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### Travel insurance for rail passengers soon

In order to minimize financial loss to passengers from untoward incidents, Railways will launch a travel insurance scheme.

"Currently there are railways claims tribunals which provide compensation in case of mishaps. One can claim compensation in case of accidents. Now we are offering additional service of insurance," Railway Board Chairman A K Mital said.

However, he said the insurance scheme is optional and passengers will be given the option at the time of booking tickets.



Modalities are being worked out and very soon we will come out with a travel insurance scheme, he said.

Railways will introduce 'Clean my Coach' service on Pan-India basis, where a passenger can request cleaning of his or her coach or toilets on demand through SMS. It will also install additional 30,000 bio-toilets in the next financial year.

### Insurers stop policy sales in over 60 localities to prevent fraudulent claims

Recent frauds in small towns such as Ganjam in Odisha and Kuberanagar in Gujarat have prompted insurers such as LIC, ICICI Prudential Life and HDFC Life to ban their agents from selling policies in over 60 localities to prevent fraudulent claims. Scores of agents and hospitals have also been barred from selling policies. Insurance companies have identified medical centers for serious administrative lapses, which had led to losses in the industry, and have put these centers on the 'watch list'.



For the past couple of years, insurance companies, which have been sharing data to detect frauds in the system, have tied up with LexisNexis and Experian to collate a database on frauds. However, now they will also have to train claims assessors to appropriately document claims decisions and have proper evidence on record to repudiate such frauds.

According to IRDAI, insurance companies can decide not to do any new business in such negative locations. But they would still have to ensure the servicing of existing policies and customers. This move would give a strong indication to fraudsters and ensure that the industry can collectively work towards fraud prevention.

Insurance companies have blacklisted some centers such as Meerut and Moradabad in Uttar Pradesh and Darbhanga, Begusarai and Bhagalpur in Bihar. Some other centers like Guntur, Kurnool and Visakhapatnam in Andhra Pradesh are in the negative location list.

## Telenor offers free life insurance to its customers

Mobile operator Telenor claims that it has become the largest micro insurance policy provider in India. It achieved this by offering free life insurance to its mobile customers. At present, 17 million (1.7 crore) customers have enrolled for the offer since it started in October last year and nearly eight million were insured in January alone.

The maximum cover under this scheme is Rs 50,000, where Telenor is eyeing the rural market that is under-served by insurers. The company feels that though the amount is small, it would serve as an additional financial help which would otherwise be missing.



The free insurance cover depends on the monthly recharge. Every month the customer is required to do a predetermined minimum recharge, which is conveyed through SMS. The insurance amount is 100 times of the recharge value. If an individual has got three recharges done in a month amounting to a total of Rs 500, then the cover will be Rs 50,000 (500x100). The

minimum cover one can get is Rs 5,000 with a recharge of Rs 50. The sum insured for the current month is determined by the recharges done in the past month.

Telenor has partnered with Shriram Life insurance and MicroEnsure for this. New as well as old customers can avail the scheme. There's no age restriction. In the past four months, the company has received around 20 claims with complete documentation of which it has settled 14.

## Motor claims still on higher side

Motor insurance in India continued to be the largest non-life insurance segment with a share of 44.14% (43.61% in 2013-14). It reported growth of 10.52% (14.15% in 2013-14), according to the Insurance Regulatory and Development Authority of India (IRDA). But, losses with respect to claims have been high.

Overall, the net incurred claims of non-life insurers stood at Rs 55,232 crore in 2014-15 against Rs 49,179 crore in 2013-14. The incurred claims exhibited an increase of 12.31% during 2014-15. Among the various segments, health insurance and motor insurance had a high claims ratio at 96.93% and 77.14% respectively.

In the motor insurance space, while premiums have seen a growth, rewards from compensation from third-party incidents had seen a 20-30% growth.

The industry demands 40-60% upward revision of motor premium every year. However, on an average, the premium goes up only by 15-20%, increasing the load on insurers.

IRDA had earlier looked into the sudden and adverse impact on policyholders by an increase in rates. Premium on motor insurance is entirely regulated by the regulatory body.



## Quick News

### Axis Bank buys 4.99% stake in Max Life Insurance

India's third largest private lender - Axis Bank has bought 4.99% stake in Max Life Insurance for Rs 95.75 crore. The bank now owns 5.99% stake in Max life Insurance. Axis Bank bought 3.99% stake from Max Financial Services and 1% stake from Mitsui Sumitomo Insurance Company. As of now, Axis Bank is bancassurance partner to Max Life Insurance for life insurance while Tata AIG is bancassurance partner for general insurance.

### LIC hikes stake in NTPC to 12.98%

State-owned Life Insurance Corporation (LIC) has increased its stake in India's largest power producer NTPC by 3.90% after buying 32.15 crore shares in the open market. LIC hiked its shareholding in the company to 12.98% by buying shares between July 25, 2014, and February 24, 2016, NTPC said in a filing to the BSE. NTPC Ltd is currently trading at Rs. 121.5, up by Rs. 3 or 2.53% from its previous closing of Rs. 118.5 on the BSE. The scrip opened at Rs. 119.75 and has touched a high and low of Rs. 121.8 and Rs. 118.05 respectively.

### Get Atal Pension Yojana and make yourself eligible for tax benefits

Contributions to the Atal Pension Yojana (APY) will now be eligible for the same tax benefits as the National Pension System (NPS), according to a circular released by the Income Tax department. The tax benefits include the additional deduction of Rs 50,000 under section 80CCD (1) introduced in last year's Budget. The APY is open to Indians aged between 18 and 40 years and has a minimum tenure of 20 years. The biggest benefit of the APY is that the government will contribute 50% of the contribution made by the investor for a period of five years.

## Birla Sun Life moves to cluster method to get better sales, higher persistency

Private life insurance company Birla Sun Life Insurance has now moved to cluster methodology to look at common challenges faced by specific clusters across the country and thereby help design solutions for them. The insurer has also set up an innovation lab to design specific solutions for these clusters and also identify such potential clusters.

The move was set in motion because the company felt that people's trust in life insurance products was declining, for which there had to be a reason. The company found out that there was poor financial literacy in the country and there was a need to find methods to empower customers. In order for trust to be strengthened, there was a need to understand the customer.



Apart from building trust, the insurer felt the need to solve the problem of customer scarcity and make it customer abundance. It is then that the innovation lab was set up with 10-15 young people from across functions in the organization. This led to development of cluster methodology where they identified the common problems of a group of people. Instead of going from one to one, the idea was to get one lead and influence large pools of people.

Several case studies were then done by identifying clusters across the country. For instance, the company did research on protection awareness in Naya Bazaar in Siliguri, West Bengal. This place had 15,000 shops, which were very close to each other and protection awareness was zero and risks from incidents like fire was high. To engage this community, the insurer did several workshops to help the people understand what risks they were prone to.

Apart from this, Birla Sun Life has also created a counseling tool. The idea here was not to have products but solutions. From the beginning of the initiative, the company was clear that sales was not the motive but to get people to understand their needs. Hence it was decided to not push products. This helped win the customer's trust.

They created a solution for doctors as well to help them have protection and offered protection counseling to look at their needs. Similarly, a wealth-creation solution was designed for an SME for their employees.

In the innovation lab, Birla Sun Life also takes help from a design company to help them come up with better solutions. Peer learning and case studies are being used to instill this new methodology of sale among the sales force right from sales head to regional managers, zonal managers, branch managers and agents.

## Government mulling 49% FDI in insurance sector through automatic route

Government is considering a proposal to permit 49% FDI through automatic approval route in the insurance industry with a view to attract more overseas investment. Currently, FDI up to 26% is permitted through the automatic approval route. For FDI up to 49%, the approval of Foreign Investment Promotion Board is required, according to a daily newspaper.

At present, as many as 10 proposals, including that of ICICI Prudential Life, Aviva Life Insurance and ICICI Lombard General Insurance, are pending at different stages of clearances.

In order to deepen the re-insurance market, IRDAI permitted UK-based Lloyds to set up business in India.



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