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Over 60 financial giants line up to partner with India Post

The vast legacy network of India Post, once perceived to be unwanted baggage and a huge financial burden, is turning out to be its biggest strength. Top global financial



India Post

firms Barclays, Citibank, Deutsche Bank, Western Union, Visa and domestic giants State Bank of India and Punjab National Bank are among over five dozen companies that have queued up to partner with the payments bank arm of the country's postal department. Even the International Finance Corporation, a member of the World Bank Group, has shown interest in picking up a stake in the business.

A large-scale modernization drive across these branches, including computerization and the gradual rollout of core banking solutions and ATMs, has attracted big boys of the financial world who are looking at new opportunities in banking, mutual funds, insurance and money transfer.

With nearly 1.5 lakh post offices across the country, and 1.3 lakh in rural India, the postal network and services serve as the backbone for last mile connectivity across the country and the recent efforts at modernization as well as digitization are now bearing fruit.

The postal department bagged a license for a payments bank from the Reserve Bank of India in August last year. The central bank also allowed 10 other firms and tech companies to operate payment banks, considered the likely new disruptive force on the financial landscape of the country.

Payments banks can accept deposits up to Rs 1 lakh but cannot grant loans. They can deposit their money in government bonds and issue debit cards but not credit cards. These banks are expected to spread financial inclusion across the country and bring down cost of remittance and fund transfer.



The interest in partnerships with the postal department comes against the backdrop of the success that India Post has achieved after tying up with over 800 e-commerce companies, including Flipkart, Snapdeal and Amazon. Parcel revenue, which registered a dip of 2% in 2013-14, grew 45% in 2014-15 and a staggering 100% till February in 2015-16. Those seeking an alliance with India Post for banking products and services include SBI, PNB, BoB, Union Bank, and IDBI Bank. Foreign aspirants include Barclays Bank, Deutsche Bank and HSBC.

In the queue for an alliance on the insurance business are HDFC Life, ICICI Lombard, ICICI Prudential, Bajaj Allianz, Kotak Life Insurance, Royal Sundaram and PNB Metlife. Transfort and Western Union from the US have lined up for a deal on money transfer. State-owned telecom company BNSL wants to strike a partnership for the mobile wallet business, while American financial services giant Visa has approached India Post for a pact on ATM and point-of-sale transactions.

Private medical institutions directed to join insurance scheme

Karnataka Health Minister UT Khader has warned reluctant private medical institutions of consequences, if they refused to join the government's Mukhyamantri Harish Santwana humanitarian scheme and provide trauma care to road traffic accident (RTA) victims.

He said in a statement here that the government would amend the Karnataka Private Nursing Home (Regulation) Act if the institutions were unwilling to join the scheme.

Over 400 accident victims have benefited from the scheme since it was introduced. The scheme ensures immediate medical treatment for victims of road accidents during the Golden Hour (48 hours) and cashless treatment to victims with a maximum amount of Rs 25,000 per victim.



The minister said there was concern over treatment costs going above the prescribed limit. The health department had discussions with top medical professionals and had arrived at this cost which covered seven special care procedures and more than 500 other procedures. The charges calculated included full ventilator support for two days.

United India to pay for Kolkata bridge collapse, lives lost

United India Insurance Company will foot the bill of rebuilding the IVRCL bridge that collapsed in north Kolkata as well as liability arising out of lives lost. "We have received intimation and have deputed surveyors," said a United India Insurance executive, who did not wish to be identified.



"The claim will be paid as part of the construction policy that covers both cost of rebuilding and third-party liability," he said. This could come as a relief to the Hyderabad-based infrastructure company which is grappling with liquidity issues and high debt. As per the policy, the insurance company will pay either 10% of the sum assured or Rs 10 crore if the project size is less than Rs 100 crore. In this case, the project size is more than Rs 100 crore, so third-party liability could go up to Rs 25 crore.

Several employees of IVRCL were detained following the collapse. The company officials hinted that the bridge might have collapsed due to a bomb blast. The insurance policy, however, does not offer cover for terrorism. "If the accident has happened due to a bomb blast as the officials are indicating, we will not have to pay any claim," the executive said.

Terrorism cover is generally excluded from a standard project insurance policy. It is taken over and above a standard policy and the premium collected under it is transferred to terrorism pool. The General Insurance Corporation Re manages the terrorism pool. The policy insures against physical damage to the works, including materials on site. The other part of the policy covers the full reinstatement value of the works and other costs such as consultancy and professional fees that are incurred.

Quick News

Max Life Insurance Wins the Outlook Money Award 2015

Max Life Insurance, one of India's leading non-bank promoted private life insurers, has been conferred with the prestigious Outlook Money Award 2015 in the category 'Life Insurance Provider of the Year'. The award was given by Mr. N K Singh, Former Parliamentarian and Senior Bureaucrat, at a function held in Mumbai on 1st April 2016.

Insurance firm agent convicted for graft

A Judicial Magistrate court in Coimbatore today convicted a licensed agent of New India Assurance Company and sentenced him to two years rigorous imprisonment and imposed a fine of Rs. 10,000/- in a misappropriation case filed by the CBI. The Anti-Corruption Branch of CBI, Chennai registered and investigated a case in against Srinivasan, a licensed agent of Mettupalayam Branch in Coimbatore, on allegations that during the period January to March 2006 he had dishonestly misappropriated the funds collected from various customers and issued fake and forged policy certificates to the policy holders.

LIC clocks Rs. 11,000 crore profit via equity investment in FY16

India's largest life insurer, Life Insurance Corporation of India (LIC), has clocked a profit of Rs. 11,000 crore through equity investment in FY16. LIC's executive director for investment operations, Pravin Kutumbe was quoted as saying: "We saw some profit booking opportunities during the fiscal and have made a profit of Rs. 11,000 crore through our equity investments in the recently concluded financial year." The DII biggie pumped in Rs.2.70 lakh crore in Indian securities markets, of which, Rs.65,000 crore was invested in equities.

Government taps KVKs to create awareness on crop insurance scheme

The Centre is making a concerted push to create awareness among farmers about the Pradhan Mantri Fasal Bima Yojana (PMFBY) at 583 Krishi Vigyan Kendras (KVKs).

So far, such awareness programs have been organized at 90 locations such as Lucknow with participation of MPs and central ministers, including Home Minister Rajnath Singh. In these programs, details about PMFBY are being provided to farmers, question-answer sessions held and a comprehensive CD containing a film about the scheme is being shown to farmers.

That apart, farmers are also informed about other agricultural schemes. In the farmer-scientist interface, knowledge and advisory on various crops, horticulture, livestock and poultry-related questions are also being addressed by scientists. KVKs impart vocational training to practicing farmers and other individuals involved in field-level agricultural activity.



To protect farmers from vagaries of monsoon, the central government came out with the new crop insurance scheme, which has come into force from April 1 for kharif crops. Under the scheme, farmer premium has been kept lower between 1.5-2 percent for food grains and oilseeds crops and up to 5 percent for horticultural and cotton crops.

The government is targeting increasing the insurance coverage to 50% of the total crop area of 194.40 million hectares from the existing level of about 25%-27% crop area. The expenditure is expected to be around Rs 9,500 crore. In PMFBY, there will not be a cap on the premium and reduction of the sum insured. Besides, 25% of the likely claim will be settled directly on farmers' accounts and there will be one insurance company for the entire state as well as farm level assessment of loss for localized risks and post-harvest losses.

Lloyd's to apply for Indian Reinsurance Branch



Lloyd's, the world's specialist insurance and reinsurance market, today announced its intention to apply for a reinsurance branch based in Mumbai following IRDA publication of the regulations governing the Lloyd's market earlier this week.

Lloyd's has a century-long relationship with India as a provider of offshore reinsurance. An onshore branch will provide Indian reinsurance brokers with local access to Lloyd's underwriting expertise and innovative reinsurance solutions for complex and specialist risks, including agriculture, infrastructure and disaster management.

John Nelson, Chairman of Lloyd's said, "We believe a Lloyd's presence will contribute to the development of a more diverse reinsurance market, which is fundamental to the stability and future growth of the Indian economy. Lloyd's will also help to position India as a center for insurance, reinsurance and associated services."

Nelson added that while there are elements in the published regulations which may impact the ability of our market to perform to its full potential in India, he said that they are nonetheless pleased that the regulatory framework has now been published, enabling us to submit an application for a reinsurance branch.

Lloyd's recently announced the appointment of Shankar Garigiparthi as its new Country Manager for India commencing 1 April 2016. Shankar Garigiparthi brings over 23 years' experience to the role, most recently leading regulatory relationships for Lloyd's in Singapore and across South East Asia.

Vincent Vandendael, Lloyd's Director of Global Markets added that Lloyd's underwriters will work closely with brokers and clients to craft policies that meet specific needs and gaps in the market.

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