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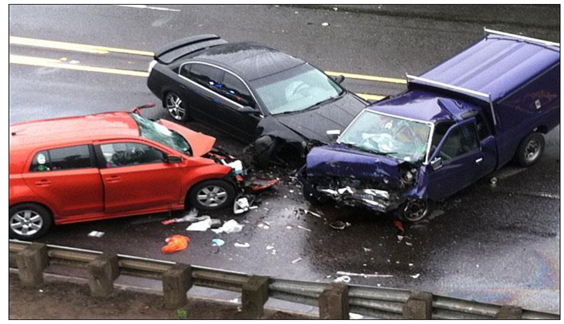
Mumbai Motor Accident Claims Tribunal to Centre: Cap on insurance amount injustice to accident victims



The Bar Association of the Motor Accident Claims Tribunal, Mumbai has approached the Union ministry, raising issues with the proposed amendment to the Motor Vehicle Act, 1988. The Association members have written to the Minister of Road Transports and Highways Nitin Gadkari, stating that a provision to cap the liability on insurance companies would work against victims of road accidents.

The Motor Vehicles (Amendment) Bill, 2016 was introduced in the Lok Sabha on August 9 by Gadkari and is currently pending. Under it, in cases of motor vehicle accidents, an insurance company would be liable to pay an amount not exceeding Rs 10 lakh for a death and Rs 5 lakh for grievous hurt to victims under the third party insurance policy. The Association calls this provision a 'grave injustice to victims of road accidents'.

It will be difficult for the victims to recover the balance amount of compensation from vehicle owners. Similarly, it will lead to further litigations that will take years together to recover. Before putting the cap of Rs 10 lakh, the loss suffered by the victims due to the accident, such as the seriousness of the injuries, medical expenses, loss of income, disability, expenses for future treatment, etc. must be considered.

ICICI Lombard Launches its New Brand Campaign Focused on Wellness

ICICI Lombard launched its new brand campaign. The multi-media campaign will run across TV, Radio, Digital, Outdoor and Social media for 4 weeks on a PAN India basis.

Developed after a detailed research with consumers and planning with its creative Partner, Ogilvy India, the campaign seeks to connect with the changing trend of a Young and Inspiring India. Amid hectic lifestyles and multiple responsibilities to fulfill our professional and personal commitments, we end up compromising on our health and well-being. This is where the brand steps in with its health and wellness solutions, enabling its customers to avail a range of wellness benefits offered in its health insurance offerings. Customers can avail of Yoga & Gym reimbursements, Nutrition consultation, Sports & Fitness therapy as part of ICICI Lombard's health insurance offerings.

Commenting on the campaign launch, Sanjeev Mantri, Executive Director, ICICI Lombard General Insurance said, at ICICI Lombard, has always been committed to support our customers during their hour of need. Further, the company has been playing a more proactive role by helping our customers stay fit and healthy.

Federal Bank not looking to exit life-insurance joint venture

Federal Bank is not looking to completely exit from its life insurance joint venture with IDBI Federal Life Insurance, said MD and CEO Shyam Srinivasan.

The SME and mid-market focused private sector bank is however "conceptually open" to dilute its shareholding in the nearly eight-year-old profit making life insurer. While IDBI Bank has a 48% stake, Federal Bank and Belgian multinational Insurance company Ageas hold 26% each in IDBI Federal Life Insurance.

Life Insurance in India will continue to be a remarkably high growth space for many years to come. So, we would not want to vacate it. The level to which we would remain invested will be a matter of how pricing emerges, said Srinivasan. He also said that Federal Bank's foreign partner – Ageas – in the life insurance JV was interested in raising its stake to 49%.

There are lot of talks going on. Price discovery has to happen. Each player have their own compulsions, he said, adding that something should happen over the next 12 months. Meanwhile, in this fiscal Federal Bank is hopeful of surpassing the 14% growth in advances recorded during the last fiscal year.

Want insurance and don't have money? Soon, you may get premium funded by banks

The IRDA is planning to come out with a discussion paper on premium financing, particularly for the non-life sector.

Officials in the industry believe that this step would increase penetration of general insurance. Currently, premiums in life insurance can be paid monthly, quarterly, half-yearly or annually. In general insurance, premiums are paid annually, and premium financing can help attract more people.

All over world, if a person wants to buy insurance and does not have money, the premium is funded by banks and investors can pay back in installments. This is more for non-life insurance products, as they cannot be taken in installments. We plan to come out with a discussion paper and some regulations in one month, said Nilesh Sathe, member-life, IRDA.

In the last few years, non-life insurance has witnessed growth in the motor segment, but people are not buying health and home insurance products largely owing to a lack of awareness.

Quick News

Max Life launches child plan for education

Max Life Insurance has launched 'Max Life Future Genius Education Plan' to make parents ready to meet money needs for children's education. It is a comprehensive non-linked participating insurance plan designed to secure the future of your child by ensuring that his/her educational needs are met even in case of unforeseen events the company said in a release. It will not only meet the financial protection to meet a child's academic potential, the plan also offers flexibility.

SmartShift launches SmartProtect for small commercial vehicles

Load-exchange platform SmartShift announced the launch of a unique insurance product – SmartProtect for goods being carried in small commercial vehicles. SmartProtect, a customized Motor Insurance cover underwritten by IFFCO Tokio General Insurance and facilitated by Mahindra Insurance Brokers, offers a wide range of features and is available to all SmartShift transporters. SmartShift is a mobile app for cargo owners and transporters, enabling users to find cargo transporters based on the shipment size, weight, and other requirements.

New premium in life insurance maintain 22.5% growth

India's life insurance business saw a 22.66% jump in new premium in the first four months of this fiscal, thanks to better distribution channels, low returns from bank deposits, innovative policies and better expectations from unit-linked products. The net first year (new business) premium for the 24 insurance companies stood at Rs 45,247 crore in the first four months of the fiscal, against Rs 36,888.11 crore during the same period a year ago. In fact, the new business premium grew at 33.2% in the April to June period.

Insurers to file compliance to investment norms from March 2017

Insurance Regulatory and Development Authority of India (IRDAI) has asked insurance companies to file periodical report on compliance to investment guidelines from quarter ending March 2017.

This follows notification of IRDAI (Investment) Regulations, 2016. As the Regulations mandate certain systems and process to be put in place, the IRDAI (Investment) Regulations, 2016 shall be effective from March 31, 2017.

Thus, Insurers shall report compliance to regulator in the regulatory periodical submissions from quarter ended March 31, 2017, the regulator said. Circulars and guidelines issued prior to notification of 2016 regulations, are based on the Insurance Act, 1938, IRDAI has made the necessary amendments and issued Master Circular on IRDAI (Investment) Regulations, which will serve as one stand point reference.

Insurers are hereby directed to place the Regulations, Investment - Master Circular on IRDAI (Investment) Regulations, 2016 before their Board in their next meeting and apprise their Board of the changes that have been brought in the Investment Regulations, the regulator said.

The Master Circular covers all operational, procedural and guidelines on investment category, risk management concurrent audit, valuation guidelines, disclosure and reporting norms, among others.

Consolidation like in telecom may be the way forward for life insurers

Deepak Parekh, the longtime chairman of Housing Development Finance Corporation (HDFC), has been among the few favourites of investors. There has hardly been a murmur about the performance or practices of the HDFC group for more than two decades as investors reaped record returns. After HDFC Bank, they were waiting for yet another gift from him, the initial public offering (IPO) of his insurance joint venture with Standard Life.

He obliged them by declaring on April 19 he would sell HDFC Life in an IPO by the end of the year. In just about three months, he stunned investors by announcing the merger of HDFC Life with Max Life in a transaction valuing the merged entity at Rs 67,000 crore. Parekh's decision captures the possible valuation gains in merging with Max and also the likelihood of capturing value later in a market that is losing momentum.

Insurance is highly competitive and even after a decade-and-a-half, LIC continues to be dominant player with a market share of over 50 per cent, says Parekh. For all the brouhaha over higher foreign direct investments for nearly a decade and private participation since 2000, not many are making huge profits. The future doesn't look bright either given the slow acceptance of insurance as a preferred saving instrument, let alone treating it as a necessary protection against accidents that could leave a family in financial calamity.

The Indian insurance industry was once considered a virgin market for private players with less than 30 per cent of the population covered by life insurance. While insurers had the potential to grow, their short-sightedness and regulatory flip-flops left them high and dry and consumers bore the brunt of their misdeeds. The industry grew 35 per cent between 2000 and 2008, but growth collapsed to 6-8 per cent after that, thanks to the packaging of mutual fund equity investment as insurance in the name of unit-linked insurance plans, or ULIPs. These were distributors' favourite since it offered up to 35 per cent commission.

Many insurers are now facing an uncertain future due to a collapse in new insurance premium and the domination by a few of the most lucrative bancassurance channel to sell insurance.

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