Featured Articles

Future Generali India Insurance ties up with 10 banks in Maharashtra

Future Generali India Insurance Company Limited (FGII), a joint venture between the Future Group and Generali, has tied up with 10 medium and small-size banks in Kolhapur and Sangli districts, aimed towards increasing rural insurance penetration. Through these tie-ups, the company will majorly focus on its rural insurance and micro insurance portfolios, which will be customized as per the requirements of the banks' customers who can then take insurance cover for livestock, tractors, vehicles and the health of themselves and family members.

According to K.G. Krishnamoorthy Rao, MD & CEO of Future Generali, these tie-ups will ensure that people in the remotest of places get adequate coverage and are made financially aware. Thus furthering the company objective of increasing insurance penetration in the country and bringing financial access to rural households, thus ensuring better standards of living. He expects the rural and micro insurance sectors to grow by 30% by the end of FY17.

The company has tied up with Warana Sahakari Bank, Sangli Dist Central Cooperative Bank, Ajara Urbank Cooperative Bank, Kolhapur Dist Central Cooperative Bank, Kallpa Anna Ichalkaranji Janta Sahakari, Sangali Urbank Cooperative Bank, Ashta Peoples Cooperative Bank, Kumbhi Kasari Cooperative Bank and Yashwant Sahakari Cooperative Bank. With these tie-ups, the company aims to tap the opportunities available in the ever-growing SME industry and the diversified loan portfolio of these banks.

Bajaj Allianz Introduces 3-Year Insurance Policy for Two-Wheelers

Bajaj Allianz has introduced a new policy for two-wheelers providing cover for up to 3 consecutive years. The first-of-its-kind offering negates the need for renewing one's two wheeler insurance every year with one policy certificate issued to the owner for the period. Bajaj Allianz is also offering 24x7 roadside assistance with its new policy to customers, which the women owners will receive free of cost for the first year.

The 3 year insurance policy will see no premium hikes during the entire term, even if the third party motor premium witnesses a hike. Furthermore, the insured will be eligible for extra no-claim bonus on renewal of the policy after three years, only if no claim has been made during the policy's tenure. Bajaj Allianz also promises to allow the refund of premium, if a claim of partial loss is made during the policy's timeline.

The move has been welcomed by all and will see more owners opting for the policy in order to avoid annual renewals. The move will also help have a larger set of insured two-wheelers plying on the road.

Commenting on the launch, Tapan Singhel, MD & CEO of Bajaj Allianz said that India has the highest number of uninsured two wheelers today. A long term policy will ensure that vehicles are insured for a longer period of time and therefore reduce the number of uninsured vehicles.

IRDAI to allow foreign reinsurers to open branches soon

The IRDAI is likely to clear the applications filed by overseas reinsurance companies to open their branches in India in another 3-4 months' time. The decision is likely to be taken at the next board meeting of the IRDAI.

The Insurance Laws (Amendments) Bill that was passed by the Indian Parliament last March has paved the way for the entry of foreign reinsurers in India. Global giants Swiss Re, Lloyds, Munich Re and Hanover Re have already filed applications to open branches in India. T.S. Vijayan, Chairman, IRDAI believes that the entry of foreign reinsurers will help Indian insurance companies to access global capital. Foreign reinsurance players will have to retain 50% of the premium in India.

The IRDAI chairman also said that in the current year, the insurance sector was likely to do even better on the back of good monsoons forecasts. He said both life and general insurance sectors achieved double digit growth in the last financial year while the health insurance registered between 35%-40% growth in premium collections.

India's first insurance IPO paves way for $50 billion industry

India will get its first life-insurance listing since it opened up to private-sector investors 16 years ago, paving the way for more companies seeking to go public in an industry that's since grown to more than $50 billion. Housing Development Finance Corp., the nation's largest mortgage lender, will offer as much as a 10% stake in its insurance venture with UK's Standard Life Plc, HDFC said in a filing 19 April. The stake may be valued at about Rs 2,000 crore ($302 million) based on the sale this month of a holding by HDFC to its foreign partner.

The listing marks a milestone after India's Parliament allowed the increase of foreign investors' stake in insurance companies to 49% from 26%. The IRDA also required life insurers to be operational for 10 years before they could sell shares.

As many as seven companies may list their insurance units over the next few years. The share offerings could range from Rs 1,000 crore to Rs 2,000 crore. Companies that may seek to list their insurance arms include State Bank of India, the country's largest lender and ICICI Bank Ltd., the largest private-sector lender by assets, according to earlier announcements by the banks.

Standard Life, which increased its holding to 35% from 26%, will not divest its stake in the initial public offering. India's life insurance industry is worth about $50 billion, while general insurance is valued at about $13 billion, according to KPMG. The industry could get as much as $5 billion of fresh capital from primary and secondary sales.

Despite the low penetration, rapid growth has resulted in India becoming the 11th largest insurance market globally and the fifth largest in Asia as of March 2015.

Quick News

Liberty Videocon launches "Flames of Liberty" program

Liberty Videocon has announced that it is eyeing to get walk-ins of more than 2,000 Agents, Partners and their families from all across India at its offices on a single day. This is to mark the commencement of 'Flames of Liberty', a unique initiative to bring its brokers, agents and their families together on one platform, thereby enhancing the engagement between the Company and its treasured business partners. With this initiative, the company aims to redefine and set new standards of principal-agent relationships in the Indian general insurance sector.

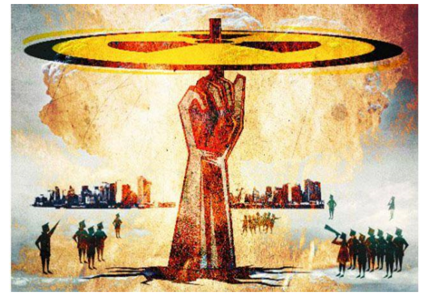
General insurance industry misses Rs 1 lakh-crore premium target; garners Rs 96,400 crore in FY16

The general insurance industry has missed the ambitious target of crossing the Rs 1 lakh-crore mark in premium collection by a small margin at Rs 96,401 crore, up almost 14% in the just concluded fiscal. In FY15, the general insurance industry had clocked a premium income of Rs 84,715 crore. The growth this fiscal was driven by motor and health insurance segments, which are traditionally the largest segments of the industry.

Future Generali India Shareholders Modify Joint Venture Terms

Future Retail has entered an amendment agreement to modify certain terms and conditions in joint venture executed for the Future Generali India Life Insurance Company (FGI Life) to comply with regulatory guidelines. The amendment to the JV agreement was entered between Future Retail, Industrial Investment Trust, Participate Maatschappij Graafschap Holland NV (Generali), Sprint Advisory Services and FGI Life. Future Retail holds 3% stake in FGI Life.

NPCIL to get nuclear liability policy soon



India's atomic power company, Nuclear Power Corporation of India Ltd (NPCIL) is confident of getting the public liability insurance policy in 10-15 days' time. Once the policy is received, then the company can go full steam ahead to start its project in Haryana. The policy would be on reinstatement basis - that is the coverage will be reinstated to the original level on payment of same premium after a claimable nuclear accident.

The proposed policy would cover the liability towards public as a consequence of any nuclear accident in the plants covered under the policy and also the right of recourse of NPCIL against equipment suppliers. The insurance coverage will be for all the NPCIL's plants.

When a nuclear accident happens and the Rs. 1,500 crore cover is exhausted, then there will not be any insurance cover for subsequent accidents that might occur during that policy year. According to an NPCIL official, if such a situation occurs, then the policy coverage will get automatically reinstated to Rs.1500 crore on payment of premium. The policy complies with all the provisions of the Civil Liability for Nuclear Damage Act (CLND) giving necessary comfort to suppliers.

The central government had announced in June 2015 the setting up of the Rs.1500 crore India Nuclear Insurance Pool to be managed by national reinsurer GIC Re. The GIC Re, four government-owned general insurers and also some private general insurers, have provided the capacity to insure the risks of up to around Rs.1,000 crore, with the balance Rs.500 crore being obtained from the British Nuclear Insurance Pool. The losses or profits in the pool would be shared by the insurers in the ratio of their agreed risk capacity.

IRDAI to insurers: Don't depend on banks to sell cover

The insurance regulator has warned life insurance companies against overdependence on banks for selling policies. Banks are now the dominant mode for distributing policies of private insurers, and the share of individual agents - the core agency force of the insurance industry - has declined. The IRDAI had called a meeting of CEOs of life companies last week and bancassurance was one of the issues raised there. The fear was in case of any eventuality which compelled the RBI to prevent banks from selling insurance, companies dependent on banks would see their sales being hit.

Insurance officials, however, say the bancassurance model is in line with developed markets. Banks are the dominant channel for distribution of life products in Europe and this trend is growing in Asia. In India, banks have three models for the life insurance business. They are either promoters like ICICI Bank, HDFC Bank and State Bank of India. They are also joint venture partners, like Oriental Bank of Commerce, Andhra Bank or Federal Bank. There are banks which only distribute insurance products without a stake in the company. The RBI has prescriptions in terms of capital adequacy and maximum non-performing assets that can be tolerated for a bank to invest in a life company. However, at present there is absolutely no restriction on banks from selling insurance.

IRDAI also made it clear to the industry that they would not have the freedom to increase commission. Earlier, the regulator had said that it would focus on overall costs to the policyholder, leading many to believe that commission rates would be freed as long as they remain within the overall cost ceiling. On Friday, the regulator told life companies that the trend was towards lower commission across industry and the insurance sector could not be an exception.

The share of individual agents in insurance distribution has been consistently declining since 2010-11. Banks have, however, been growing their share. In 2012-13, agents brought in Rs 48,831 crore of premium, which dropped to Rs 41,246 crore in 2014-15. In 2015-16, the total number of life insurance agents stood at 20.16 lakh, almost unchanged from the beginning of the year. But the high number is because of a large number of floating agent population, which has a low persistency. For instance, as against 6.6 lakh agents recruited during the year, 7.1 lakh agents dropped out from the overall pool.

DISCLAIMER

This newsletter is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you.

Great Indian Insurance Web Aggregators Pvt. Ltd. (hereinafter referred as GIIWA) is not soliciting any action based upon it.

The newsletter is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. GIIWA or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this newsletter. GIIWA or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

GIIWA and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the views mentioned in this report. This information is subject to change without any prior notice. GIIWA reserves the right to make modifications and alterations to this statement as may be required from time to time.

ABOUT US

InsuringIndia.com is India's first multilingual portal and one of the leading online insurance aggregators. We provide an intelligent customer-centric online platform for our clients, in their language of choice, to compare and choose all types of insurance products.
www.insuringindia.com

CONTACT DETAILS

Corporate Office: Plot-8, Sector-32, Urban Estate, Gurgaon-122001, Haryana, India
Phone: 0124 – 4745000
Email: research@insuringindia.com