating personal insurance space in future?

Technology has become a very critical tool to provide the customers a good experience at every touch point. While the adoption of technology in policy issuance is very high, automation of settlement of low value claims will be the next big leap. Technology also plays a key role in workflow automation, thereby reducing the company's expense ratio as the requirement of manpower comes down. At the backend, policies are getting right priced, thanks to the use of data analytics tools.

Combined ratio of most of the companies is over 100%. What would be your suggestions for improvement?

In Indian context, depending on the business mix and extent of technical reserves, a combined ratio of 100-110% is very much sustainable. However, with interest rates going down the need for reducing underwriting losses has become even more important. The property premiums have been corrected recently. Retail health premiums also looks alright. Motor and group health premiums however require strengthening.

Non-life industry is highly competitive with more than 30 players and industry does go through underwriting cycles. There is a limit up to which promoters/investors will be willing to provide capital to the companies generating sub-par returns. Over time pricing will definitely improve and combined ratios will come down to acceptable levels.

All over the world, insurance cost is going up. Does the Indian insurance industry need rate correction in all lines of business?

At the end of the day insurers need to earn adequate return on capital. If the costs increase, then premiums also get corrected. For example, medical inflation is a key driver of health premiums. Wage inflation and legal inflation are the drivers for Motor TP premiums. Repair costs and component costs are key drivers of Motor OD premiums. If cost of steel increases, it will eventually affect the cost of repairs and hence have an impact on the motor premiums. Everything is inter-connected. Rather than rate correction per se, standardisation of costs and deeper penetration can lead to some reduction in insurance premiums.

Environment concerns are now an issue for the insurance industry also. How conscious is the Indian market about principles of sustainable insurance (PSI) as publicized by UNEP Financial Initiative?

Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues. Some insurers and reinsurers abroad have already started aligning their processes around the PSI, with some going ahead and declaring that they will slowly reduce their support to certain industries/companies that don't meet the ESG standards. The insurers also have a significant investment books and here also they take have started looking into the ESG aspects when investing. As far as India is concerned, I would say that the concept has gained some traction on the investing front but as far as core business is concerned the country is not really in a stage where certain industries can be excluded citing sustainability issues.

The industry is obsessed with the growth and volume of business. What are the efforts to develop a niche and quality product? Is the sandbox initiative of IRDAI a successful experiment?

Sandbox has been quite successful, and we did see many innovative products being launched by several players. Some of these products has the potential to become mainstream products. With digital penetration, ability to create customised products for niche groups of customers and still achieve reasonable scale through targeted marketing is possible. With more than 30 players already competing fiercely many smaller and recently launched companies are adopting this route to build a niche clientele.

Your New Year message to the policyholders and our readers?

The pandemic year has probably made many policyholders and prospective policyholders realise the importance of being adequately insured. India's insurance penetration remains abysmally low and even among the insured the extent of under insurance is very high. It is high time that people realise the need for being adequately insured and how important non-life insurance is. The industry will increasingly add value to all stakeholders in 2021 and beyond. I wish all policyholders, readers and every other stakeholder a very happy and prosperous new year.

"If winter comes can spring be far behind"

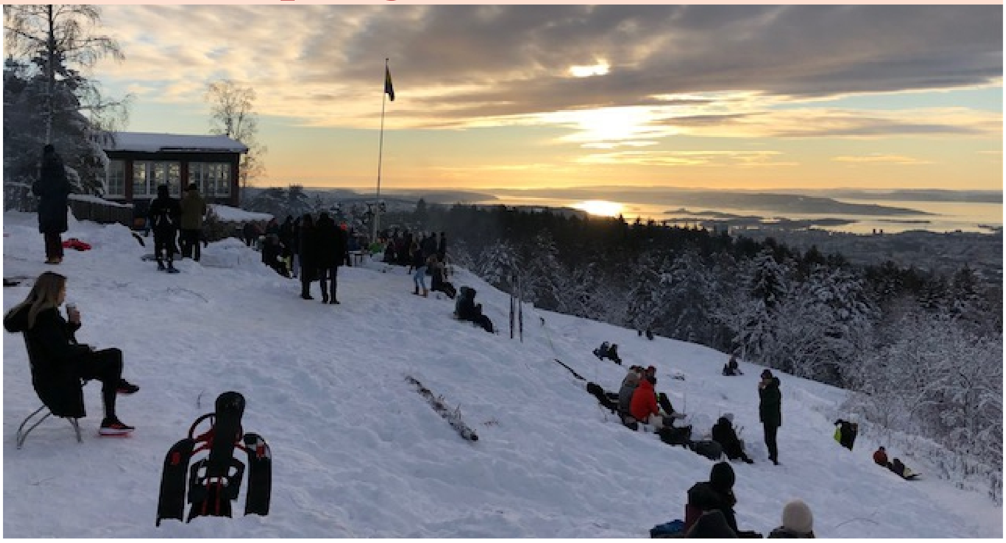

Photo credit: ***Astrid Seltmann****, Vice Chairperson, Facts & Figures Committee, IUMI*

GROSS DIRECT PREMIUM INCOME UNDERWRITTEN BY NON-LIFE INSURERS WITHIN INDIA (SEGMENT WISE) : FOR THE PERIOD UPTO December 2020 (PROVISIONAL & UNAUDITED) IN FY 2020-21 (Rs. In Crs.)

	Fire	Marine Tot	Engineerin	Motor Tota	Health	Aviation	Liability	P.A.	Misc.	Grand Tota	Growth %	Market %
General Insurers												
Acko General Insurance Co Ltd	0	0	0	184.43	65.14	0	23.68	3.66	0	276.92	-0.77	0.19
Previous Year	0	0	0	163.59	64.12	0	50.8	0.57	0	279.08		
Bajaj Allianz General Insurance Co Ltd	1226.44	123.76	161.2	3354.34	1617.26	14.24	315.6	148.29	2832.74	9793.86	-3.35	6.72
Previous Year	877.24	130.32	116.4	3999.62	1759.2	8.88	275.89	212.67	2753.5	10133.72		
Bharti AXA General Insurance Co Ltd	251.67	56.96	29.85	952.91	313.09	0	35.8	34.31	754.03	2428.62	1.03	1.67
Previous Year	157.59	64.14	25.52	1122.06	288.13	0	33.15	31.47	681.88	2403.94		
Cholamandalam MS General Insurance Co Ltd	312.76	51.98	21.92	2185.85	329.72	0	13.46	182.4	19.92	3118.01	-4.72	2.14
Previous Year	247.34	61.5	21.86	2423.88	242.67	0	10.49	234.02	30.81	3272.57		
Coco By Navi General Insurance	15.32	0	0	34.92	13.99	0	0	3.33	4.82	72.38	-45.56	0.05
Previous Year	17.25	0	0	81.14	25.9	0	0	3.75	4.91	132.95		
Edelweiss General Insurance Co Ltd	7.62	2.99	0.42	72.28	69.19	0	0	1.04	0.21	153.76	68.19	0.11
Previous Year	2.07	0.99	0	40.72	47.35	0	0	0.24	0.05	91.42		
Future Generali India Insurance Co Ltd	353.66	46.2	33.31	932.36	277.78	0.11	42.14	52.84	1016.83	2755.22	14.53	1.89
Previous Year	261.72	47.96	37.55	968.02	244.1	0	36.82	55.57	753.98	2405.73		
Go Digit General Insurance Ltd	362.82	1.13	7.14	1548.18	155.15	0	59.11	16.04	1.32	2150.89	33.79	1.48
Previous Year	164.6	1.29	4.58	1391.85	22.41	0	10.67	8.39	3.84	1607.63		
HDFC Ergo General Insurance Co Ltd	922.8	109.63	133.09	2420.86	2462.65	9.38	266.27	378.09	2042.92	8745.69	25.93	6
Previous Year	769.41	149.67	129.82	2459.91	932.43	10.58	210.65	509.42	1772.83	6944.72		
ICICI Lombard General Insurance Co Ltd	1747.6	345.46	286.93	5147.75	2044.67	77.44	389.35	239.47	246.39	10525.07	3.88	7.22
Previous Year	1206.89	389.85	241.36	5041.58	2116.03	64.13	343.36	392.32	336.78	10132.29		
IFFCO-Tokio General Insurance Co Ltd	668.66	112.47	71.58	2542.96	1259.12	0.09	107.52	81.65	1595.91	6439.96	3.84	4.42
Previous Year	415.81	135.85	65.37	2557.49	983.55	0.24	85.47	70.83	1887.49	6202.1		
Kotak Mahindra General Insurance Co Ltd	23.5	0.01	0.67	194.48	133.1	0	0.55	20.76	9.24	382.32	24.58	0.26
Previous Year	24.4	0	1.32	178.08	73.78	0	0.29	19.11	9.91	306.89		
Liberty General Insurance Ltd	72.04	20.84	21.23	686.81	164.16	0	16.23	14.34	50.39	1046.04	-7.04	0.72
Previous Year	59.39	21.37	19.85	769.7	180.11	0	12.9	15.14	46.78	1125.24		
Magma HDI General Insurance Co Ltd	71.23	10.82	4.51	679.45	54.7	0	26.27	3.17	1.71	851.87	-3.78	0.58
Previous Year	46.39	10.78	3.49	771.26	33.11	0	15.37	3.56	1.4	885.35		
National Insurance Co Ltd	928.69	147.79	180.06	3500.42	4396	59.8	87.53	184.15	1003.06	10487.5	-5.14	7.2
Previous Year	783.96	162.07	178.16	4250.3	3783.46	71.33	83.04	148.98	1594.3	11055.61		
Raheja QBE General Insurance Co Ltd	7.8	0.27	0.61	104.52	18.86	0	42.27	3	2.75	180.08	89	0.12
Previous Year	2.03	0.01	0.58	53.94	0.36	0	35.55	0.25	2.56	95.28		
Reliance General Insurance Co Ltd	739.92	71.06	112.96	2446.32	761.19	27.35	41.28	35.74	2066.43	6302.24	4.76	4.33
Previous Year	574.96	99.98	83.21	2480.23	1231.33	16.17	36.95	45.48	1447.74	6016.05		
Royal Sundaram General Insurance Co Ltd	214.92	26.98	47.99	1379.74	252.53	0	8.33	38.92	60.88	2030.28	-26.85	1.39
Previous Year	170.78	29.86	65.98	1549.11	294.44	0	10.32	43.51	611.62	2775.62		
SBI General Insurance Co Ltd	986.23	24.97	29.57	1256.67	720.75	0.08	26.01	575.87	1659.95	5280.11	8.88	3.62
Previous Year	869.06	22.64	27.78	889.37	489.98	0.06	14.27	550.27	1985.99	4849.43		
Shriram General Insurance Co Ltd	28.67	0.9	10.53	1495.01	1.68	0	3.56	9.62	8.4	1558.37	-13.25	1.07
Previous Year	24.62	1.2	13.94	1731.8	1.29	0	3.41	12.19	7.95	1796.39		
Tata AIG General Insurance Co Ltd	1115.33	239.18	52.24	3267.36	808.2	0	302.52	113.31	132.9	6031.04	6.03	4.14
Previous Year	741	238.09	49.34	3030.15	763.5	0	290.57	98.97	476.62	5688.24		
The New India Assurance Co Ltd	3028.42	527.83	453.27	6387.24	8212.51	178.59	371.3	514.8	1655.06	21329.01	3.02	14.64
Previous Year	2273.94	564.68	402.28	6526.86	7499.52	189.22	347.8	261.42	2638.67	20704.4		
The Oriental Insurance Co Ltd	1343.65	260.36	159.91	2668.85	3530.09	85.4	101.59	175.06	887.56	9212.48	-8.57	6.32
Previous Year	1047.96	279.39	162.44	3119.27	3204.82	69.23	88.57	181.35	1923.07	10076.08		
United India Insurance Co Ltd	1364.35	259.11	281.36	4186.44	4218.21	59.22	144.15	396.85	1007.33	11917.02	-5.02	8.18
Previous Year	1161.84	288.26	286.92	4921.78	3547.45	21.21	127.25	397.48	1794.85	12547.04		
Universal Sompo General Insurance Co Ltd	165.31	26.66	6.66	578.25	189.17	0	5	71.74	1137.45	2180.25	-5.59	1.5
Previous Year	143.26	25.89	6.31	563.8	121.73	0	3.32	144.51	1300.51	2309.33		
General Insurers Sub Total	**15959.41**	**2467.36**	**2107.01**	**48208.4**	**32068.91**	**511.7**	**2429.52**	**3298.45**	**18198.2**	**125249**	**1.14**	**85.98**
Previous Year Sub Total	12043.51	2725.79	1944.06	51085.51	27950.77	451.05	2126.91	3441.47	22068.04	123837.1		
% Growth	**32.51**	**-9.48**	**8.38**	**-5.63**	**14.73**	**13.45**	**14.23**	**-4.16**	**-17.54**	**1.14**		
Stand-alone Health Insurers												
Aditya Birla Health Insurance Co Ltd	0	0	0	0	777.53	0	0	81.8	0	859.33	57.46	0.59
Previous Year	0	0	0	0	466.88	0	0	78.86	0	545.74		
Apollo Munich Health Insurance	0	0	0	0	0	0	0	0	0	0	0	0
Previous Year	0	0	0	0	0	0	0	0	0	0		
Care Health Insurance Ltd	0	0	0	0	1606.32	0	0	149.18	0	1755.5	0.23	1.21
Previous Year	0	0	0	0	1642.88	0	0	108.6	0	1751.48		
HDFC ERGO Health insurance Ltd	0	0	0	0	0	0	0	0	0	0	-100	0
Previous Year	0	0	0	0	1509.43	0	0	111.81	0	1621.24		
ManipalCigna Health Insurance Co Ltd	0	0	0	0	523.02	0	0	5.31	0	528.33	27.19	0.36
Previous Year	0	0	0	0	409.87	0	0	5.51	0	415.38		
Max Bupa Health Insurance Co Ltd	0	0	0	0	1103.88	0	0	46.38	0	1150.26	38	0.79
Previous Year	0	0	0	0	790.08	0	0	43.45	0	833.53		
Reliance Health Insurance Ltd	0	0	0	0	-0.01	0	0	0	0	-0.01	-100.17	0
Previous Year	0	0	0	0	6.06	0	0	0	0	6.06		
Star Health & Allied Insurance Co Ltd	0	0	0	0	6211.61	0	0	93.5	0	6305.11	40	4.33
Previous Year	0	0	0	0	4408.47	0	0	95.18	0	4503.65		
Stand-alone Health sub Total	**0**	**0**	**0**	**0**	**10222.35**	**0**	**0**	**376.17**	**0**	**10598.52**	**9.52**	**7.28**
Previous Year Sub Total	0	0	0	0	9233.67	0	0	443.41	0	9677.08		
% Growth	**0**	**0**	**0**	**0**	**10.71**	**0**	**0**	**-15.16**	**0**	**9.52**		
Specialised Insurers												
Agriculture Insurance Co Of India Ltd	0	0	0	0	0	0	0	0	9115.68	9115.68	17.45	6.26
Previous Year	0	0	0	0	0	0	0	0	7761.05	7761.05		
ECGC Ltd	0	0	0	0	0	0	0	0	716.07	716.07	-11.6	0.49
Previous Year	0	0	0	0	0	0	0	0	810.05	810.05		
Specialised sub Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**9831.75**	**9831.75**	**14.71**	**6.75**
Previous Year Sub Total	0	0	0	0	0	0	0	0	8571.1	8571.1		
% Growth	0	0	0	0	10.71	0	0	-15.16	0	9.52		
Industry Total	**15959.41**	**2467.36**	**2107.01**	**48208.4**	**42291.26**	**511.7**	**2429.52**	**3674.62**	**28029.95**	**145679.3**	**2.53**	**100**
Previous Year Sub Total	12043.51	2725.79	1944.06	51085.51	37184.44	451.05	2126.91	3884.88	30639.14	142085.3		
% Growth	**32.51**	**-9.48**	**8.38**	**-5.63**	**13.73**	**13.45**	**14.23**	**-5.41**	**-8.52**	**2.53**		
% Market Share	**10.96**	**1.69**	**1.45**	**33.09**	**29.03**	**0.35**	**1.67**	**2.52**	**19.24**	**100**		
Previous Year Market Share	**8.48**	**1.92**	**1.37**	**35.95**	**26.17**	**0.32**	**1.5**	**2.73**	**21.56**	**100**		

Demystifying Commercial Crime Insurance

Sagar Sanyal, Director Technical, Zoom Insurance Brokers Pvt Ltd.

The need for demystifying the enigmatic aspects of the lesser-known "Commercial crime insurance "for the corporates, stems from the emerging threats due to advancement in technology coupled with the post-pandemic "work from home" situations.

The top global fraud indicators of 2020 as per the Financial Crime report of Feedzai showed new indicators like card cloning(skimming), high speed ordering by fraudsters using bots, and account takeovers (ATO) fraudsters, fake email addresses and many more.(*Source:feedzai.com › resource › financial-crime-report-q4-2020)

It has been widely realized that the traditional "Fidelity Guarantee policies "will not be the ideal cover for the growing incidences of frauds globally.

The Commercial crime policy provides the following basic coverage and in addition, can be customized to incorporate r**elevant extensions** to take care of the evolving frauds:

1. The direct financial loss of money, property and securities sustained by the insured arising out of "criminal acts **"first discovered** during the policy period.
2. Criminal acts will include those committed by **"internal persons"** as well as by "**external persons**" either individually or in collusion.
3. The basic coverage will also include: Investigation costs and Data reconstitution costs.

The wordings of the various insurers inIndia and International market, differ considerably and the brokers need to dig deep into the same to bring out a comparison. While the latter part of the article will concentrate on the understanding of some of the evolving threats and possible extensions under a Commercial Crime policy, the table below throws up the differentiating points between Fidelity Guarantee and Commercial crime policies. An intermediary trying to convince a client must appreciate the extra benefits which the t.

Risk Exposures	Commercial Crime	Fidelity Guarantee
Theft, misappropriation of funds by employees on rolls as well as contractual employees inside the premises as well as outside	Yes	Yes
Theft, misappropriation of funds by external people	Yes	Yes
Theft / Robbery of property/ stocks in addition to money by employees and / or external people	Yes	Yes
Corporate Credit card fraud	Yes	Yes
Depository forgery	Yes	Yes
Fraudulent fund transfer through online transaction ...Computer fraud	Yes	Yes
Investigation costs and Data reconstitution costs	Yes	Yes
Counterfeit currency	Yes	Yes

Note: ** Coverage for theft of goods by own employees is sometimes possible under Fidelity Guarantee policy.

Evolving threats of fraud and possible insurance solutions:

I: Fraudulent impersonation

With the increase in digital transactions during the post-pandemic times, network frauds related to online transactions have increased by 60.5%, whereas the severity of the impacts of such frauds has shown a rise by 5.5%.

New challenges have been thrown at corporate and attempt has been made to highlight some of these.

Can the insurance policies provide the necessary support?

1. Vendor of a company A, gets an invoice from the authentic email of CFO of Company A for payment due to Company A. The money is transferred to the mentioned bank account.Later on,it is discovered that the mail was from a fraudster who had impersonated the CFO's email account.
2. An employee of a company receives a mail from the CEO's email address instructing transfer of fund to a named account. After the transaction, it was discovered that the CEO's email was being compromised and the money had reached fraudster's account.

Increased number of such incidents (business email compromise) as well as "deep fake"(fraudulent impersonation of voice) have resulted in fraudulent practices which have gripped various industry sectors. **Thus, a new cover known by varied names such as "social engineering costs / "fraudulent impersonation"/ "Fake President's fraud"** is often offered by few insurers under the Commercial crime policies albeit with a sub-limit (at an additional premium).

II: Third-party Liability exposures

Certain sectors like staffing companies providing manpower to their clients while keeping those people on their own roles OR companies providing varied professional services to clients through their own/ outsourced personnel, face the increasing threat of legal suits being filed by their customers for financial loss sustained by them due to the action of these personnel.

Some of the involuntary acts of negligence of these employees/ personnel while discharging their professional duties, will find a cover under "Professional Indemnity policies ".However, the criminal acts like a security **guard being deputed by the staffing company to their customer premise getting involved in a burglary or theft OR** a professional electrician (on duty) committing theft at customer premises, will surely not be covered under any of the liability policies.

A not too common extension under the Commercial crime policy providing cover for **"Third-party liability and the legal fees associated with the same"**, can provide solace to such corporate.

III: First PartyBusiness Interruption:

Business Interruption losses following a criminal act by an employee are normally excluded under Fidelity Guarantee as well as Commercial crime policies.However, such an act often leads to additional expenses being incurred by corporate.e.g., following theft of goods by employees, a manufacturing plant has to depute extra manpower and systems to meet the customer's demands in time.

"Additional expenses" rider under the Commercial crime policy takes care of this exposure under some of the wordings.

Dynamic nature of the corporate world's risks and increasing new incidents globally will always pose challenges to the insurers to have a flexible approach to the wording under the commercial crime policies. The Indian market can boast of having highly advanced wordings comparable to the best in the international market. Needless to say, a thorough understanding of the wordings by the intermediaries and underwriters alike, is the call of the hour.

Disclaimer: The views expressed are of the author alone and do not represent the organization to which he belongs. The understanding of the facts is based on the market practices of the domestic and international insurance market. However, the final decision and interpretation of the underwriters will be binding on all.

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In Motor Accident Claims is the Insurer a Defendant or Respondent?

Arvind Shenoy, Advisor, General Insurance Council

Is there a difference between a Defendant and Respondent? Often these terms are used interchangeably.

The defendant is referred to an accused in a trial case. For instance in a criminal court the case is generally filed by a State against the one who is accused of the crime. He is generally referred to as accused Defendant. However, in civil suits a Petitioner filing the suit (or the Defendant) while the suit lasts adds another party who is not the co-accused but a party from whom some interlocutory reliefs are sought. Such a party would be a Respondent and not a Defendant.

In motor accident claims filed before Motor Accident Claims Tribunal, the victim (or the victims' legal representatives) as Petitioner(s), if already in the know of the insurer of the vehicle driven by the driver accused of negligence in causing the accident joins the said insurance company as a party to the claim petition. If more than one vehicle is involved the Petitioner may join all the insurance companies of the vehicles involved. It is also possible that while the Petitioner may not be aware of the insurer of the vehicle involved in the accident, the Defendants against whom the claim petition is filed may join the insurer of his vehicle so that in case of an award of compensation is passed against him, the same is paid for or on his behalf by the insurance company albeit subject to the terms & conditions of the insurance policy and the provisions of the Motor Vehicles Act 1988. In such claims whether the Insurance Company is the Respondent or a Defendant.

Section 166 of the Motor Vehicles Act, 1988. Subsection (1) thereof specifies who can file an application for compensation arising out of a road accident. The said subsection has also a proviso as follows:

Provided that where all the legal representatives of the deceased have not joined in any such application for compensation, the application shall be made on behalf of or for the benefit of all the legal representatives of the deceased and the legal representatives who have not so joined, shall be impleaded as **respondents** to the application.

In other words, where all the legal representatives of a deceased victim have not been joined in such application for compensation (say for example the wife and children of the deceased have filed the claim application) then the application shall be made on behalf of or for the benefit of all the legal representatives of the deceased and the legal representatives who have not been so joined (say parents of the deceased), shall be impleaded as respondents to the application.

Such respondents who should have been co-petitioners are joined as proforma respondents as they are NOT the accused or defendants.

Subsection (2) of section 166 specifies the jurisdiction. It says:

(2) Every application under sub-section (1) shall be made, at the option of the claimant, either to the Claims Tribunal having jurisdiction over the area in which the accident occurred or to the Claims Tribunal within the local limits of whose jurisdiction the claimant resides or carries on business or within the local limits of whose jurisdiction the **defendant** resides, and shall be in such form and contain such particulars as may be prescribed:

It may be noted that the Act has used the word respondent and defendant in this two subsections of the same section.

Further, Section 170 of the Act states:

170. **Impleading insurer in certain cases** – Where in the course of any inquiry, the Claims Tribunal is satisfied that—

(a) there is collusion between the person making the claim and the person against whom the claim is made, or

(b) the person against whom the claim is made has failed to contest the claim,

it may, for reasons to be recorded in writing, direct that the insurer who may be liable in respect of such claim, shall be impleaded as a party to the proceeding and the insurer so impleaded shall thereupon have, without prejudice to the provisions contained in sub-section (2) of section 149, the right to contest the claim on all or any of the grounds that are available to the person against whom the claim has been made.

Here it may be noted that the Act refers to the insurer being joined as a party without any reference to it as defendant or respondent. Moreover, it distinguishes between the person against whom the claim is made and the insurer.

Question arises whether insurers would be defendants or respondents.

Merraim-Webster Legal Dictionary gives the legal definition of the Latin maxim Noscitur a sociis as:

noscitur a sociis : a doctrine or rule of construction: the meaning of an unclear or ambiguous word (as in a statute or contract) should be determined by considering the words with which it is associated in the context.

Merraim-Webster Legal Dictionary gives the legal definition of the Latin rule Ejusdem generis as:

ejusdem generis rule : a rule of construction: general words (as in a statute) that follow specific words in a list must be construed as referring only to the types of things identified by the specific words.

Applying both together, it can be said that just as legal representatives who may or may not be entitled to any reliefs (say in case they were not dependent on the deceased son) would be joined as respondents instead of co-petitioners and not as defendants. The term defendants (and not respondents) used in subsection (2) of section 166 thus clearly implies to the accused namely driver and owner of the involved vehicle(s) only. The Insurance Company (insurer of the vehicle) is only a party joined to the proceedings by virtue of an insurance contract based on the provisions of section 147 of the said Act. They are not the accused or the person against whom the claim is made and so not the defendants. In fact, the insurance company may also seek reliefs (including exoneration) from the court against the legal liability of the defendants (driver & owner of involved vehicle) by virtue of breach of policy condition or under the provisions of the Act itself.

However, it may be noted that in an appeal to a higher court by insurer against those who were the petitioners and defendants in the trial court, the insurers would be referred to as Appellants and the original petitioners and defendants would be referred to as Respondents. Similarly, in case of the original petitioners are the Appellants the rest of the parties to the case would be referred to as Respondents and so also in case the driver and owner are the Appellants the rest would be referred to as Respondents.

The Act seems to convey that the Insurance Company is **not a defendant** in a Motor Road Accident claim for compensation but a Respondent who is impleaded as a party to the petition filed against the persons against whom the claim is made. Therefore, the word defendants used in subsection (2) of section 166 does not include insurers and hence for jurisdiction where the claim for compensation can be filed would mean one of the 3 locations specified in the subsection viz.

a) the Claims Tribunal having jurisdiction where the accident occurred, **or**

b) to the Claims Tribunal within the local limits of whose jurisdiction the claimant resides or carries on business **or**

c) within the local limits of whose jurisdiction the defendant resides.

Indian candidate tops IUMI examination

Roshan Kumar of New India Assurance breaks all records in IUMI marine cargo examination: An interview

Congratulations on achieving the outstanding score of 98% in IUMI online cargo tutorial. You have broken all previous records in this prestigious international examination. Council wishes you all the very best in your future endeavours.

Tell us something about yourself and your job.

I am a marine insurance professional with a maritime background. I am currently working at the Head Office of The New India Assurance Co Ltd handling large marine cargo claims of its Indian and Foreign operations. Before joining New India, I have been sailing on ocean-going Bulk Carriers and LPG Ships managed by Anglo-Eastern Ship Management Ltd, Hong Kong. I have had a short yet thrilling career at sea with an experience of Arctic sailing.

How aware you are of IUMI activities?

I am a strong admirer of IUMI's contribution to the global maritime industry.

IUMI is a highly respected organisation that puts marine insurers' voice at IMO, EU and other key platforms. IUMI also publishes opinions and position papers on prevailing burning issues concerning the industry. I am fond of IUMI Eye newsletter, which makes the readers aware of the latest trends and significant developments. One can learn many things by merely visiting the IUMI website regularly.

What was your motivation to opt for IUMI tutorial?

I have an intense yearning for marine insurance and related studies. IUMI Tutorials have gained popularity recently as more and more professionals are opting for it. When I learnt that passing IUMI tutorial also makes one eligible to apply for WMU bursary to study PG Diploma in Marine Insurance Law & Practice, I immediately registered for the course through GI Council with support of New India Assurance.

How was the course content? Was it comprehensive and up to date?

Experienced industry experts have developed IUMI Tutorials. Though it is not possible for any tutorial to cover marine insurance in entirety, IUMI Tutorials equip the students with necessary technical know-how in a simple language. The Tutorials are kept up to date as these are reviewed regularly by IUMI. Students can expect to learn interpretations of latest/revised Institute and Trade clauses while studying the Tutorials.

How did the online course compare to the in-class training programs or textbooks provided by academic institutions?

Through in-class training programs and textbooks have their advantages, the online IUMI Tutorials are fun to read with various web-links, photographs and videos. Working professionals can study the Tutorials at their convenience and quickly revise the module of their interest.

How did you study? Did it require leave from your office?

Since my current portfolio as claims handler is quite demanding, I had to study the Tutorials during weekends. For a few days before appearing for the exams, I also studied after office hours. I didn't take any leave. Thanks to the way Tutorials are developed, I never felt any stress.

You scored a record 98%, the best in the history of IUMI tutorial. What factors helped you, or was it sheer hard work?

Though I was expecting a good score, I never thought that I would create a new record. Since the exam tests one's understanding of the subject, rote learning will not help. We have to be honest to ourselves and shouldn't skip anything while navigating through the modules. Studying the works of international authors and maritime journals have also contributed to my score.

What are your plans after this achievement?

This achievement has given me a lot of honour and recognition. Now I will try my luck with WMU bursary to study the PG Diploma in Marine Insurance Law & Practice. Meanwhile, I am keen to acquire CII qualifications, and I am looking for a CII Diploma. There is so much to learn.

What is your advice to young marine professionals in India?

Marine Insurance has its peculiarities due to the unique nature of shipping trade we insure. To have a good grasp of the subject, I recommend developing a sound understanding of shipping trade, customs and practices. Today's internet has exposed youngsters to numerous unwanted information, and therefore, one should only read authentic study materials.

What are your other interests?

I enjoy travelling, and music is a stress buster. I am learning Guitar.

Roshan thank you very much. I wish you all the best.

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What is Sustainable insurance?

"Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues. "Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social and economic sustainability." (Source: Principles for Sustainable Insurance, UN Environment, 2012)

As risk managers, insurers and investors, the insurance industry plays an important role in promoting economic, social and environmental sustainability—or sustainable development. With the adoption of the UN Sustainable Development Goals, Paris Agreement on Climate Change, and Sendai Framework for Disaster Risk Reduction in 2015, there is growing pressure and urgency across all sectors of society to respond and find solutions to sustainability challenges the world is facing. Environmental, social and governance (ESG) issues—also known as sustainability issues— pose a shared risk to insurers, communities, businesses, cities, governments and society at large, providing a strong incentive for

Developed by UN Environment's Finance Initiative, the PSI was launched at the 2012 UN Conference on Sustainable Development (Rio+20), and has led to the largest collaborative initiative between the UN and the insurance industry. The vision of the PSI Initiative is of a risk-aware world, where the insurance industry is trusted and plays its full role in enabling a healthy, safe, resilient and sustainable society. Its purpose is to better understand, prevent and reduce ESG risks, and to better manage opportunities to provide quality and reliable risk protection.

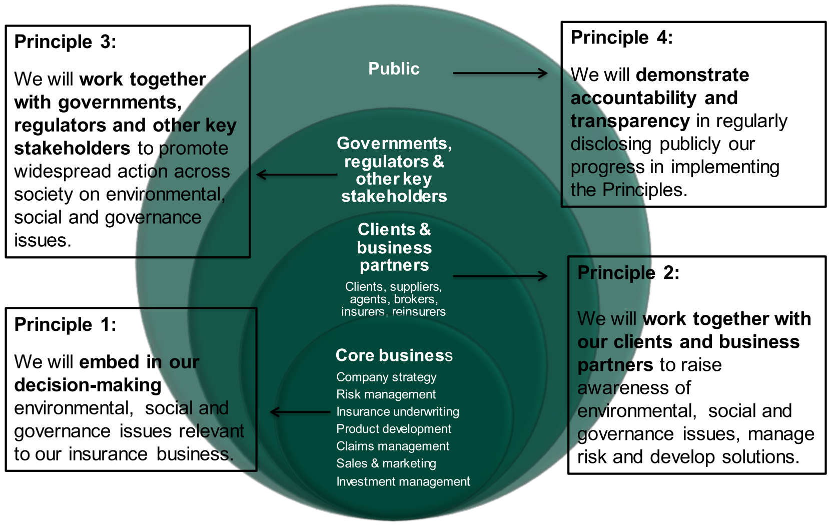
In the PSI initiative there are 140 members and list is growing Insurers represent about 25% of world premium + USD 14 trillion in assets under management.

Some Examples of key environmental, social and governance (ESG) issues (or "sustainability issues") are Climate change, extreme weather events Natural disasters, pollution, pandemics, Unethical business conduct & practices, Corruption and Unfair treatment of customers.

Acknowledgements: Presentation by Butch Bacani at IUMI 2019,

The Principles for Sustainable Insurance: A global roadmap to drive systemic change

PSI Principles for Sustainable Insurance



Launch of UN Environment's Principles for Sustainable Insurance Initiative (PSI) in 2012

PSI Principles for Sustainable Insurance

RIO+20 United Nations Conference on Sustainable Development

June 2012, Rio de Janeiro, Brazil

"The Principles for Sustainable Insurance provide a global roadmap to develop and expand the innovative risk management and insurance solutions that we need to promote renewable energy, clean water, food security, sustainable cities and disaster-resilient communities.

"With world premium volume of more than $4 trillion and global assets under management of more than $24 trillion, insurers that embed sustainability in their business operations can catalyze the kinds of financial and investment flows and long-term perspectives needed for sustainable development.

"The United Nations looks forward to working with all sectors of society towards the global embrace of this important new initiative as we shape the future we want."

Ban Ki-moon, UN Secretary-General

2012 IIS SEMINAR RIO DE JANEIRO, JUNE 17-20

CNseg

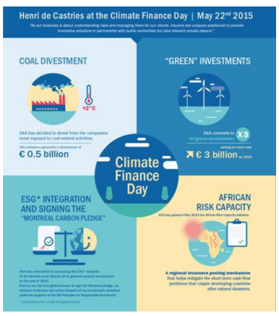
Implementing the Principles: Examples
A company commitment

PSI Principles for Sustainable Insurance

"The debate is no longer about whether, it's about when.

"As an insurer, I have personally witnessed many times humanity's capacity for resilience. This gives me hope that we will learn from the errors of the past and set ourselves on a path towards a more sustainable future, beginning here today and resulting in a comprehensive, fair and ambitious agreement this December.
In any case, we have no choice: a 2°C world might be insurable, a 4°C world certainly would not be."

Henri de Castries, Chairman & CEO, AXA Group
22 May 2015, Climate Finance Day, Paris



Various PSI members have made commitments to disengage from coal-intensive business through their investments and/or insurance underwriting, to increase green investments, and/or align investments with science-based targets and the goals of the Paris Climate Change Agreement

Allianz AVIVA AXA GENERALI MAPFRE NN QBE SCOR The Art & Science of Risk Munich RE SUNCORP storebrand Swiss Re ZURICH

Supreme Court verdict on business interruption insurance test case

The UK Supreme Court has recently delivered its verdict on the appeals heard in the business interruption insurance test case. The appeals were brought by the FCA, Hiscox Action Group and six of the eight insurers involved in the test case, following the High Court judgment which was handed down in September 2020.

Mr Huw Evans, Director General, Association of British Insurers (ABI) says....

"Insurers have supported this fast-track legal process every step of the way and we welcome the clarity that the judgment will bring to a number of complex issues. Today's judgment represents the final step in the appeal process.

"The insurance industry expects to pay out over £1.8bn in Covid-19 related claims across a range of products, including business interruption policies. Customers who have made claims that are affected by the test case will be contacted by their insurer to discuss what the judgment means for their claim. All valid claims will be settled as soon as possible and in many cases the process of settling claims has begun. Some payments have already been made where valid business interruption claims have not been impacted by the test case ruling.

"We recognise this has been a particularly difficult time for many small businesses and naturally regret the Covid-19 restrictions have led to disputes with some customers. We will continue to work together as an industry to ensure customers have the clarity they need when it comes to what they can expect from their business insurance policies."

In lighter vein

"I'm afraid the policy won't kick in in the next thirty seconds."

Editor's Note

Happy New Year.

There's an old joke about the underwriting room of the future. It will have an underwriter, a computer and a dog. Why a dog? To keep the underwriter away from the computer. The importance of data-driven underwriting and the use of modern tools cannot be overemphasized.

One of the best examples in Indian non-life underwriting is the way property insurance is underwritten. One of the worst examples is marine underwriting. Once considered a speciality and having a very clearly defined rating matrix, it is now reduced to rate-matching exercise between competing insurers.

Property underwriters are quite organized and professional. They disengaged with the tariff rates while retaining the tariff rules, terms and conditions including wordings. Health and motor underwriters also took corrective measures by developing a good database and analytics at the industry level.

In Marine, however, market abandoned the tariff in 1994 and all the rules were also dumped in the sea. It lost its anchor and from having a market share of 8-12% is now reduced to 1.5%. Today in many cases marine covers are bundled with the bulk of property business as combined portfolio underwriting.

With paid loss ratios over 90%*, if we add acquisition, capital & management costs, it is clear that this business line will become irrelevant if marine underwriters do not take urgent corrective measures. All over the world, adverse loss ratios have led to underwriters losing their jobs and companies folding up. In India, reinsurers don't even offer RI cover for marine risks except on excess of loss basis.

The solution is in quality data and analysis. Carefully calculating the burning cost of the risk, charging reasonable rates for each risk factor is the way to go. Each line of business should be able to survive on its own.

To quote IRDAI Chairman on low pricing- "In other industries, if there is unfair competition, the industry suffers, but the clientele doesn't suffer. While this has happened in airlines and telecom industries but we cannot afford that kind of a situation in the insurance industry because insurance is an industry for protection," if the insurance industry suffers, then their clients also suffer.

So the underwriters of insurance companies, intermediaries and policyholders need to unite to create a sustainable atmosphere for underwriting risks.

With best wishes.

Sanjiv Singh

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