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### Health claims up, insurance portfolio bleeds

For 2015, the health insurance industry saw its incurred claims ratio (ICR) rise to 101% from 97% in 2014 and 94% in 2013 and 2012, indicating that insurance companies are settling more claims than their premium income, according to data with the IRDA.



A higher ICR of 101% would mean that a large majority of policyholders' claims are being met. But for general insurance companies the increase spells bad news, because it indicates that for every 100 it earns in premium, it is paying out 101 in claims - a difference that runs into crores, setting the health portfolio bleeding across the industry.

One of the main issues facing the health insurance industry is the absence of a regulator in the health sector to standardize and regulate the tariffs of different medical procedures. In the unregulated state, there is no check on prices and costs are rising 12%-18% every year. Also, patients can choose to get treated at any hospital regardless of the cost.

Another issue that is besetting the industry is that companies undercut each other all the time while bidding for corporate group health insurance. In order to get the business, a company would quote a far lesser amount than what the underwriting value of the business actually is. Also, the ICR for government sponsored health insurance business has risen to 108% breaching its average level of 90%.

### IRDAI asks Bharti Axa to shift servers to India

Insurance regulator IRDAI has set a September 30 deadline for life insurer Bharti Axa to shift the company's database servers to India. Such shifting would be in line with IRDAI (Maintenance of Insurance Records) Regulations, 2015 that mandates all the data centers to be located and maintained only in India. The genesis of Tuesday's order, lay in an onsite inspection of the company in February 2013, subsequent queries and issue of a show-cause notice earlier this year.

The company uses RLS applications for core life policy administration system. The Axa Asia Pacific Holdings Ltd. provides the system and the main database server is located in Singapore. Details of all policy holders are sent to main server. In case of Channel Management System (RCMS application) and Financial System - RGL, both application main server and back up servers are at Singapore and Germany respectively. Bharti Axa Life submitted that though the centers are outside India, necessary data protection, security and other risk control measures, prescribed by the IRDAI guidelines have been carried out to mitigate risks associated with such outsourcing.



After notification of the Regulations, the company, in September 2015, had requested the IRDAI to permit storing of policy records, including those in electronic mode, at centers in any geographical location that fulfil minimum standards deemed fit by the Authority. The IRDAI rejected the representation the same month and directed the company to shift the servers within six months. Subsequently, the insurer said it would bring the servers to India and sought time till December 31, 2016.

## After tepid growth, new plans boost LIC's fresh premium income

After recording negative growth in fresh premium income a year ago, LIC returned to a positive path in 2015-16, powered by newly-launched schemes during the year. The insurance behemoth collected around Rs 31,000 crore in first year premium income in 2015-16 as against Rs 25,000 crore in 2014-15, a senior LIC official told PTI today. For 2013-14, the first year premium income stood at Rs. 30,000 crore.



भारतीय जीवन बीमा निगम  
LIFE INSURANCE CORPORATION OF INDIA

The state-run corporation has clocked positive sales in number of policies too. It sold around 2.6 crore policies in 2015-16, up from 2 crore policies in 2014-15. Among the new products launched by LIC in 2015-16, it collected Rs 11,000 crore from Jeewan Labh, whereas another scheme Jeewan Shikhar helped it mop up Rs 2,000 crore during the last fiscal. Total new premium includes earnings through Varistha Vima Yojana, a special pension scheme launched by the Government for senior citizens.

However, unlike the private sector life insurers which have seen substantial contribution to their premium income through ULIP sales, LIC, which had just one such product, didn't have much income through the scheme. The company could sell merely 11,000 ULIP policies during the year under review.

The corporation managed to show positive performance despite witnessing depletion of its agency force to around 10.5 lakh in the year from 11.63 lakh a year ago. LIC has lined up 7-8 products, mostly conventional ones, for launch during the current fiscal. The company posted a profit of Rs 11,000 crore through its equity investments in the just concluded fiscal.

### Puttingal Took Just Rs 1 Crore Cover

A fire insurance of a meager Rs 1 crore and a public liability insurance of Rs 5 lakh for 2 days, was all that the Puttingal temple administration in Kollam took, where more than 112 people were killed in the fire cracker tragedy where more than 350 people were injured and 500 houses destroyed. The amount spent for the fire display at the temple is estimated to be 10 lakh. The amount spent to buy the insurance cover is about Rs 50,000.



The policy taken by the temple from the Kollam office of New India Assurance Company is insufficient to cover even the damages. Further, since firecrackers were stored without permission, claim settlement could get delayed.

Many of the 105 major and small temples in Kerala are not insured or under-insured during the festival days. Thiruvananthapuram has 27 major temples and Alappuzha 15. Often fire display in temple festivals in Kerala are conducted with no insurance cover at all or are insured for a pittance, with the main purpose behind taking the insurance only to obtain approvals for conducting the fire display from the authorities. Usually, these amounts are too small compared with the damage and loss of life.

## Quick News

### HDFC Life launches 'HDFC Life Young Stars

HDFC Life, India's leading private life insurance company and #fame announced the launch of India's first ever digital talent hunt for kids for categories in dancing, singing, musical instruments and comedy. This unique initiative will invite talented children between the ages 6 and 14, from across the country to participate in the competition by uploading their video on its website [www.hdfclifeyoungstars.com](http://www.hdfclifeyoungstars.com).

### Sachin Tendulkar to be the face of IDBI Federal Life Insurance Marathons in Mumbai, New Delhi & Kolkata

IDBI Federal Life Insurance has added yet another marathon, 'IDBI Federal Life Insurance Mumbai Half Marathon' to its growing portfolio of distance running events. Incidentally, the Inaugural IDBI Federal Life Insurance Mumbai Half Marathon that will be held on August 21, 2016, will be the first major run of the calendar year for the country and also has an approval from Athletics Federation of India (AFI). Mumbai's very own and legendary cricket icon, Master Blaster and Bharat Ratna awardee, Sachin Tendulkar, will be the face of this newest marathon event of the country. Sachin will also be the face of the IDBI Federal Life Insurance Marathons in New Delhi and Kolkata.

### Tata AIA Life Bags 2016 Aon Best Employer Award

Tata AIA Life Insurance Pvt. Ltd. has been recognized by Aon Hewitt as a Best Employer for the year 2016. The Aon Best Employers Program measures and recognizes employer excellence worldwide. The Aon Best Employers India 2016 study covered 113 companies, cumulatively employing approximately 950,000 employees. A rigorous analysis is run to measure the alignment between intent, design and experience.

## Cigna TTK Health Insurance launches Pioneering Health Saving product solution

Cigna TTK Health Insurance announced the launch of its pioneering health savings type of a product - ProHealth Accumulate that creates a Health Reserve for future health needs. The plan provides the distinctive feature of creating a Reserve that works as your Personal Health Wallet. It comes with the added advantage of protection against rising health care costs with guaranteed cumulative bonus of 5% year on year. Customers can choose from Rs. 5,000, Rs.10,000, Rs.15,000 or Rs.20,000 to cover out-patient expenses such as doctor's consultation, pharmacy expenses, diagnostic tests, alternative forms of medicines (AYUSH) and more. Another unique advantage is that OPD will also cover dental treatment, cost of spectacles, lenses and hearing aids. The amount can be utilized towards payment of any deductible/co-pay/non payable component of a claim wherever applicable including any cashless facility in case of a Hospitalization or Day Care Claim.

The best part is that, any unutilized HMB amount plus earned Cumulative Bonus gets carried forward to the next policy year with fresh HMB allocation. This helps create a health reserve over the period to meet your future health expenses. All this combined with a Tax Benefit under Section 80D will help you accumulate a tax free reserve. Another stand out feature is Healthy Rewards where you earn 1% reward points on premium paid and additional up to 9% can be accrued by opting for an array of online and offline CignaTTK Wellness initiatives. All accumulated points (1 point = Re.1) can be redeemed as renewal premium up to 10% discount or claim as Health Maintenance Benefit within the policy year.



*Health hai toh life hai*

The plan provides end-to-end protection with in-hospital, day care, out-patient and even domiciliary cover. Also customers can avail second opinion help on critical illnesses, healthy rewards and a worldwide emergency cover. Even in multiple claims customers are protected with 100% additional sum insured under Smart Restoration. You also earn 5% no-claim bonus every year on the policy sum insured, maximum accumulation up to 100%.

Under ProHealth Accumulate, the sum assured ranges from Rs 5.5 Lacs to Rs 25 Lacs, with a choice of Individual and Family Floater cover. Enrolment starts from 91 days for children and 18 years for adults.

## LIC reshuffles mid-level management team

In one of its biggest mid-level changes, Life Insurance Corporation (LIC) has shifted a majority of its 40 executive directors (EDs), apart from elevating 10 general managers as EDs.

There are likely to be two more senior appointments at the state-run insurer as one of its 2 managing directors, SB Mainak, retired in February, while it has sought permission to have a fourth MD, a decision on which is awaited. Mainak was looking after the investments vertical. One round of interviews for the MD's post has already been conducted.



Considering this, the company has retained two of its senior EDs -- Sunita Sharma, chief executive and managing director of LICHL, and Saroj Dikhale, CEO of LIC Nomura MF -- in their existing positions. Company sources said the transfers were effected this Monday and the personnel will have to assume charge in May. Sharma, who is among the front-runners for the post of the third MD, will be completing her three-year tenure at LICHL in November.

At present, LIC, which is headed by its chairman S K Roy, has only two MDs -- V K Sharma and Usha Sangwan. The company has also transferred its ED (HR), Neeraj Agrawal, to the audit department. He has been replaced by Sharad Srivastava, who was in-charge of the zonal office in Kanpur. Srivastava had appeared for the interview for the MD's post. LIC has also transferred Kiran Sahdev, who was at the board secretariat as ED for personnel and industrial relations. She is being replaced by S C Singh, who was looking after marketing in Kolkata zone.

Vipin Anand, who was heading the direct marketing division as ED, is being transferred to Patna as the zonal head and is being replaced by P K Jain, who was looking after pensions and group securities in New Delhi. Ganesh K, who was heading the Hyderabad zone, has been transferred to customer relationship management at the headquarters, replacing Susheel Kumar, who is being sent to Hyderabad.

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