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IRDAI imposes Rs 10 lakh fine on Max Life Insurance Limited

The IRDA has imposed a penalty of Rs 10 lakh on Max Life Insurance Company Ltd for violating norms related to outsourcing and file & use clause. Max has been directed to pay the fine within 15 days of receiving the order.

The case pertains to an onsite inspection of Max Life Insurance during February 25 to March 7, 2013. The IRDA charged the company with a penalty of Rs 5 lakh for adjusting balance premium of policyholders without their consent.

This indicates the life insurer's casual approach towards adhering to the said regulatory requirements. Hence as per the powers vested on the Authority, a penalty of Rs 5 lakh is imposed on the life insurer, said the order. Another penalty of Rs 5 lakh was imposed for violating outsourcing norms by remunerating brokers in the name of contests. "Insurance brokers were remunerated in the name of contests, the payouts of which are above the prescribed brokerage. The life insurer also made payouts to a related party of a broker under the guise of an agreement added the order.

Cashless treatment top requirement of 96% health cover seekers in 4 Indian metros: Survey

A survey of insurance advisers in four cities revealed that awareness about different kinds of health covers remained low. Life Insurance coverage in percentage terms in India has slipped to the level it was 15 years ago to about half the global average, according to a recent Swiss Re report, which said this will rise as government initiatives take effect and economic growth gathers pace.



Insurance penetration in India remained low at 3.44% in 2015 compared to the global average of 6.23%, reflecting large untapped potential said Swiss Re. Robust economic growth and government enabling policy actions and initiatives are expected to increase insurance penetration and will act as a catalyst for future growth of the industry.

Life insurance coverage peaked to 4.6% in 2009, after which it started sliding and was at 2.6% in 2014. The reason for this: changes in product norms and in commission structures. Insurers are not perturbed by the decline as other markets including China and the UK have witnessed a similar trend.

After private companies were allowed to enter the life insurance business in 2000, in 2001, penetration had risen to 4.6% in 2009 from 2.15%. The drop in sales of ULIPs, a combination of investment and insurance and among the most popular products until 2010, caused decline in persistency.

RGA looks to capture life insurance reinsurance market in India

Reinsurance Group of America (RGA) which has received the R1 or initial approval to set up a branch in India recently, is looking to expand its business in the life insurance space in the country.

It joins four other foreign reinsurers including Swiss Re, Hannover Re, SCOR and Munich Re who have received the R1 license.

Thomas Mathew, MD & CEO, India, Sri Lanka and Bangladesh, RGA Services India said that they as a global entity were keen to be present in India and have applied for a branch license also.



RGA is the global market leader in life and health insurance. In India, they are present indirectly for last 15 years through their Irish entity RGA International Ireland. In India, RGA has 35% of market share. The total market of reinsurance premium ceded per year (life insurance) is Rs 1,200 crore and last year they did Rs 439 crore. RGA has 23 clients in India, including Life Insurance Corporation of India. The company is globally strong in actuarial and underwriting talent, according to Mathew. The branch that will be set up in India will be a branch of the Canadian entity (RGA Life Reinsurance Company of Canada).

Nuclear Power Corporation of India gets India's first nuclear insurance policy



India's first insurance policy covering public liability to an atomic power plant operator has been issued to Nuclear Power Corporation of India Ltd (NPCIL) but the reinstatement of insurance value post a claim will be decided later, industry officials said.

NPCIL recently got the insurance policy covering all our atomic power plants. The total premium came around Rs 100 crore for a risk cover of Rs 1,500 crore. The 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 -- like a floater cover.

Queried about the reinstatement premium the official said it would be decided post a claim based on the capacity -- to underwrite the risk-available with the insurers. Reinstatement clause in an insurance policy enables a policyholder to extend the insurance cover to the original limit on payment of premium post a claim.

The policy does not have any 'policy excess' - part of the claim a policyholder has to bear himself. 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 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.

Quick News

Insurance penetration rises to 3.4% in FY16

Insurance penetration in India has risen partially to 3.4% in financial year 2015-16 compared to 3.3% in 2014-15, according to Swiss Re's latest sigma report. The report said that total insurance premiums in India grew by 7.9% in 2015 owing to stronger growth in life and non-life premiums. Insurers said that this owing to the Jan Suraksha insurance schemes. In FY15, insurance penetration had hit a 10-year low in India dropping to 3.3% of gross domestic product (GDP). Insurance penetration in India remained low at 3.44% in 2015 reflecting large untapped potential, the report said.

GIC Re set to spread wings internationally

Public sector General Insurance Corporation (GIC Re), India's only reinsurer, has planned to make further forays into major international markets. The corporation is planning to have its branches in the USA and China. GIC Re now will target leadership of more mega risk companies in the international market. The GIC board has approved the listing plan and is waiting for the government's approval on the same. GIC Re plans to enter cyber insurance and standalone terrorism cover.

Karnataka rolls out software for crop insurance scheme

The Karnataka government has rolled out unique software to enable farmers to register online for crop insurance schemes. The software application is a combination of the Karnataka Raita Suraksha Pradhana Mantri Fasal Bima Yojana and the Restructured Weather-based Crop Insurance Scheme. The state has earmarked Rs 675.38 crore in the budget for this fiscal to implement the schemes so that farmers do not suffer financial loss due to floods, drought, unseasonal rains and other calamities.

New FDI rules: Liberty Videocon Gen Insurance to get Rs 310 cr



Liberty Videocon General Insurance is headed for capital infusion of Rs 310 crore as its foreign JV partner is set to raise stake to 49%, the limit under the revised guidelines for the insurance sector. The company applied to IRDAI for 49% FDI. It capitalized by Rs 680 crore and will be getting another Rs 310 crore. So, it will be close to Rs 1,000 crore as capital from Liberty, among the highest in general insurance space. This will come from the foreign partner, taking the holding to 49%.

The joint venture is between India's Videocon Industries and Liberty Citystate Holdings Pte, part of the US-headquartered Liberty Mutual Insurance Group. The JV company had launched its operations in India in 2013, with a current market share of 0.4%. It looks to become one of the dominant players in the general insurance business.

Liberty and Videocon both have invested in India to keep growing year on year. There will be some exponential growth in years to come. It is expected that there will be a growth by 80-100% next year as a business.

With plans to expand its branch network to 80 in about 2-4 months, for India is very clear as capital is being lined up. As per the plan, the new branches will come up in tier 2 and 3 cities as penetration there is very low. With regard to a timeframe to turn profitable, the company will break even before the industry average of 8-10 years.

SBI General Insurance wins accolades at Indian Insurance Awards, 2016 - Fintelekt

SBI General Insurance Company Ltd, one of India's fastest growing general insurance companies, won two awards in the category of Medium/ Small companies in the General Insurance space at the recently concluded 'The Indian Insurance Awards, 2016.' The Indian Insurance Awards 2016 - Fintelekt have been conceptualized to honor performance, growth and excellence in the Indian insurance industry.



SBI General Insurance bagged two awards, of the total 11 demarked for the General Insurance sector. SBI General was named as the best General Insurance Company in the award category Under-Served Market Penetration and Commercial Lines Growth Leadership. In the first award category, SBI General Insurance was recognized for its ability to reach out to the masses, across markets.

Meeting the awards nomination criteria, SBI General Insurance operates in all the 15 under-served states and union territories. In FY15-16, SBI achieved the highest growth rate compared to competitors, with 63% growth in average premium generated from under penetrated states, making it the winner of this award in the medium/ small category.

In the second category, SBI General Insurance has been pronounced as the leader in Commercial Lines Growth among medium/small companies because of largest number of policies issued in this segment and a high growth rate of 25%.

Speaking on the occasion, Pushan Mahapatra, MD & CEO, SBI General Insurance said, "We are delighted by this honor as it is a prestigious recognition of our achievements. It is our constant effort to reach out to the uninsured masses, across markets, even in remote areas. We aim to provide simple, uncomplicated products across the length and breadth of our country and thus assist in increasing the insurance penetration in the country."

The Indian Insurance Awards- 6th edition was held on 24th June, 2016 in Mumbai. The Indian Insurance Awards have been established to recognize and honor the achievements of insurance companies in India that have met measurable and tangible business objectives.

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