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## Foreign reinsurers may set up shop in India from January 2017: IRDAI



The Insurance Regulatory and Development Authority of India (IRDAI) will clear applications for new reinsurance companies next month, its chairman T.S. Vijayan said.

About five-to-six companies have come and I think by January 2017 there should be some players in this market, said Vijayan while addressing a global insurance summit organized by industry lobby Assocham. We will be taking a decision in October in the next authority meeting. Then they have to bring capital and start working at it, he added.

Reinsurance is insurance bought by insurers for mitigating risk. At present, state-run GIC Re is the only domestic firm that provides reinsurance to insurance firms. Insurers can now purchase re-insurance from foreign firms such as Swiss Re and Munich Re, but this is costlier.

Allowing more firms to start India ops will increase competition and result in competitive pricing of products, ultimately leading to lower premium rates, said the head of a foreign reinsurance firm on condition of anonymity.

In May, Irdai had given the first level of clearance for at least three Indian firms for reinsurance, in addition to large global reinsurers such as Munich Re, Swiss Re, SCOR Re and Hannover Re. This is a preliminary nod and companies have to clear two more levels to start operations.

## TATA AIG, Paytm to offer health insurance to cab and auto drivers

Tata AIG General Insurance and mobile payments firm Paytm have entered into an agreement to provide cab and auto drivers' health insurance plans. This tie-up will enable cab and auto drivers, who are using Paytm's digital wallet, to avail cashless health insurance through Tata AIG General Insurance, the private insurer said in a release issued.

Tata AIG General Insurance has designed cashless insurance scheme, as required by Paytm, to provide drivers, quality medical care as per their need and budget.

While subscribing to the policy, the existing health condition of drivers will also be covered under this scheme. The new health insurance scheme will cover hospitalisation expenses of up to Rs 50,000.

This initiative has already received a good response in Delhi and NCR, with over 1,800 drivers signing up and the services are expected to extend to other regions of India soon. Tata AIG General Insurance is a joint venture between the Tata Group and the American International Group (AIG).



## Consumer forum sets aside 24-hour mediclaim notice rule



The Thane district consumer redressal forum has directed an insurance company to honour a claim that it had denied on the grounds that the policy holder had failed to report his hospitalization within the mandated 24 hours. The stipulation is a common clause in most medical insurance policies.

Calling the condition harsh, the forum ordered United India Insurance and Medsave Healthcare, a third party administrator (TPA), to release Rs 1.54 lakh to Bhiwandi resident Hafij-ur-Rehman Ansari (50), who incurred the expense during his

hospital stay in 2010 for diabetes and hypertension. In its ruling, the forum said it was harsh of the firm to expect that the relatives and friends of a patient, who are focused on the person's well-being and safety, should intimate the insurer of hospitalisation within 24 hours. The forum ordered United India Insurance to pay the claimed amount with 6% interest and additional compensation.

The forum's president, Sneha Mhatre, and member, N D Kadam, rapped the insurance firm and the TPA for their insensitive rule-book approach, given that medical treatment is a question of life and death for any insured person. Ansari, who owns a powerloom, was admitted to Waris Nursing Home, Bhiwandi, during July 23-28, 2010, after he got acute fever, headache and neck pain. Following his diagnosis, which revealed that he suffered from hemorrhage with ventricular extension, he was treated in Jupiter Hospital.

## HDFC ERGO Setups a First-of-its-kind Community Portal for Consumers Seeking Information on General Insurance

HDFC ERGO General Insurance Company showcased the new comprehensive web enabled HDFC ERGO Community portal – accessible at <https://community.hdfcergo.com/> – for the consumers and the stakeholders of General Insurance sector.



The first-of-its-kind community website for General Insurance in India will serve as a channel for its users to research, get advice, discuss and share their experiences and knowledge on non-life insurance products with others registered users within the community. With the plethora of promoted material freely available all around, consumers find it difficult getting the right information regarding products. The often fall back on their family and friends for advice on insurance.

Addressing this fundamental issue the HDFC ERGO Community, an innovative portal, was launched as an online discussion forum for existing & potential customers, product experts as well as seeker of information on General Insurance.

## Quick News

### LIC unveils new money-back plan to mark diamond jubilee

Life Insurance Corporation of India (LIC) has co- out with a closed—ended plan —— Bima Diamond — on the occasion of its diamond jubilee year. The plan, coinciding with the diamond jubilee year of the corporation, is available for sale until August 31, 2017. It is a with-profit, limited premium payment, money—back plan with policy terms of 16, 20 or 24 years while the premium paying terms are 10, 12, and 15 years, respectively, it added. The plan offers risk cover of a full sum assured during the policy.

### Bajaj Finserv hits new high; joins Rs 50,000 crore m-cap club

Bajaj Finserv has hit a fresh record high of Rs 3,197 on the BSE in intra-day trade marking its entry into the elite league of corporate entities with a market value of over Rs 50,000 crore. The stock was up 2.6% at Rs 3,181 crore with a market capitalization (m-cap) of Rs 50,614 crore, the BSE data shows. It currently stands at 45 rank, ahead of Zee Entertainment Network, Gail (India), Vedanta, Cipla and Aurobindo Pharma in overall m-cap ranking. In past four-months, since May 24, post March quarter results the stock of Bajaj Finserv has outperformed the market by surging 80%.

### Star Health eyes Rs 2,800-cr gross written premium this fiscal

Star Health and Allied Insurance, is eyeing gross written premium of Rs 2,800 crore by the end of this fiscal, said a company official. The Chennai-based company, which saw a sales revenue of Rs 2,007 crore last fiscal, said it will continue to focus on retail customers and not group policies and is looking at covering around 90 lakh people this year. With only a fortnight left for the second quarter to end, we are close to our first half target of a gross written premium (GWP) of Rs 1,100 crore as we have already sold policies worth Rs 970 crore, and want to take this to Rs 2,800 crore by March, said Executive Director, Star Health & Allied Insurance, S Prakash.



## Life insurers' health portfolio to see slump after IRDAI Direction

With the insurance regulator asking life insurers to withdraw indemnity-based health products, overall health business is expected see a drop for life insurers.

The Insurance Regulatory and Development Authority (IRDAI) has said that a life insurer cannot offer indemnity-based products in either individual or group segment.

The chief executive of a mid-size life insurance company said that the industry is in the process of withdrawing the plans. Until new plans are

launched in health segment, premium collections from this space will see a drop, the official said.

The regulator said that all existing indemnity-based products offered by life insurers will have to be withdrawn. The product will have to be closed by giving a prospective date of closure not later than three months from the date of notification of these regulations. For existing policyholders, the policy shall continue until the expiry of the respective policy term.

Further, IRDAI said that no single premium health insurance product can be offered under unit-linked platform. Health insurance was a space where life insurers offered mediclaim policies, while non-life and stand-alone health insurers offered specialized policies.

But this trend underwent a change in 2015, when life insurers became aggressive and launched a host of products to cater to the rising demand. Overall, health plans contribute about 10 per cent of life insurers' portfolio.

## ICICI Prudential Life Insurance IPO Kicks Off: Here's What You Need To Know

ICICI Prudential Life Insurance Company Ltd. hits the market on Monday with the biggest initial public offering (IPO) in the last six years. The issue is also the first by an Indian insurer. The company is a joint venture between India's largest private sector lender ICICI Bank Ltd. and Prudential Corporation Holdings Ltd.



The issue consists of an offer for sale of more than 1.8 crore equity shares of face value of Rs 10 each. ICICI Bank is looking to sell 18.7 percent stake through the issue. The price band for the IPO, which closes on September 21, has been fixed at Rs 300-334 per share. The insurance company aims to raise close to Rs 6,000 crore through the issue. At the upper end of the price band, the company will command a valuation of Rs 48,000 crore.

ICICI Prudential Life Insurance is the largest private sector life insurer in India – the world's 10th largest life insurance market, according to the company's red herring prospectus (RHP). The insurer generates over 55 percent of its revenue from Maharashtra, Gujarat, Karnataka, Tamil Nadu and Delhi. It has ICICI Bank, Standard Chartered Bank and Capital Small Finance Bank as its bancassurance partners. From this channel, the company received 56 percent of its business. Four other channels, including agencies, corporate agencies, brokers and direct sales, contributed 44 percent.

The embedded value - the measure of the consolidated value of shareholders' interest in the life insurance business - stood at Rs 13,939 crore, the prospectus said. At the upper end and the lower end of the price band, the price-to-embedded value is around 3.4 times and 3.1 times respectively. At the upper end of the price band, the earning per share (EPS) and price-to-earnings ratio (P/E) for financial year 2015-16 are Rs 11.53 and 29 times, respectively, according to BloombergQuint's calculations. At the lower end of the price band, the P/E ratio works out to 26 times.

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