

Journal

February 2009



Tailor-made Products
- For a Stronger Market

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From the Publisher

In a free market environment, it is expected that the most efficient player emerges the most successful. It, however, presupposes that the market freedom is absolute; and success is measured in its entirety. The opening up of the insurance market for private participation had market efficiency as one of its main points of agenda. Nevertheless, the continuation of tariff, which was in place in several classes in order to check any indiscriminate ambitions, acted as a great barrier for the players to bring out their best. As a first step towards market freedom, prices were allowed to be detariffed about a couple of years ago. The maturity of the players was amply demonstrated by the absence of any major failures.

Continuing with the idea of eventual total liberalization, the players have been given the freedom to file variations in deductibles which were under tariff hitherto; and also to file add-on covers in the classes of Fire, Engineering, Industrial All Risks and Motor (OD). While it is still only a partial phase, I have no doubt that even this limited freedom would go a long way in several players coming out with imaginative and customer-oriented products that would lead to a more efficient market.

There have been reports in the media often saying that these steps in gradually releasing the shackles are leading to the lack of total freedom; and in a way impeding progress. Considering what happened to some markets in the aftermath of total liberalization, as also the overall insurance acumen and experience in the Indian domain; it is felt that only a sustained release of freedom is in the best interests of the industry. I have no doubt that the maturity of the players and the increasing awareness of the general masses in the country will ensure that absolute freedom of the market will be a reality, sooner or later.

‘Customization of Products’ through detariffing is the focus of this issue of the **Journal**. It has often been said that customer is of paramount importance to business; and is in fact the very *raison d’être* of business. But does he really get his due? ‘Treating the Customer Fairly’ will be the focus of the next issue of the **Journal**.

J. Hari Narayan

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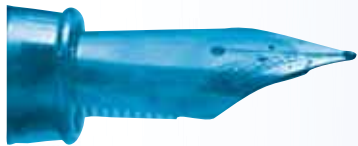
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Moving Towards Total Freedom ...

In the Indian insurance domain, one feature that has been very conspicuous is that the insurance products have to be sold to the client, if not imposed on them. The day that the common public resort to buying insurance on their own volition still looks fairly distant, although we have made some progress in this direction. Apart from low levels of awareness, one reason that has been paraded for such a phenomenon is that the products are not very appealing. The argument cannot be totally ruled out although the common Indian psyche of getting tangible returns in the not-too-distant future could be another strong reason.

Delivering world-class insurance products to the clientele has been one of the priorities for the policymakers at the time of liberalizing the market. The entry of several global players in joint ventures with Indian insurers set the tone for the introduction for some hitherto unknown products. All the same, the limited freedom given to the players by way of imposing tariff in some areas was deemed as a factor that compelled them not to be able to utilize their skills fully. However, in the best interests of the industry, the process of detariffing is being resorted to in a phased manner - the freedom in pricing earlier, and a little more freedom in deductibles and add-on covers now.

The effect of this phase of detariffing will be felt in several classes - both in the corporate and the retail portfolios. In particular, Motor insurance is expected to experience quite a sizeable change in its operations, what with the revised deductibles and the add-ons in the shape of loss of use and waiver of depreciation. Apart from augmenting the insurers' growth capacity, these changes are very likely to check such undesirable aspects like moral hazard, fraudulent claims etc. If utilized properly, it is also likely to enhance the customer awareness in light of the fact that the intermediaries will have to discuss with the customer in detail before finalizing a deal. The role of the brokers will assume much more importance in several lines of business.

'Customization of Products' as a second phase of detariffing is the focus of this issue of the **Journal**. Mr. M. Ramadoss opens the issue with his article in which he says that the market will experience new customer-friendly policies that would be capable of revolutionizing the customer service to be in tune with global standards. In the next article, Mr. Ashvin Parekh takes a historical look at what happened in some of the international markets in the aftermath of abolition of tariff; and suggests that the present trend of a phased freedom is in the best interests of the industry. Mr. Arun Agarwal, in his article that follows, talks about the global benchmarks of products and services; and merit rating of risks, that would occur as a result of the process of detariffing. In the last article on the issue focus, Mr. Sanjay Kedia lucidly explains all the benefits that would accrue to the customer as a major positive fall-out of detariffing.

In the 'thinking cap' section, Mr. Sanjib Chaudhuri has a word of caution for all the countries of the world in keeping a check on global warming in order that the impending calamities could be brought under some control. The lack of data has been one of the major drawbacks that have been bothering the Indian insurance domain. In light of this, the research paper by Mr. G.N. Bhaskar Rau on the morbidity statistics based on primary research will certainly be a timely effort.

It has been the avowed mission of all business entities to render the best service to their clientele and ensure that they leave hardly any scope for complaints. But how much of this 'mission' really translates into reality is the million dollar question. The focus of the next issue of the **Journal** will be on 'Treating the Customer Fairly'.

U. Jawaharlal

Report Card:LIFE

First Year Premium of Life Insurers for the Period Ended December, 2008										
Sl No.	Insurer	Premium u/w (Rs. in Crores)			No. of Policies / Schemes			No. of lives covered under Group Schemes		
		Dec, '08	Up to Dec, '08	Up to Dec, '07	Dec, '08	Up to Dec, '08	Up to Dec, '07	Dec, '08	Up to Dec, '08	Up to Dec, '07
1	Boijai Allianz Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	41.61 276.76 0.59 13.76	269.07 2652.64 3.01 78.24	425.30 3314.06 8.25 30.54	11266 174161 0 58	69263 1738758 2 472	63085 2299200 0 211	322 552224	2268 4839582	6085 664820
2	ING Vysya Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	1.14 49.57 0.64 0.42	19.62 430.90 11.48 17.51	17.11 402.46 1.85 2.45	147 30957 0 9	2403 239332 1 90	1629 232157 1 15	552 8832	4673 52951	417 79329
3	Reliance Life Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	32.81 314.32 3.06 2.16	276.82 1927.12 77.53 21.53	154.84 1043.89 170.12 18.64	7106 236117 1 43	67753 1287081 20 245	33915 539509 43 204	5630 61790	46435 548433	68856 299741
4	SBI Life Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	32.24 288.03 36.51 41.60	382.86 1838.51 196.76 1272.24	780.33 1258.99 148.95 166.91	7416 83348 1 14	66658 531207 5 89	107905 383365 0 41	30431 1179763	122254 4142933	77381 448691
5	Tata AIG Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	1.89 63.90 2.22 10.44	30.82 591.15 26.09 54.99	27.21 477.88 47.08 45.03	430 57342 0 7	6354 472740 7 55	4448 309528 4 53	3359 25002	74791 254970	283385 152660
6	HDFC Standard Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	8.04 173.70 10.22 6.06	91.74 1661.59 65.03 21.35	86.53 1335.88 65.00 45.98	5064 96433 10 0	36220 607017 106 8	196795 388332 93 36	11469 40	153956 15618	108249 31779
7	ICICI Prudential Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	9.46 391.19 7.89 19.79	155.39 3630.71 179.47 710.99	255.39 3968.52 203.69 388.33	1789 234410 9 10	27540 1854506 184 309	40356 1779137 134 271	57756 33773	522504 520349	355776 313312
8	Birla Sunlife Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	2.82 248.46 0.99 8.07	25.74 1603.52 15.25 144.21	16.83 1010.60 3.61 66.23	12306 109039 0 19	115011 69618 1 146	58768 297477 3 89	2130 53808	39368 202082	4445 128557
9	Aviva Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	1.85 52.21 0.00 0.69	33.39 459.18 0.05 14.79	15.26 609.65 1.63 21.47	167 33166 0 5	3927 253170 0 56	2317 237132 0 87	0 211355	65 81014	873 481235
10	Kotak Mahindra Old Mutual Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	0.95 89.63 3.09 11.54	14.98 786.46 26.87 43.92	18.26 484.02 17.16 39.36	150 29774 1 29	1875 391703 8 282	2444 166188 2 174	10909 32958	101115 402208	133523 347103

11	Max New York Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	25.12 176.51 0.02 1.05	185.79 1165.97 7.47 14.86	189.54 817.97 0.00 33.05	1653 162110 0 7	12751 886950 10 289	12068 546134 0 250	19 1736	206697 196062	0 443338
12	Met Life Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	0.64 82.95 5.42 0.00	4.73 662.12 25.26 0.00	15.78 386.56 8.73 0.00	208 32013 10 0	1667 189356 101 0	2423 133974 47 0		239003 0	141001 0
13	Sahara Life Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	3.32 6.21 0.00 0.01	32.56 50.68 0.00 0.02	23.03 40.36 0.00 0.00	1061 7026 0 3	8664 58919 0 9	6011 57159 0 3	0 770	0 0	0 121
14	Shriram Life Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	18.36 43.64 0.00 0.10	124.90 137.58 0.00 0.38	130.21 86.28 0.04 0.00	2082 22823 0 0	19769 72140 0 3	23621 54078 2 2	0 9103	0 23548	4633 623
15	Bharti Axa Life Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	0.26 29.56 0.36 0.00	4.22 181.85 5.41 0.00	1.35 50.22 0.09 0.00	37 20774 1 0	944 124940 2 0	163 40084 1 0	1323 0	26623 0	71 0
16	Future Generali Life Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	0.72 10.78 0.02 0.59	2.16 25.92 0.05 10.24	0.00 0.02 0.00 0.59	145 8867 0 3	441 27350 1 41	0 3 0 3	136 6344	356 253179	0 18319
17	IDBI Fortis Life Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	10.01 18.82 0.02 0.00	75.15 100.68 0.02 0.00	1648 6694 1 0	11799 34709 1 0	13353 0	13353 0		13353 0	
18	Canara HSBC OBC Life Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	1.70 24.11 0.00 0.00	2.24 145.32 0.00 0.00	120 3285 0 0	138 15646 0 0	0 0	0 0		0 0	
19	Aegon Religare Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	0.48 3.25 0.00 0.00	0.70 11.49 0.00 0.00	61 2929 0 0	94 11125 0 0	0 0	0 0		0 0	
20	DLF Pramerica # Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium Private Total	0.00 0.24 0.00 0.00	0.00 0.48 0.00 0.00	0 307 0 0	0 601 0 0	45371 9493868 449 2094	555948 7463457 330 1439	160473 2176956	1553461 12262799	1184695 3409628
21	LIC Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium Grand Total	2129.08 1577.28 530.15 0.00	10418.89 11024.51 8013.73 0.00	13218.05 15435.74 5941.80 0.00	532570 2718791 1797 0	2889392 17657332 13895 0	3593197 19567164 15677 0	4210329 0	21166374 0	15279055 0
	Individual Single Premium Individual Non-Single Premium Group Single Premium Group Non-Single Premium	2322.49 3921.12 601.21 116.27	12151.75 29088.36 8653.47 2405.28	15375.02 30725.10 6618.02 858.58	585426 4070366 1831 207	3342663 27151200 14344 2094	4149145 27030621 16007 1439	4370802 2176956	22719835 12262799	16463750 3409628

Note: 1. Cumulative premium/ No. of policies upto the month is net of cancellations which may occur during the free look period.
2. Compiled on the basis of data submitted by the Insurance companies
3. # Started operations in September, 2008.

CIRCULAR

1st January, 2009

Cir. No:029/IRDA/ACTL/RSM/2008-09

To
CEO's of Life Insurance Companies

Dear Sir / Madam

Sub: Determination of Required Solvency Margin under Life Insurance Business

This is further to our recent circular no. 25/IRDA/ACTL/RSM/2008-09 dated December 17, 2008 on the above subject.

Given the macroeconomic environment and risk parameters there

is a need to utilize the capital optimally with affordable cost so that insurance penetration increases.

The Authority has reviewed the solvency margin requirement for the linked business and proposes the following first factor and second factor with respect to linked business in working out the required solvency margin. These factors shall come into effect for the business as on December 31, 2008 and onwards.

sd/-
(R. Kannan)
Member

Category of business	First factor	Second factor
Linked Business		
Individual Business		
Life Business		
11: With guarantees	1.8%	0.2%
12: Without guarantees	0.8%	0.2%
General Annuity		
13: With guarantees	1.8%	0.0%
14: Without guarantees	0.8%	0.0%
Pension		
15: With guarantees	1.8%	0.0%
16: Without guarantees	0.8%	0.0%
Group Business		
Life Business		
11: With guarantees	1.8%	0.2%
12: Without guarantees	0.8%	0.2%

Category of business	First factor	Second factor
Linked Business		
General Annuity		
13: With guarantees	1.8%	0.0%
14: Without guarantees	0.8%	0.0%
Pension		
15: With guarantees	1.8%	0.0%
16: Without guarantees	0.8%	0.0%
Health Insurance		
Individual Business		
Linked business		
21: With guarantees	1.8%	0.0%
22: Without guarantees	0.8%	0.0%
Group Business		
Linked business		
24: With guarantees	1.8%	0.0%
25: Without guarantees	0.8%	0.0%

CIRCULAR

21st January, 2009

Cir. No. IRDA/34/For Office/08-09

To
CEOs of all Insurers

Dear Sir / Madam

Revised Guidelines for opening of representative / liaison offices overseas by an Indian insurance company registered with the IRDA.

We advise having reviewed the IRDA guidelines for opening of representative / liaison office overseas by an Indian insurance company registered with the IRDA, (vide Authority supercedes Circular No. IRDA/042/For Office/06-07 8th January, 2007) in the light of views expressed by the insurers. The following revised guidelines are accordingly issued in supercession thereof:

1. A "Representative/Liaison Office" would mean a place of business to act as a channel of communication between the Principal place of business or Head Office by whatever name called and entities in India but which does not undertake any commercial / trading / industrial activity, directly or indirectly, and maintains itself out of inward remittances received from abroad through normal banking channel.

Eligibility

2. All Indian insurance companies registered with IRDA shall seek prior approval of the Authority for opening representative / liaison offices abroad.
3. The Indian insurance company should have obtained approval or an in-principle clearance from the host country regulator.

4. IRDA may consider permitting Indian insurance companies to set-up representative / liaison offices overseas so long as
 - a. Insurer has a good financial strength (as exhibited in the accounts) and maintains the prescribed solvency requirement of 1.5.
 - b. Track record on market conduct, regulatory compliances, redressal of complaints, etc. indicates that there are no serious adverse features on the functioning of the company on the record of IRDA.
5. Eligible Indian insurance companies desirous of opening representative / liaison offices overseas shall apply to the Insurance Regulatory and Development Authority in Form IRDA-FO-1 attached as Annexure "1".

Conditions to be complied with

6. The opening of representative / liaison offices would be approved subject to the following conditions:
 - a. The representative office would function as an extended arm of Indian insurance company and hence should not contract any liability outside India.
 - b. The companies can undertake development and promotional activities such as gather financial, economic and commercial information, educate prospects about advantage of insurance, carry out promotional activities and promote company's products amongst the people, customer service activities, identify prospects living in the host country, act as a channel of communication, conduct seminars, educate prospects of the various insurance avenues, etc. The companies can arrange to identify the prospects among non-resident Indians through the representative/ liaison offices but, the acceptance of the proposal and underwriting of risks shall be done only in India. Consequently the policies to be issued will be designated only in Indian rupees.
 - c. No agent would be permitted to be engaged and therefore no commission in whatever form shall be paid.
 - d. Payment of fees by whatever name called would not be

permitted outside the country for lead generation, etc notwithstanding any relaxation from the FEMA angle. This entire activity would invariably be the responsibility of Indian staff of the insurers placed in the liaison office or at Headquarters in India.

- e. The policies issued should be fully compliant with Know your Customer (KYC) and Anti-Money Laundering (AML) guidelines.
- f. The Indian insurance company would continue to comply with the Foreign Exchange Management Act, 1999 and any other law in force governing the operations of such offices.
- g. The permission for opening of representative / liaison office overseas by an Indian insurance company registered with IRDA shall be subject to the terms and conditions as may be stipulated by the Authority from time to time.

Reporting requirements

7. The insurance companies would be required to furnish information to IRDA on the business mobilized through the representative / liaison office, expenditure incurred, details of complaints received and redressed. The reports shall be submitted on a quarterly basis. At the close of financial year an annual report giving full details of the activities undertaken, expenditure incurred, etc. should be submitted to the Authority. The annual report should also certify that the expenditure incurred at the overseas centre together with the Indian operation is well within the limits specified.

The above guidelines are issued by the Insurance Regulatory and Development Authority (IRDA) under the powers granted to it under Section 114 (zd) of the Insurance Act, 1938. It is advised that companies who had applied earlier for the Authority's permission to open offices abroad and which are pending, may resubmit fresh applications in the light of the above guidelines.

(C.R. Muralidharan)
Member

LETTER

To

The Principal Officer,
M/s Megatop Insurance Broking Ltd.,
C/o. ITC Ltd- ABD, 31, Sarojini Devi Road,
Secundcrabad-500 003.

Dear Sir,

Re.: Suspension of Broking License No.163 M/S. Megatop Insurance Broking Ltd

Megatop Insurance Broking Ltd (hereinafter referred to as the 'Broker' or 'MIBL') having its Registered Office at Room No. III,

2nd Floor, 21 Prafulla Sarkar Street, Kolkatta-700 072 was granted a license by the Insurance Regulatory and Development Authority (hereinafter referred to as the 'Authority') to act as a Direct Insurance Broker, vide License No.163 valid from 22nd May, 2003 to 21st May, 2006 and further renewed till 21st May, 2009.

A complaint was received against Megatop Insurance Broking Ltd from Chairman-cum-Managing Director, Agriculture Insurance Company of India Ltd (for brevity's sake, hereinafter referred to as AICIL) vide their letter dated 11th August, 2008, alleging gross irregularities of varying nature by MIBL with regard to Weather Based Crop Insurance Scheme.

The Authority vide letter dated 28th August, 2008 sent a copy of

the said complaint to the Broker with an advice to submit its explanation/clarification to the same. In response dated 12th September, 2008, the Broker refuted allegations leveled against them.

Thereafter, Agriculture Insurance Company of India Ltd vide its letter dated 14th November, 2008 submitted the findings of its investigation to the Authority on alleged acts of omissions and commissions committed by the Broker.

The Authority after consideration of the investigation report of AICIL forwarded a copy of the report to the Broker under cover letter dated 2nd December, 2008 and advised the Broker to show cause as to why the Authority should not take appropriate action against it.

The reply of the Broker dated 12th January, 2009 to the show cause notice states as under.

“We informed the AICIL that we do not rule out the possibility of clerical errors by the field resources of MIBL. We also informed them that we had benched individuals suspected of such

negligence and moved them out of insurance business totally. The AICIL insisted on a written acceptance of the mistakes committed by MIBL. We sent a draft letter to explaining the possibilities of some clerical errors.”

In light of the above admission by the Broker and on examining the findings of investigation report of AICIL and comments of the MIBL, the Authority is of the view that the Broker had violated the requirements under Regulation 21 read with Schedule III - Code of Conduct of the IRDA's (Insurance Brokers) Regulations, 2002.

Therefore, pending enquiry, in exercise of powers granted to it under Regulation 35 of the IRDA's (Insurance Brokers) Regulations, 2002, the Authority suspends the license no 163 of the broker with immediate effect.

Dated this 27th January, 2009 at Hyderabad.

(Prabodh Chander)
Executive Director

LETTER

To

The Principal Officer,
M/s. Hindustan Insurance Brokers Ltd,
117/489, Pandu Nagar, (Opp. Temple Gate)
Kanpur-208 005 (UP).

Re: Order under Regulations 38 of IRDA (Insurance Brokers) Regulations, 2002 for cancellation of Broker License

Hindustan Insurance Brokers Ltd, (hereinafter referred to as the 'Broker') having its Registered Office previously at 25/1-A, Karachi Khana, The Mall, Kanpur-208 001 (UP) was granted a license by the Insurance Regulatory and Development Authority (hereinafter referred to as the 'Authority') to act as a Direct Insurance Broker, vide License No. 141 valid from 4th April, 2003 to 3rd April, 2006 and further extended till 3rd October, 2008.

The Authority received a complaint dated 8th December, 2004 from Ms. Simran Sidhu against the Broker, in which, she inter alia alleged that Mr. Sandeep Narain, Principal Officer of the Broker had induced her to become the Regional Manager of the Broker at Ludhiana by asking her to invest Rs.5 lakhs as equity and in return promised to reimburse her 90% of the commission earned by her Branch.

In order to verify the veracity of the complaint, in exercise of

the powers conferred upon it under Regulation 33 of the Regulations, the Authority appointed Mr. Ravinder Minocha, as an Investigator on 24th November, 2005 to investigate into the affairs of the Broker.

Upon conclusion of the investigation, the investigator submitted his report under cover of his letter dated 25th Jan, 2006. A copy of the said report was sent to the Broker with an advice to submit its comments to the same. In response dated 24th April, 2006, the Broker challenged the findings therein.

Thereafter, in accordance with the provisions of Regulation 36 read with Regulation 37 of the Regulations, the Authority initiated enquiry proceedings against the Broker and vide order dated 25th Jan, 2007 appointed Shri J.P. Jain as the Enquiry Officer to inquire into the alleged acts of omissions and commissions committed by the Broker. Upon conclusion of the said proceedings, the Enquiry Officer submitted his report to the Authority.

In terms of the findings contained therein, the Broker alleged to have failed to comply with the following provisions of the Regulations and the Insurance Act, 1938:

1. Regulation 21 of IRDA (Insurance Brokers) Regulations, 2002 and the provisions regarding your conduct in matters relating

to the sales practices as contained in Clause 3(b) of Schedule III of IRDA (Insurance Brokers) Regulations, 2002 relating to the code of conduct stipulated for brokers.

2. Section 42D of the Insurance Act, 1938.

The Authority after carefully going through the complete records including the report dated 5th October, 2007 of the Enquiry Officer, Shri J.P. Jain issued a show cause notice dated 30th July, 2008 under Regulation 38(1) of the IRDA (Insurance Brokers) Regulation 2002 as to why appropriate action should not be initiated against the Broker under the provisions of the Insurance Act and the Regulations for the aforesaid violations.

In its response-dated 26th August, 2008, the Broker denied the charges as unwarranted and challenged the allegations raised therein and the findings of the Investigator.

The Authority after consideration of the enquiry report and Broker's reply to the show cause notice dated 30th July, 2008 came to the view that the charges pertaining to running of franchisee/sub broker offices at Ludhiana, Meerut and Delhi had been adequately 'substantiated and the conduct of the Broker is not in accordance with the Code of Conduct specified in Schedule III of Regulation 21 of IRDA (Insurance Brokers) Regulations, 2002.

On the basis of above, the Authority issued notice dated 22nd October, 2008 for cancellation of the Direct Broker License of the Broker and granted an opportunity to make its written submission on the proposed action and/or choose to appear in person before the Authority.

The Broker represented by Sri Amit Kumar, Principal Officer & Director, Sri Deepak Singhal, Director and Sri Ambrish Gupta, Sr. Manager Accounts & Administration appeared in person before the Authority's officers on 4th November, 2008 at Authority's Office, Hyderabad and also submitted written submissions vide letter dated 4th November, 2008.

The Authority has carefully examined the contentions raised by the Broker in written submission dated 4th November, 2008, its reply to the show cause notice, the inspection report, the enquiry report, Broker's comments thereon and all other relevant material on record and conclude as under in respect of each of the charges cited below.

(1) Running franchise / sub broking at Meerut:

Apart from stating in the written submission that even as per the enquiry report the charge has not been substantiated, the

Broker has not stated anything afresh in its defence. It goes on to state that its Meerut office was never in existence.

The enquiry report clearly records that the website of the company showed Meerut as an operating office. It is also recorded in the enquiry report that Mr. Yogendra Agarwal was the resident marketing officer of the company at Meerut. This information is corroborated in the investigation report dated 24th Jan '06 of Mr. Ravinder Minocha, which clearly states that Meerut office commenced operations with effect from April '05 and as per the records (ledger), the office earned a brokerage of Rs.1, 29,999 and Mr. Yogendra Agarwal withdrew his salary for 4 months in October '05.

Hence, the charge that the Broker was running franchise outfit at Meerut is proved beyond reasonable doubt.

(2) Running franchise / sub broking at Delhi;

The written submission of the Broker that its Delhi office was a branch and not a franchise / sub broking office is accepted in view of the evidence cited.

(3) Running a franchise / sub broking at Ludhiana:

In its written submission, the Broker states that it had given autonomy to Ms. Simran Sidhu, who misused the autonomy and there has been no lack of control on the part of the head office of the broker.

The enquiry officer has held that the charge of a franchise / sub broking office at Ludhiana is partly proved and the enquiry report gives a detailed reasoning of the enquiry officer as to how he has arrived at this conclusion.

The Authority, therefore, comes to the conclusion in respect of (1) & (3) above, the broker has violated section 42(D) of the Insurance Act, 1938 and Regulation 21 of the Brokers Regulations read with Clause 3(b) of Code of Conduct.

Now therefore, having regard to the nature and the gravity of the charges established, the facts and circumstances of the case, the Authority in exercise of powers vested in it under Regulation 34 (1) of the IRDA (Insurance Brokers) Regulations 2002, hereby cancels the license No. 141 issued to Hindustan Insurance Brokers Ltd with immediate effect.

Dated this 29th December, 2008 at Hyderabad.

Prabodh Chander
(Executive Director)

NOTICE

3rd February, 2009

NOTICE

All the applicants enrolled with Insurance Regulatory & Development Authority (IRDA) as Trainee Surveyors up to 30th June 2008 (Training Enrollment # 5709 to 6151) who have submitted their quarterly training reports with the Authority are advised to download the **Application Form** for Insurance surveyors Examination and submit the same along with the requisite fee to :-

Insurance Institute of India
Universal Insurance Building
6th Floor, Sir Pherozshah Mehta Road
MUMBAI 400 001

Phone (022) 22872923 / 4722

Fax # (022) 22873491

Website: www.insuranceinstituteofindia.com

Candidates are advised to appear for the examination only for the respective Departments for which they are enrolled with IRDA as Trainee Surveyors. Surveyors holding valid license enrolled

with IRDA for grant of additional/swapping of department(s), who have completed their training by 15th March 2009 are also eligible to apply for examination, provided while mentioning their enrollment number in the application form, they are requested to add 'additional department' after writing their enrollment number (e.g. If the enrollment number is 5722 then one needs to mention it as 5722-Addl Dept). Repeaters are also eligible for writing the examination in May 2009 to appear in the subjects that they have failed.

The last date of sending application forms to Insurance Institute of India, Mumbai is 15th March 2009. Incomplete Application Form in any respect will not be entertained by the Insurance Institute of India, Mumbai.

The Fee Structure is as follows:-

Registration Fee: Rs.150/-

Section-I (Compulsory Paper): Rs.250/-

Section-II (per subject): Rs.250/-

Examination Time-Table is as under:

DAY	DATE	SUBJECT	TIME
Sunday	03.05.2009	S-01 – Principles & Practice of General Insurance & Survey and Loss Assessment	09.30 am – 12.30 pm
		S-06 – Motor Insurance	02.00 pm – 05.00 pm
Sunday	10.05.2009	S-05 – Engineering Insurance	09.30 am – 12.30 pm
		S-07 – Miscellaneous Department	02.00 pm – 05.00 pm
Sunday	17.05.2009	S-02 – Fire Insurance	09.30 am to 12.30 pm
		S-03 – Marine Cargo Insurance	02.00 pm to 05.00 pm
Sunday	24.05.2009	*S-08 – Loss of Profits Insurance	09.30 am to 12.30 pm
		*S-04 – Marine Hull Insurance	02.00 pm to 05.00 pm

* The Examination for Marine Hull & LOP (S-08 & S-04) will be held only in Delhi (112), Kolkata (121), Mumbai (108) and Chennai (132) centers.

Treating the Customer Fairly

PUNCH LINE FOR THE NEW AGE INSURER

'IN VIEW OF THE EMERGING NATURE OF THE MARKET, THERE MAY BE NEED FOR THE PLAYERS TO GO BEYOND MERE EFFICIENCY IN DESIGNING PRODUCTS. TO UNDERSTAND THE CUSTOMER'S NEEDS AND TO CONVEY WHAT THEY HAVE TO OFFER WOULD PERHAPS BRING IN HIGHER EFFICIENCIES IN CUSTOMER SERVICE' SAYS U. JAWAHARLAL

World over, the consumer is regarded as the most important hub in the entire value chain of business process. The efficiency levels in the production of goods - especially the tangible ones - have been making rapid progress, resulting in management concepts like six sigma, kaizen etc. which target a very high level of fool-proof production. The philosophy behind all these initiatives is to ensure that the customer is ensured of total satisfaction that would lead to higher retentions. Several world class businesses actually practise these in reality.

In the case of service organizations, while there cannot be a strict interpretation of these efficiency levels - considering the subjective factor; the service that is rendered or expected to be rendered could still be a major differentiating factor that would decide the customer orientation of the entity. It is strongly believed that at the apex of these considerations lies the all-important aspect of transparency in dealing with a

client. Most organizations claim that transparency in all matters relating to customers is their hallmark. But to what extent it really happens is one's guess! In a domain where the customer is not given to understand the finer aspects of a certain line of business, it would perhaps be necessary to go beyond mere readiness to serve.

Applying these parameters to insurance business is in itself very difficult. When the market is still at a nascent stage of growth, the complexity is manifold. Fulfilling the contractual obligations totally and in their strictest sense may still be considered a high level of efficiency. But in an emerging market, like the Indian one, there may be need for a bit of hand-holding yet. The opening up of the market has certainly ensured that the competitive nature of business has improved the efficiency levels in customer service. Nevertheless, it cannot be said that we have reached a stage of comfort. The large number of customer complaints and grievances is silent testimony to this

fact, although some of these grievances arise on account of a lack of understanding on the part of the customer.

There is immediate need for taking stock of these problems; getting to the core; and analyzing the deep-rooted reasons for such a scenario. As mentioned earlier, most of these issues come up on account of the absence of transparency in what a player really has to offer. Even where a client's demand is to be turned down, a high level of transparency from the insurer's side would go a long way in appeasing the customer. The distributor has a very important role to play in this regard, if the deal is to be deemed successful in its real sense. The need for a high level of education and the ability to communicate effectively need to be stressed, as always. Consumer awareness also will be instrumental in bringing down the level of complaints and grievances.

The focus of the next issue of the **Journal** will be on 'Treating the Customer Fairly'. Let us look forward to an interesting debate from different stakeholders.

Are You Being Served?

in the next issue...



Impact of Second Phase of Detariffing

CUSTOMER-FRIENDLY POLICIES

M. RAMADOSS OBSERVES THAT ALTHOUGH THE PROCESS OF LIBERALIZATION HAS BEEN SET IN MOTION, THERE IS A LOT THAT NEEDS TO BE DONE IF THE REAL FLAVOUR OF DETARRIFFING IS TO BE PERCEIVED IN ITS TOTALITY.

The insurance industry has witnessed volatile changes since the opening of the market in the year 2000; and subsequent introduction of brokers, as intermediaries, in 2003. The non-life sector of insurance has shown rapid growth with eighteen general insurance players competing with each other to increase their market share and consolidate their position. It is with this

There is increase in underwriting losses of the companies and sooner they realize this trend and desist from discounting the rates endlessly, the better for them.

backdrop, marked by growth and change, that the Indian Regulator introduced a road map in 2005 for orderly and smooth transition from a tariff regulated market to a free pricing regime.

The first phase which was initiated from 1st January 07 allowed the insurers freedom in pricing all policies except Motor TP policies. Tariff restrictions were no longer binding and the insurers were permitted to structure the premium rates on the basis of the guide tariffs filed by the individual insurance companies. However, the insurers were not permitted to vary the coverage, terms, conditions, wordings, warranties, clauses, and endorsements in respect of covers till the second phase.

There was a fear of crash of the market or rocking the market with very unviable rates. In the first few months, even IRDA restricted the discounts to be given to policyholders. Fortunately the fear was unfounded and despite deep discounts in certain cases, there were no great failures. However, there is increase in underwriting losses of the companies and sooner they realize this trend and desist from discounting the rates endlessly, the better for them.

Freedom in Policy Wording

It was a fact that in the absence of any other form to compete, the insurers were competing only on price and hence there was a need for differentiation in policies between the insurers. The second phase of detariffication which was scheduled to commence from 1.4.08 finally took off partially from 1st January 09. This phase of detariffing introduced limited freedom in Fire, Engineering and Motor OD section of policies. On 6th November 2008, the IRDA issued guidelines for relaxation in terms and conditions of coverage of erstwhile tariff classes of business in Fire, Engineering, Motor (OD) and Industrial All Risk (IAR) which were effective from 1st January 09.

The following relaxations were permitted to the insurers:

- Insurers are permitted to file variations in deductibles from those prescribed under erstwhile Fire, Engineering, IAR (Industrial All Risks) and Motor OD tariffs subject to written disclosures and acceptance by the insured prior to finalization of the insurance policy.
- Insurers are permitted to file add-on covers over and above the erstwhile tariff covers in Fire, Engineering, IAR

The insurers are still not permitted to abridge the scope of standard covers available under the erstwhile Fire, Engineering, IAR and Motor OD tariffs, beyond the options permitted in erstwhile tariffs.

and Motor OD with appropriate additional premium. Loss of use and waiver of depreciation under Motor OD insurance are some examples.

- Insurers are permitted to extend Engineering insurances to movable / portable equipments.
- Minimum TSI limit of Rs 100 crores under erstwhile IAR tariffs are removed; and insurers are permitted to file IAR products for all industries including petrochemical industry.

However, apart from the above relaxations, the insurers are still not permitted to abridge the scope of standard covers available under the erstwhile Fire, Engineering, IAR and Motor OD tariffs, beyond the options permitted in erstwhile tariffs. Revised products, subject to approvals under File and Use

guidelines, may be offered to the present policyholders on renewal but not by replacement of existing policies by cancelling them midterm.

So what this freedom to the insurer means to the insured?

Motor

As a result of these liberalized guidelines, market will experience new customer friendly policies which can revolutionize the customer experience bringing it at par with the global standards. Some of the examples are:

- **Nil Depreciation Policy**

This policy can be an alternative option for the insured whereby depreciation will not be deducted from the claim at the time of settlement of loss.

- **Incidental Expenses Cover**

The Add-on cover provides for payment of incidental expenses like hiring a taxi to reach home, emergency repair of parts etc. after the vehicle has met with an accident.

- **Rental Car Benefit**

After an accident/theft of insured vehicle, insured is deprived of its use. This inconvenience can be alleviated by providing for payment for use of an alternative vehicle.

- **Personal Effects**

This Add-on cover will reimburse loss of personal items kept in the car, provided there is a valid claim under the OD section of the Motor Policy.

- **Named Driver Endorsements**

This endorsement provides for a discount on premium if the insured undertakes to list the people who will be authorized to drive the insured vehicle.

- **Waiver of EMI/Loan installments**

This Add-on Cover provides for payment

of loan installment to the financiers during the period of accident repairs.

- **Fleet Discounts**

Fleet Discount on premium where the individual owns more than one car.

Fire and Engineering

As per liberalized guidelines, smaller industries would be able to avail IAR policies which were hitherto reserved for larger industries and thereby save premium. Advantage of IAR is the cover of machinery breakdown insurance along with Fire cover. The IAR policies are suited for industries which can absorb larger deductibles i.e. those who want to cover only bigger losses and not smaller ones.

As far as Engineering insurance is concerned, the mobile equipments were to be covered by way of special contingency policy on case to case basis, which would be available as a class rated policy now.

Sample Add on Covers in Fire Policies

- **House breaking**

Housebreaking risk can be covered as an extension to Fire insurance of residential property, thereby avoiding the necessity of taking separate burglary cover.

- **Spontaneous Combustion**

Loss of or damage to the property insured caused by its own fermentation, natural heating or spontaneous combustion can be covered as an extension.

Insurance of jetties, docks and other properties erected in water and damaged by water borne bodies' clause:

Some of the clients who buy IAR cover are located at seashores and have their

own jetties to handle the goods. Fire policy can be extended to cover jetties. Besides this, hotels, holiday resorts and private properties erected on seashore / back-water also require protection from water borne vessels which can be covered in their Fire policy itself.

- **Boiler Explosion Damage Clause**

On the basis of feedback from marketing staff, the companies are proposing to extend the above coverage to cover the loss or damage to boiler, economizer, other vessel, apparatus or their contents resulting from their own explosion/implosion.

- **Start-up / Shut- Down Expenses Clause**

The existing add-on cover does not include shut down expenses. Since start-up expenses can already be

covered by opting for the current add-on cover, coverage of shut down expenses for power and utilities to re-establish the plant in the operational state is a natural corollary of start-up expenses.

- **Accidental Damage Clause**

In the policies issued in tariff-free markets, accidental damage coverage is included under property insurance; the insurers intend to offer this cover to make their policies more comprehensive.

The insurers are also working on package covers where marine risk can be combined with storage risk, in Fire policies and in add on covers where machinery is sent for repair / renovation and stocks are sent for processing.

for data mining, analysis and MIS for data based underwriting. IT infrastructure support will have an important role to play in the success of these processes.

Lastly, adequate training of underwriters and the sales staff for providing an appropriate response to these new changes in the market would have to be initiated by the insurance companies so as to remain in the race.

What is provided now is only a first dose of liberalization and much more needs to be done. Add on covers wording should be standardized so that each insurer does not use a different wording. There is need for permission to issue First Loss covers, Selective Perils cover, Agreed Value basis covers etc.

Add on covers will obviously increase claim costs and can be successful only with strict claim management and claim monitoring process.

Challenges for Insurers

Of course, one caveat is to price these policies properly and not to provide these as add on covers without any additional premium. All kinds of leakages will also have to be plugged and speedy claim settlement will have to be adhered to. Add on covers will obviously increase claim costs and can be successful only with strict claim management and claim monitoring process.

Yet another challenge facing the insurers would be collecting segment-wise claims data. This will have to be supported by appropriate data on market demand for the add on covers. Insurers will have to improve and consolidate their processes

The author is Chairman and Managing Director, Oriental Insurance Company Ltd.

Tariff Abolition

ADVANTAGES OF A CALIBRATED APPROACH

ASHVIN PAREKH OPINES THAT THE INDIAN APPROACH OF MOVING TOWARDS TOTAL FREEDOM IN A GRADUAL MANNER IS PAYING RICH DIVIDENDS THAT WILL BE BETTER EVIDENT IN THE YEARS TO COME.

A Quick Recap

The opening up of the general insurance market to private participation about eight years ago was the first step in the liberalization of the market. The entry of private players rejuvenated the insurance industry, demonstrated by strong premium growth; with strong distribution/marketing focus along with product innovations. It also brought with it new regulations, accounting standards, and monitoring mechanisms for the various market participants. The aspect of the product development and pricing of a large part of the market, however, was not immediately freed-up and remained under tariff till very recently.

The process of de-tariffing, in fact, was first attempted in 1994, when Marine Cargo business was detariffed, which resulted in abysmally low premium rates being quoted for the risk cover. The marine insurance policies almost ended up becoming accommodations for the (still under tariff) fire insurance policies with the premium plummeting to 1 Rupee in certain cases.

The second stage of de-tariffing introduced in January 2007 set in motion the non-interventionist era as regards product pricing, wherein companies could charge the rates they deemed appropriate for the all the products (except motor third party cover), though this initial price freedom was restricted within a broad range from the tariff rates.

The next changes allowed for full price freedom, followed by permission to launch innovative products for the retail customers. The final next step would be to permit insurance companies to change the wordings / terms / conditions of the existing products.

International Trends in Tariff Abolition

An analysis of the trends on tariff abolition in international markets suggests that the market reacts with a sharp drop in the premium rates in the immediate aftermath of the removal of tariffs. The reduced rates typically continue to operate in the

market for at least an year or two before the trend is reversed.

The impact of the price reduction on the various market participants forces the players to revise the prices. This correction has typically been seen to have been effected in the second year after the abolition and the rates stabilize after that.

Key concerns and response from the Regulator

When the government introduced free rates for marine and health, low rates for the classes were sustainable due to super normal profit margins in other big portfolio viz, Fire and Engineering. Hence, the de-tariffing of Marine (Hull & Cargo) did not put pressure on the solvency / capital adequacy of individual companies. Additionally, the class follows international wording / coverages which have stabilized over years, resulting in continuing clarity for the policyholders who largely tend to be corporate clients.

However, when the regulator embarked on the second journey of de-tariffing, it had a major concern on the continued solvency of the insurance companies - policyholder's protection - and stability of the market while ensuring the evolving maturity of the insurance industry. The underlying objections were however, to eliminate, to a large extent, cross-subsidization and to link pricing to the risks underwritten.

The aspect of the product development and pricing of a large part of the market, however, was not immediately freed-up and remained under tariff till very recently.

In order to protect the policyholders and avoid potential mis-selling, the regulator has prescribed extensive File and Use guidelines which require certification from a legal counsel on simplicity of the policy wording and that they are not misleading.

The Indian government, post the Asian crises and credit crises, has been adopting a gradual process of liberalization and a cautious approach to the freeing of the policies. The insurance regulator also adopted the same staged or calibrated approach in the de-tariffing process.

Additionally the regulator also ensured that the onus of adequacy on premium rates and appropriate risk management was a collective responsibility of the Board of Directors of the various companies. This is considered to be an important step, where the regulator is adopting a more risk based as well as self regulated approach considering the resource constraint that the regulator is facing. More importantly, an implication of this has been that the companies have started focusing on reducing leakages from the system, more scientific pricing, and stronger risk management focus. The

underwriting skills have improved to the desired extent.

In order to protect the policyholders and avoid potential mis-selling, the regulator has prescribed extensive File and Use guidelines which require certification from a legal counsel on simplicity of the policy wording and that they are not misleading. This is in addition to no permission to change the wording for the tariffed products.

The impact of the tariff abolition on the market

The current round of abolition of the tariffs has led to a situation akin to a price war in certain lines of business like Fire and Engineering insurance. While certain other lines like Marine and Health have seen some positive correction, it still has meant a slowing down of the rate of market growth for the overall non-life insurance market.

There has also been a negative impact on commission arbitrage in respect of the proportional insurances in the Fire and Engineering areas. It is felt that the current combination of low retention and high commission that has been followed by the market participants is not sustainable.

The various existing players have come under severe pressure of profitability in the detariffed lines. The rate wars have also implied that the entry plans of other new entrants into the market have been delayed or adversely impacted. Additionally, the fact that the Motor TP lines continue to be governed by a tariff and are loss making even under the TP pool arrangement lead to a further loss on the market players.

Based on what we have seen in the markets that went through abolition of the tariff, the industry view is that it may take around 24 to 48 months for the insurance markets in India to reap the true benefits of de-tariffing. While this will still not imply that the rates return

to the original levels, there may still be an improvement to the extent of around 20% to 30%. The consumers will benefit as well due to this process.

The market will however, require a significant amount of credible data in order to be able to price effectively in the de-tariffed market. Pricing models that have succeeded in other markets are being customized to the Indian market situation by various players. These, however, will succeed only if supplemented with analysis from data collected by the players and available for the market as a whole. The ability to price effectively will also imply an increased focus on risk management for the clients.

All this suggests that the players need to invest significant resources and effort in order to be able to adapt to the changed market scenario and set in place the prerequisites for operating successfully in a competitive detariffed market.

Advantages of staged approach

The biggest advantages of the staged approach were that the consumer had a choice to select from, but not a plethora of options to confuse him. And the customer got a better bargain also and increased his insurance levels. The result of well managed de-tariffication process is evident from the continued growth of the industry, albeit at lower rates, as compared to international experience which suggested a de-growth of the industry.

The regulator has achieved this while still ensuring continued healthy solvency of the insurance companies and at the same time new ventures are being announced regularly. A process that continuously monitors the performance of the market while slowly liberalizing the policy pricing and wordings will lend significant stability to the market.

The author is Partner, National Leader - Global Financial Services, Ernst & Young Pvt. Ltd.

Adding Value to the Client

CUSTOMIZATION OF PRODUCTS

ARUN AGARWAL REMARKS THAT THE FREE MARKET NOT ONLY BRINGS IN AN ELEMENT OF COMPETITIVE PRICING BUT ALSO STIMULATES, CREATES AND BOOSTS THE DEVELOPMENT OF OUT OF THE BOX SOLUTIONS TO MANAGE ENTERPRISE RISKS.

Insurance, as we practice today, evolved following the huge financial loss due to the Great London Fire, in the year 1666 which devoured 13,200 houses. This led to the emergence of the concept of sharing of financial loss amongst members of a community.

Insurance is all about sharing of risk. It works where a group maintains a central fund, to which members contribute. In the event of a loss for any of the members, due to risks agreed upon by the group, the fund pays for the loss.

Thus every member is covered against financial loss by sharing his risk with others in the group.

This global evolution of insurance also led in its wake to product development in a big way. For instance, the fire policies evolved gradually from “simple” forms such as “market value” indemnification to that of “re instatement” based policies, further to covering “loss of profits” and finally moving on to “advance loss of profits” in engineering insurances. Similar movements have been seen in marine cargo, marine hull and all other classes of insurances, across UK, Europe and the US etc., generating in its wake the market wordings, the specialized clauses as well as the bespoke wordings.

The evolution of insurance in India started

with the establishment of Triton Insurance Co. in 1850 as the first insurance company in India. It grew to a level of around 107 General Insurance Companies in the early 1970s.

The IRDA Bill of 1999 signaled the arrival of a different era. Among the many tasks, the Authority has been specially oriented towards the protection of the interests

of policy holders and to regulate, promote and ensure orderly growth of the insurance industry in India.

The opening up of the insurance industry and allowing the private sector to join the fray along with public sector companies, contributed to a spurt of growth and some of the factors responsible for this development have been:

- New / customized products to suit customer requirements, especially retail insurances - Health, Travel, Liability etc.
- Reaching customers through new channels of distribution - Bancassurance, Affinity Partners, e-channel etc.
- Evolution of Technology for quality customer services

With the arrival of many more new players and coupled with the above growth factors, added and abetted by the proactive regulations; it has heralded in a paradigm shift from “sellers” to “buyers” market in India.

Some of the key demand drivers for the continuing optimism on insurance in India have been:

- Income (disposable)
- Propensities to save vs consume.
- Demographic changes

Low commission in the first year contributes to the lower level of lapses in the following years as the omission is well distributed over the initial period.

- High savings base
- Ageing, education, household structure
- Government policies and its focus - especially health and accident insurance for the below the poverty line population in view of the poor social security system.

The two key determinants that continue to power further the growth of insurance in India have been - the low insurance density in terms of premium / capita and the low insurance penetration in terms of premium % to the GDP.

In this growing and competitive market scenario every insurer competes for the customer attention, with ever-improving products and service standards.

The Authority, per its mandate, has adopted a calibrated approach for the development of products and their customization.

The Indian insurance industry continued to be governed by 'Tariffs' (Tariffs are regulations that regulate and govern product design and pricing), at the time when the new entrants were allowed for major lines of businesses, such as Fire, Engineering and Motor etc.

The non-tariff lines of businesses, however, continued with their upsurge in the products and the services on liability, marine cargo, travel insurance, and personal lines like health and personal accident insurance etc.

The Authority gradually allowed price opening up leading up to 2007, for the tariff lines. There is a move now towards final journey for full integration to global insurance practices, in terms of product customization for the erstwhile tariff lines of businesses.

The latest step in detariffing allows more leverage to the insurers to meet the

The covers provided by international insurance markets which are not prevalent or available in Indian market can now be incorporated within our policies further broadening the scope of coverage.

specific requirements of customers. The Authority has decided to permit relaxation, subject to its file and use regime, in the terms and conditions of coverage of the erstwhile tariff classes of business in Fire, Engineering, Industrial all risks (IAR) and the Motor Own Damage (OD) (baseline wordings / covers) effective 1st January 2009:

- Insurers are permitted to have variations in deductibles from those prescribed under the erstwhile Fire, Engineering, IAR, Motor OD tariffs subject to written disclosures and acceptance by the insured prior to finalization of the insurance policy.
- Insurers are permitted to have add-on covers over and above the erstwhile tariff covers in Fire, Engineering, IAR and Motor OD with appropriate additional premiums.

- Insurers are permitted to extend Engineering insurances to movable / portable equipments.
- Insurers are permitted to have IAR products for all industries including petrochemical without the earlier minimum TSI limit of Rs.100 crore.
- Except what is mentioned in (1) to (4) above, the insurers do not have the permission to abridge the scope of standard covers available under the erstwhile Fire, Engineering, IAR and Motor OD tariffs beyond the options permitted in the erstwhile tariffs.

There are many spin offs to the latest move of the Authority. For instance, the Motor insurance customers will now reap the benefits of covers like "loss of use" and "waiver of depreciation". This will bring about a positive change in insurance offerings to the retail segment. Coverage can also be provided by coupling the different insurance products, such as multi line products, appropriate to the needs of the customer but will also reduce administration expenses associated with issuing different policies.

The covers provided by international insurance markets which are not prevalent or available in Indian market can now be incorporated within our policies further broadening the scope of coverage. These would now be available as add-on covers in the new detariffed market.

How does a detariffed market help the customer? There is an opportunities galore for,

- There are GLOBAL BENCHMARKS - for products, pricing and the services
- There is a MERIT RATING for the risks
- Unlike common apprehension, the insurance program stability is sought - through corporate governance and risk

management, which calls for holistic vision involving all the three pillars of corporate governance, risk management and the insurance management.

The focus of corporate governance is to shift attention merely from legal compliance to a commitment of directorial responsibilities towards all its stakeholders.

The risk management, as a constituent of this holistic arrangement, links the insurance management with that of the corporate governance and is vested with the task of maximizing the asset protection, minimizing the cost of risk and ensuring ultimately the commercial viability whilst maintaining the ease of administration.

The detariff dialogues therefore, entail

an insured's perspective, which is all about risks and how they are managed:

- a good risk management program improves the process of risk rating
- a good management reputation with a robust corporate governance structure helps build trust in the market
- and a good risk retention appetite helps generate risk sharing with the insurers.

On the contrary, the insurers' perspective also partakes of risks and how they are managed:

- a good financial and the capital management improves company rating
- a good underwriting management improves diverse risk writing appetite with variegated products
- a good service culture and its management ensures both the pre sales and the post sales services.

The price, therefore, is the last loop in the management chain. Thus, de-tariffed scenario is an opportunity for all. The customer's choice is not only dependent upon an awareness and information of what is the best that is available but also how to create the congenial conditions to attract the best options.

There are still some challenges with the baseline tariff products which would need to be addressed to make the process of customization more robust. The definitions present in baseline products have interpretation angles requiring explicit understanding without resulting in the abridgement of the baseline products. In addition, seamlessness required for fusing the baseline product wordings with add-on covers culled from different markets requires a different sort of legal acumen.

Individual risks are expected to come under more scrutiny by insurers. Therefore,

programs with good claims histories and the intertwining of the holistic vision involving corporate governance, risk management and ultimately the risk management will be sought after and competitively rated, while those risks that are not well-managed and that exhibit a history of frequent and/or large claims, are likely to attract tougher responses.

The risk analysis partakes of the simple truth that behind all the marketing issues, the insurers face the most fundamental issue of risk.

- Customer profitability depends on a number of factors including sales, marketing and administration costs. But for insurance companies, the hardest factor to pin down is the pure premium element.
- Traditionally, this has been handled by actuarial analysis, supported both by the intuition and the traditional tools to identify the relevant underwriting factors.
- Technology based on policyholders' data will contribute to the process. By compiling extensive information about policyholders and their claims, possibly with the addition of outside data; much more can be discovered about risk segments. The software based analytics will facilitate better understanding in claim reserving, pricing and risk management. New software would also be needed to develop and analyze a wide variety of factors which will lead to effective customization of the insurance products.

A detariffed environment is also an excellent opportunity for insurance intermediaries. The free market stimulates, creates and boosts the development of out of the box solutions to manage enterprise risks. The nuances and scope of customized covers befitting

By compiling extensive information about policyholders and their claims, possibly with the addition of outside data; much more can be discovered about risk segments.

the risk requirements need to be evaluated before they are offered to customers.

Insurance companies' job will not be restricted to servicing of the traditional clients, but also in assisting the market in structuring the best solutions for different segments.

One challenge is to make the entire distribution chain aware of the new paradigm shifts. Customer awareness would obviously kick start the process in the right earnest. The industry may decide to launch a media campaign to usher in the changes.

The campaign management, however, would have to be circumspect in as much as:

- Marketing campaigns are expensive and increasingly complex. Results are better when the campaign is built around a carefully identified segment.
- The starting point for a campaign is the value proposition that will be put to a segment of customers.
- The campaign needs to be managed effectively, and most importantly learn from the outcomes.

Insurers would keep researching and concentrating on product development and brand building, in the wake of intelligent and legitimate expectations, demands and opportunities in the market.

There is one more aspect that would engage the insurers in a detariffed regime, and that is direct marketing. The evolving field of e- insurance will also play

The evolving field of e-insurance will also play a crucial role in future as consumer in India is gradually moving online and detariffing will provide the right impetus to its growth.

a crucial role in future as consumer in India is gradually moving online and detariffing will provide the right impetus to its growth. This would call for tailor-made policies for the respective customers.

The upshot is that the innovative and the customized products and service managements call for:

- "products" answering the customer requirements more than ever before
- forcing a "mindset" and an appropriate

technology set up to constantly churn up "wrap around solutions"

- product no longer is "stand alone", but are "seen" and "tested" in the context of back up services - such as change requests, risk mitigation techniques, data information sharing; in addition to bearing the very traditional role of insurance to "indemnify".

This is a pre cursor to a healthy customer relationship which rests on innovation and readiness to grow. It gives way to not just delightful experiences all around but also to help the market expand in a way which is not ordinary.

The journey for product customization would reach its destined end in India as and when the Authority allows ground up manuscript and bespoke covers, as well.

The author is Chief Underwriting Officer, ICICI Lombard General Insurance Co. Ltd.

Risk Management Solutions for Customers

DETARIFFING SETS THE TONE

SANJAY KEDIA WRITES THAT RATHER THAN RELYING ON INSURANCE ENTIRELY, CORPORATES WOULD DO BETTER TO ADOPT AN APPROACH OF RISK RETENTION, RISK MINIMIZATION AND RISK TRANSFER; WHICH IS BOUND TO PROVE LESS EXPENSIVE AND MORE VALUE-GENERATING FOR THEM.

Introduction

The recent detariff in relation to policy wordings is yet another historic and positive step on the road to further liberalization of the insurance market.

This decision will benefit customers by providing them with greater choice of covers. This will be especially welcome by them in this challenging economic environment, and spur them to make the necessary investment in better risk management practices. It is admirable to witness the simplicity with which the complex task of allowing new products as additional covers to existing policies has progressed while protecting the interests of policyholders.

The introduction of flexibility in deductibles is bound to have far reaching implications and eventually should drive greater efficiency and risk management. Once the market settles and underwriting starts driving the risk pricing, international experience has shown that corporates tend to opt for higher deductibles depending on their ability to retain risks and focus on self insurance. This increases the emphasis on risk management to reduce losses for their self insurance layer and also for the entire program. This

greater focus on risk management saves losses for the insurance market also and the economy as a whole.

The true success of any market lies ultimately in its ability to better serve the evolving needs of its customers in an efficient and responsive manner on a sustained basis. The ever dynamic risk environment and the integration of Indian economy and Indian corporates into the global system creates a compelling case for them to have access to the world class insurance risk mitigation measures and insurance products locally. The increased competition will bring tremendous challenges for insurers particularly in the short term by way of lower pricing and greater customer demand. However, this will eventually drive greater efficiency in the entire market creating competitive risk financing institutions in the economy.

What detariffing essentially means for Customers?

Companies should view detariffing as providing greater choice, efficiency and opportunities to manage risk more effectively. The first phase of liberalization saw private sector insurance companies being introduced to the market. This offered companies greater

choice in terms of selection of insurer based on service, relationship and financial security. The detariff Phase I offered choice in terms of price based on better risks being given better discounts and poor risks getting penalized

It is admirable to witness the simplicity with which the complex task of allowing new products as additional covers to existing policies has progressed while protecting the interests of policyholders.

in terms of price. The detariff Phase II offers coverage choice in terms of breadth of coverage and deductibles. These changes are expected to create better risk management solutions for customers and also create an efficient risk transfer insurance market in our economy.

The corporate world is exposed to unique risks depending on the nature of their industry and its business. Corporates would greatly benefit in having a holistic review of their overall risk management and risk financing approach. The detariff market scenario now offers customers greater choice to create optimum return on capital employed on risk transfer. The optimal risk financing approach treats insurance as a source of contingent capital in addition to equity and debt. This 'total cost of risk' is the most fundamental approach to modern day risk management and helps customers reach for new frontiers in optimal solutions.

Understanding Total Cost of Risk

Total cost of risk (TCOR) is a comprehensive approach to measure and manage all elements of the true risk cost for an enterprise. It would comprise quantifying expenditure in three distinct areas:

- Risk control
- Self insurance, and
- Insurance, or risk transfer

The detariff market, which offers free market pricing and insurance program structure, creates incentives for putting in place the optimum structure based on these three unifying elements of TCOR.

- A strategy which relies on insurance entirely, but which excludes considerations of self insurance and risk control, is potentially more

The lower layer of the risk is usually typified by high frequency and low severity losses; and greater predictability.

expensive than a strategy which seeks to obtain a sensible mix of all three components.

- Each corporate risk is unique in terms of need for the right mix of these three components at different points of time which results in the minimization of the TCOR.

The underlying objective is to allocate expenditure in such proportion across these three categories of cost so that the TCOR is minimized. To achieve this, the management needs to address key questions such as:

- What is the extent of risk exposures?
- Where can risk control have the greatest impact, and is it cost effective?
- Where is self insurance likely to be advantageous financially? Is the risk reward trade-off acceptable?

For example, unlimited expenditure on risk control by placing the maximum

number of fire extinguishers in a building is not likely to give best results. It is the right mix of expense allocation that is the key.

Dealing with Deductibles

Deductibles, as we know, could be a form of self insurance and risk retention on the lower layer of the risk. The wording freedom allows the insured to opt for higher deductibles. Globally companies with risk retention capabilities have considered the use of higher deductibles in their risk financing decision and also to create good incentive for effective internal housekeeping and risk conscious culture.

The lower layer of the risk is usually typified by high frequency and low severity losses; and greater predictability. Since insurance is a commercial activity, the insurer would normally treat the expected losses as his base premium and add administration expenses and profit, which is much higher at this layer as a proportion of loss premium. Insurance is often not the best solution for this layer of risk in efficient markets.

This layer is usually best treated through risk control and the returns on loss minimization could be higher than risk transfer. The examples could be marine losses in transporting goods where proper goods handling and packaging could make greater loss saving than expenditure to control it.

The insurance market goes through cycles of soft and hard market; and insured needs to have a dynamic strategy towards appropriate levels of deductible. The discounts available for higher deductibles keeps diminishing and one needs to have a measure of appropriate level at which

discounts available in premium justifies expected losses in the retained risk.

Coverage Considerations

An insured's strategy for getting the best value from the wording freedom of Phase II detariff would be to have a comprehensive exercise on risk identification and risk mapping to understand the level of severity and frequency. High severity risks could create maximum damage to business and needs to be prioritized from an insurance perspective. The risks are further categorized in terms of insurable and non insurable risks. The non insurable risks are treated in various ways from risk

retention, risk minimisation to risk transfer by way of contractual means, capital markets or alternative risk transfer solutions.

The insurable risks identified as priority should be mapped with existing cover under a tariff policy and also against new products which come to the market and the gap in the same needs to be treated. The search for insurance solutions for the gap should be discussed with your insurance broker to help create new products in partnership with the insurance market locally and internationally, should it be possible legally for facultative insurance to be issued for that class of risk or product. Risks which are more common are more likely to find solutions from insurers as it offers them a portfolio and critical mass. Customers should work with their brokers to ensure these issues are brought to attention of the Indian insurance industry so that suitable products can be developed.

Also, it may be appropriate for customers to have a review at risk coverage endorsements in the insurance policy which may have been sold to them without need to cover such risks and save premium costs. An example could be flood risk extension for a property located on high altitude with no history of flood and possibility.

Loss Minimization leads to long term insurance premium minimization

The detariffing of the market offers opportunity for insureds to manage their insurance costs by understanding the basis of premiums and their drivers. The demand and supply governs the pricing in any free market but at the same time

the conceptual perspective is important to understand.

Insurance premium pricing equates to anticipated losses plus an insurer's expenses and profit for capital.

The cost element of an insurer's expense component is likely to come down due to competition and the search for efficiency. The cost element in the chain has to justify and create value for each element. The largest component of the insurance premium is the anticipated losses and the best way to manage those by the customer is to reduce losses in the cost effective manner.

In the long run, the lower the insured's losses and the more positive the insurance industry's perception of its risk of losses, the lower the organization's insurance premiums and hence lower the total cost of risk, thereby making the organization more competitive.

From Purchasing Insurance to Selling Risks

The detariffing and the liberalized market will help the maturity of the corporate customer segment in terms of mindset change from 'purchasing insurance' to 'selling risks'. This has great bearing on the whole system and economy as there is greater understanding and ownership of the risks, its treatment, and incentives for better management.

Towards accelerating customer value and transition to total cost of risk

The Indian insurance market liberalization has created greater choice and value to the customers. Post detariff scenario may see further changes as the market progresses and matures.

The largest component of the insurance premium is the anticipated losses and the best way to manage those by the customer is to reduce losses in the cost effective manner.

The current proposed wording freedom requires that all new products have more coverage than existing tariff wordings to protect customer interests. This is particularly beneficial for individual customers and small size enterprises which may not have specialist risk management function or access to organized broking easily.

For corporates, the risk management strategy may have situations which require reduction in coverage for risk elements which they need not transfer. The unnecessary purchase of contingent capital in the form of insurance is not always the appropriate utilization of capital for both the corporate and the economy.

Loss Limits: An extension of above principle is with regard to loss limit

policies availability, which is currently not allowed. The use of loss limit and first loss policy in certain products category which have very large sum insured in aggregate but are dispersed geographically lend itself to effective utilization of insurance capital. Examples would be gas pipeline assets, multiple hotels across countries and office complexes.

Loss limits, particularly in very large industrial risks at single locations like refineries, power plants and petrochemicals with very high sum insured is a practical necessity both for the markets and clients. Most of the large risks in the country for refineries and power plants already have loss limit if they have opted for international wording and placements under the large risk category. In most situations there is not enough capacity available at commercial terms to provide full sum insured cover and also from clients perspective it may not make sense in most situations to buy and block insurance capital many times more than their Estimated Maximum Loss (EML). The freedom to have higher deductibles allowed in Phase II detariff permits risk retention strategies at primary layer of the risk and similarly loss limit policies if allowed would permit strategy of risk retention at levels beyond EML levels.

Sub Limits: The unbundling of each risk events would see specific sublimits under natural catastrophe perils for large exposures and needs to be permitted for greater risk efficiency in allocations.

Development of a Strong professional broking system: The process of liberalization has brought in greater choice in terms of insurers, products and pricing. These greater choices for the

consumers show the advantages of using a professional broker to advise the insured and navigate these risk issues with greater expertise on risk control and risk financing so that it achieves its principal objective - minimization of TCOR.

Globally, in all the markets, insurance brokers also help reduce the administration expenses of the insurance system which also helps to reduce TCOR. Much of the basic insurance transaction processing work is carried out by the brokers as they are the single contact for the customers and bring efficiency. The functions done by the broker include premium collection from the customer, underwriting information preparation, policy issuance coordination and, often, policy issuance. Claims are notified by customers to the broker and brokers coordinate and collect claim money to then disburse to customers. The Indian broking system has to develop significantly and gain confidence of all participants and stakeholders.

Introducing the concept of 'use and file' rather than 'file and use': The 'Use and File' may be considered for all the new products to be introduced as an add-on cover over and above the standard property cover under tariff. Any product on the property cover which is currently being detariffed may be allowed under this provision, wherein insurers are permitted to only increase the scope of coverage available from the standard cover. Even if there is a completely new wording a clause highlighting that the new wording is to be read in conjunction with the former base tariff wording and the coverage under claims will be needed in addition to the tariff wording. The clarity of having only additional coverage in the new wordings can be moved entirely to

Much of the basic insurance transaction processing work is carried out by the brokers as they are the single contact for the customers and bring efficiency.

‘Use and File’. This will bring in the benefit of

- Protecting customer interest
- Save the time and resources of the insurance market
- Save the time and resources of the Authority
- The time saving in introducing new products will help mature the market faster.

Any change from the above principle of only additional cover in new products may be subjected to File and Use for property products. Therefore products which may offer less coverage in some respect from existing wordings be only subjected to File and Use.

Brokers lead wordings to represent Customer needs: In the current arrangements only insurers are permitted to bring new wordings. However, it would be in the interests of companies if brokers, who represent their needs, are allowed to file product wordings under

In future, a more mature approach to corporate risk management will demand increasingly sophisticated tools and techniques.

the same arrangement as insurers. This would create a fair balance in the market capturing the aspirations of the client.

Looking Forward

In future, a more mature approach to corporate risk management will demand increasingly sophisticated tools and techniques. The risk and insurance market has to see this as an opportunity to help our customers become more successful. The use of captives by large corporates in most mature markets is the norm, not an exception. Many Indian companies have the scale, size and geographical spread that will make the use of captives, alternative risk solutions, blended insurance and capital market solutions increasingly attractive. They will need to look at these in order to stay competitive in their risk management strategies when compared to their global peers. These changes are coming. It is up to all of us to help our customers see that in risk; there can also be opportunity, ‘the upside of risk’.

The author is Country Head & CEO, Marsh India Insurance Brokers Pvt. Ltd.

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The Cost of Climate Change

URGENT NEED FOR ACTION

SANJIB CHAUDHURI EMPHASIZES THAT UNLESS THE WORLD TAKES DRASTIC MEASURES AGAINST THE PROGRESSIVE WARMING OF THE ATMOSPHERE, WE ARE BOUND TO SEE MORE DEVASTATION FROM NATURAL CATASTROPHES IN THE YEARS TO COME.

2008 - The third most expensive year on record

Driven by high losses from weather-related natural catastrophes, 2008 was - on the basis of figures adjusted for inflation - the third most expensive year on record, exceeded only by the hurricane year of 2005 and by 1995, the year of the Kobe earthquake.

Although there was a drop in the number of loss-producing events compared with the previous year (from 960 to 750), individual catastrophes pushed up the numbers of victims and the losses appreciably.

According to Munich Re's NatCat Service database insured losses in 2008 rose to US\$ 45bn, about 50% higher than in the previous year. The large number of tropical cyclones and the earthquake in Sichuan made 2008 one of the most devastating years on record. Although there was a drop in the number of loss-producing events compared with the previous year (from 960 to 750), individual catastrophes pushed up the numbers of victims and the losses appreciably. Throughout the world, more than 220,000 people died as a result of natural catastrophes this year. Overall losses totalled some US\$ 200bn (2007: US\$ 82bn) but were still below the record set in 2005 (US\$ 232bn in current values).

Asia region particularly exposed to natural catastrophes

Asia remains especially exposed to extreme weather events. Based on Munich Re's data, of the 750 natural catastrophes globally in 2008, 33% occurred in Asia with 60% of overall economic losses, but only 5% of insured losses. In 2008, 98% of all fatalities from natural disasters occurred in Asia.

Asia was again the continent affected by the worst human catastrophes. Cyclone Nargis is estimated to have claimed the lives of more than 135,000 people in Myanmar: 85,000 deaths have been officially confirmed, whilst 54,000 people are still missing. With very high wind

speeds, record rainfalls, and a storm surge, the tropical storm caused devastation primarily in the low-lying Irrawaddy Delta and in the old capital, Rangoon. Since large parts of the mangrove forests - a natural form of coastal protection - have disappeared in recent years, there was nothing to prevent the storm surge, traveling as far as 40 km inland. The country was inundated with water up to 3.5 metres deep, and more than a million of Myanmar's inhabitants were made homeless.

The earthquake that hit the Chinese province of Sichuan, a region classified as being highly exposed to earthquake, was a further human catastrophe. According to official statistics, around 70,000 people were killed, 18,000 are still missing, 374,000 were injured, and almost five million were made homeless. At the same time, the May earthquake also produced the largest single overall loss of 2008. The total figure of US\$ 85bn made it the second most expensive event of its kind after the Kobe earthquake (Japan, 1995).

Earlier in the year, China had already suffered enormous losses amounting to more than US\$ 21bn due to an unusual cold spell with huge volumes of ice and snow. These had a major impact on the infrastructure in 18 provinces: roads and railways were blocked and in some places destroyed, and the electricity supply collapsed.

When temperatures increase, there is more evaporation and the atmosphere has a greater capacity to absorb water vapour, with the result that its energy content is higher.

Natural catastrophes on the rise

Munich Re's database shows that from 1950 to date the annual number of large natural catastrophes increased from below 3 to 8. This trend is almost exclusively generated by weather related events like storms, floods and droughts. Climate change has already started and is very probably contributing to increasingly frequent weather extremes and ensuing natural catastrophes. These, in turn, generate greater and greater losses because the concentration of values in exposed areas, like regions on the coast, is also increasing further throughout the world. This applies for Florida, for example, but also increasingly for coastal regions in Asia.

The scientific facts are unmistakable: The global average temperature increased about 0.7 degrees Celsius within the past 100 years. According to provisional estimates published by the World Meteorological Organization (WMO), 2008 was the tenth warmest year since the

beginning of routine temperature recording (more than 150 years ago) and the eighth warmest in the northern hemisphere. This means that the ten warmest years ever recorded have all occurred in the last 12 years.

It is now very probable that the progressive warming of the atmosphere is due to the greenhouse gases emitted by human activity. The logic is clear: when temperatures increase, there is more evaporation and the atmosphere has a greater capacity to absorb water vapour, with the result that its energy content is higher. The weather machine runs in top gear, bringing more intense severe weather events with corresponding effects in terms of losses. This relationship is already visible today e.g. in the increasing heavy precipitation events in many regions of the earth, the heat waves, and the hurricanes in the North Atlantic. Also, the loss statistics for 2008 fit the pattern that the calculations of climate models lead us to expect.

2008 catastrophe figures confirm the need for urgent action

The natural catastrophe trends of recent years have shown the need for action for insurance companies:

- Accepting risk only at risk-adequate prices. If the exposure situation changes, the pricing structure has to be adjusted.
- Development of new business opportunities in the context of climate protection and adaptation measures.
- Pressing for effective and binding rules on CO₂ emissions in the international debate, so that climate change is curbed and future generations do not have to live with weather scenarios that are difficult to control. The next climate summit in Copenhagen at the end of 2009 must clearly fix the route for reducing greenhouse gases by at least 50% by 2050 with corresponding milestones. If the delay is too long, it

will be very costly for future generations.

A post-Kyoto protocol is urgently needed because quick and effective action has to be taken to cap further global warming at an additional two degrees Celsius. With this limitation, the effects of global warming are considered by experts to be just about manageable. It will only be reached if all major carbon emittents including the US, China, Russia and India agree upon a settlement. It is hoped that contrary to Kyoto, the new US administration under President Barack Obama will constructively participate in the negotiations and sign the new treaty. Obama has already made promising statements on this important issue. He plans to cut emissions to 80 percent below 1990 levels by 2050 and to support the implementation of an economy-wide cap-and-trade program for carbon emissions.

Action against climate opens new business opportunities

With new coverage concepts and innovative insurance products, the insurance industry can support not only adaptation measures but also the development of climate protection technologies. With new technology - from solar, wind, tidal and wave power, to geothermics and hydrogen technologies - investors and operators need the security provided by risk-transfer solutions. This will open up extraordinary economic opportunities in a dynamic growth sector. An insurance company can be at the forefront of making innovative projects of its clients a reality by covering risks from new technologies that are very complex or involve high investments.

The author is Chief Representative for India, Munich Re Kolkata Representative Office.

Pilot Study on Morbidity Rates

INTERESTING OBSERVATIONS TO THE FORE

G. N. BHASKAR RAU **OBSERVES THAT HOSPITAL ADMISSIONS ARE NOT GENDER-BASED; AND FURTHER THAT THERE IS A TENDENCY IN THE LOWER STRATA OF THE POPULATION NOT TO SEEK HOSPITAL ADMISSION AT HIGHER AGES.**

Introduction

An attempt is made in this pilot study to observe the nature and structure of morbidity rates in a given geographical area (parts of the State of Andhra Pradesh). This study intended to use a base of twenty-five thousand samples drawn from the in-patient records of a few selected hospitals in the state. However, the complete usable samples from the collection of samples came down to 21347 because of removal of incomplete data.

Hypothesis

This study attempts to test the following three hypotheses:

- There is no pattern in the morbidity rates, jointly or severally, with reference to age, gender and / or location of the population;
- Gender variations do not affect the incidence of the morbidity rates across the population;
- Geographical variations do not affect the incidence of the morbidity rates of a given population.

Definition

The word morbidity means ratio of incidence of an illness (Chambers Dictionary, Ed.2002) to the population of a given area. It is also defined as the incidence of a disease in a population (Online Medical Dictionary of University of Newcastle on Tyne).

Though the words “incidence of an illness” and “incidence of a disease” in the above definitions may suggest the incidence of a ‘particular’ or ‘given’ disease, this study defines and studies morbidity as the incidence of any illness or disease in a population. Most of the literature, reviewed by this researcher, on ‘morbidity’ and/or, ‘sickness’ deals with ‘particular’ diseases or comparing different populations with reference to a ‘particular’ disease, etc.¹

However, as already indicated elsewhere, this study intends to examine morbidity rates of the common general public who get hospitalized, as in-patients, for treatment for different types of illness or sickness or morbid states. Since all the

This study intends to examine morbidity rates of the common general public who get hospitalized, as in-patients, for treatment for different types of illness or sickness or morbid states.

five hospitals selected are government general hospitals, it is most likely that the inpatients were all from the lower strata of the society and from the census general population. Further, this study

1. South Wales study & Karnataka study.

is across all sicknesses and not for any single or particular sickness or health complaint, as is done in a majority of earlier studies.²

Limitations of the Study

This study has to be made under certain constraints and limitations.

These limitations are listed below:

- Limitation by definition;
- Limitation by availability of relevant data;
- Limitation by time, labour, cost and efforts.

Limitation by definition

When this study has defined 'morbidity' as 'incidence of any illness or disease', it has put an indirect constraint on itself, because of the WHO definition of 'health' which has not defined morbidity or sickness.

W.H.O. defines 'health' as: "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity". Thus, 'morbidity' is made a reference board to define health. In more recent years, this statement has been modified to include the ability to lead a "socially and economically productive life." Health is also defined as 'the condition of being sound in body, mind, or spirit; especially freedom from physical disease or pain' (Merriam - Webster Dictionary). "Health is freedom from pain in the physical body having attained a state of well-being"³.

Neither the condition of 'health' in an

In practical terms, 'morbidity' in an individual manifests as a reasonably definable and countable 'morbid state' only when it is subjected to medical treatment.

individual nor the condition of 'morbidity' (sickness) is 'constant'; both of them together are in a 'flux'. They compliment each other and travel in a continuum between 0 - 1. Total health of '1' with '0' sickness or total sickness of '1' with health of '0' is beyond real life situation. Further, if morbidity is considered as 'absence of health' it can be viewed that 'morbidity' is a condition in an individual, which is also not 'constant' and which is in a continuum, and also a condition which is

in a flux - like the condition of 'health'.

If all the above statements on 'morbidity' are considered, we may conclude that 'morbidity' is 'absence of health'. Morbidity is a 'risk' and all the features of 'risk' are applicable to it, mainly the 'individual perceptions' playing a greater role. That is why people tend to ignore it or neglect it, till it manifests to a degree or level of severity that the individual feels or perceives it as a 'risk' to be mitigated and an eventual (medical) treatment is considered.

It (morbidity) is not a 'point event' but 'an event always in flux' as compared to 'mortality' (incidence of death) which is always a 'point event'. This also leads us to another very common place situation that an individual may be 'morbid' without being aware of it.

Thus, in practical terms, 'morbidity' in an individual manifests as a reasonably definable and countable 'morbid state' only when it is subjected to medical treatment. May be for this reason and more because it is more reliable to depend upon the hospital records almost all the studies are based on hospital records. In the absence of systematic plan for obtaining data on morbidity in India many studies are being based mostly on hospital attendance. Further, hospitalization may provide a more objective measure of morbidity than self-reported morbidity status as obtained through other methods of data collection.⁴

2. "Regression analysis of recent changes in cardiovascular morbidity and mortality in the Netherlands" – Luc Bonneux et al (1997); "Diarrhea morbidity in children in the Asaro Valley, Eastern Highlands Province, Papua New Guinea" – Michael Wyrsh et al (1998) and such other studies.

3. Definition of "health" by the International Academy of Classical Homeopathy

4. "Sex Differences in Morbidity and Mortality" – Anne Case and Christina Paxson (2004) and other studies.

5. "Gender Differences in self-reported morbidity: evidence from a population-based study in southern Brazil"- Raul A. Mendoza Sassi and Jorge U. Beria (2007).

However, there are also many studies on 'self-reported morbidity' or 'self-rated' morbidity of individuals as against recorded morbidity⁵.

This is the background against which this study is set with 'morbidity' defined as a condition of morbidity which is (medically) 'treated'.

Medical treatment could, again be, in varied types:

- Self-treatment (though not advisable)

- Treatment by quacks / family / private medical practitioner
- Treatment at recognized hospital establishments as out-patients
- Treatment at recognized hospital establishments as in-patients.

Amongst the above, only the last mentioned category of recorded incidence of the morbidity of in-patient treatment of morbid individuals at well established (in this case, government general hospitals) hospitals is the most reliable available data.

Therefore, the present study, which is mainly based on data-analysis techniques, considers only the last mentioned cases as the incidence of morbidity in the population and thus the study suffers from an amount of limitation, as it ignores the other categories of morbid individuals of the population. The above limitation of the study may be acceptably ignored in view of the fact that most of the studies world over are based on similar data-base.

The second major constraint on the study is the availability of data. There are no willing sources to part with the required data. Even the data that is available is, though reliable and sufficient, not discernible in clear and coded terms of ICD codes. They are available in non-standard medical abbreviations. Though this limitation was later, partly, surmounted with the help of the hospital staff. It is also no more a constraint as the study does not purport to consider the "diagnosis of the morbidity" as a

variable for its analysis. Instead, the 'specialty' of the department to which the morbidity belongs is considered as a variable for the study. The 'outcome' is also, in addition, considered as a variable for the study.

The third limitation is in respect of the greater manpower required in data collection, longer time and more costs that are involved for a much wider and longitudinal study of this nature. Therefore, this present study is limited to a two year period (2005 and 2006) only. However, such feasibility would depend upon on the results of this present pilot study and the need for it as a sequel to this study. Therefore this study is only a 'pilot study' on morbidity and its rates.

It should be mentioned here that only admissions into the hospitals only are recorded as samples; that is at the 'entry' point of the illness (morbidity). The data may also include a 'second' or multiples 'admission' with morbidity. Since the year is reckoned as a calendar year (January to December) even the case admitted on the 31st December is also included in the data for study, the 'exposure' to morbidity being one day only and also the outcome not being known for the one year period of study. Due to non-availability of data, the previous existing history of morbidity of an 'admission' is not known for the study. Similarly, readmission after discharge from the hospital is also not known from the case sheets of the hospitals which are the basis for collection of the data for this study.

Readmission after discharge from the hospital is also not known from the case sheets of the hospitals which are the basis for collection of the data for this study.

5. "Gender Differences in self-reported morbidity: evidence from a population-based study in southern Brazil"- Raul A. Mendoza Sassi and Jorge U. Beria (2007).

Objectives of the Study

The main objectives of the present project include:

- To construct a Table of Morbidity (Sickness) Rates;
- To capture the general patterns, if any, of the incidence of morbidity and its rates across the various demographic characteristics of age, gender and location;
- To see whether the observed patterns indicate any movement over the selected period of two years (2005 and 2006) and, if so, its direction and trend;
- To find the possible reasons for such movement and direction;
- To find the demographic variations;
- To find the outcome-pattern of the incidence of morbidity across the demographic variables;
- To find the duration-pattern (severity of morbidity) of the incidence of morbidity across the demographic variables;

- To trace the specialty-patterns of the incidence of morbidity across the demographic variables;
- To find out the feasibility of translating the resultant morbidity rates into serviceable Health Insurance factors, like premium rates.

Data

The data-set collected for the study contains the following variables:

- Age
- Gender
- District of residence (location)
- Date of admission into the hospital
- Date of discharge from the hospital
- Diagnosis of the sickness
- Specialty department
- Outcome

Though it was intended to collect occupation as a variable to study the patterns of the morbidity across occupational status, it was not done as the same was not available from the

hospital records. It was to be used as a proxy variable for social status. As is already mentioned elsewhere, that the hospitals selected are government general hospitals, it may be fairly assumed that the data belonged to the lower and lower middle classes of income and occupations.

The data was collected physically and directly from the in-patient case sheets of the following selected government hospitals:

- Gandhi Hospital, Secunderabad
- Osmania Hospital, Hyderabad
- MGM Hospital, Warangal
- KG Hospital, Visakhapatnam
- Government Hospital, Kurnool

The data was collected for the two years of 2005 and 2006, and a random sample of every twentieth case of the series of the in-patient case sheets of the year was collected. The data collected is given below:

YEAR - 2005				YEAR - 2006		
LOCATION	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL
SECUNDERABAD	1342	793	2135	1376	782	2158
HYDERABAD	1448	733	2181	1551	775	2326
WARANGAL	1200	757	1957	1227	824	2051
VISAKHA	1066	708	1774	1318	728	2046
KURNOOL	1302	1030	2332	1475	1002	2477
GRAND TOTAL	6358	4021	10379	6947	4111	11058

The total sample size came to 21437.

Data Treatment Methods

The data collected in the pre-determined format was entered in to spread sheets and computerized as e-data. The proforma used for collection of the data and also the codification details of the variables are given as Annexure 1.

The data was then classified and tabulated as under:

- Gender-wise distribution of morbidity incidence (events) in quinquennial age groups
- Gender-Location distribution of events in quinquennial age groups
- Gender-wise Outcome distributions of events in quinquennial age groups

The above steps of treatment to the data was conducted,

- for each selected hospital,
- for each selected year, and
- the entire data of the two years and of the five hospitals combined together, location-wise.

The entire data of the morbidity incidences for all the five hospitals and for the two years was then arranged age-wise, both genders put together, for each location and the Crude Morbidity Rates (CMoR) were calculated as rate per one lakh census population of the respective location and these crude morbidity rates for all the locations and for the entire data of 21437 'fitted to curves', and graphs were drawn to see the emerging patterns.

Analysis

Since this is a preliminary report on the pilot study on morbidity rates, it only contains, as a first stage report, the main features, characteristics and patterns of the total data (21437) collected, as a whole. The regional variations, the trend

of 'duration' of hospitalization, gender wise variations for each locality etc will be analysed and discussed, as a second stage to this project study.

Mean, Median and Modal Ages of Morbidity Incidence

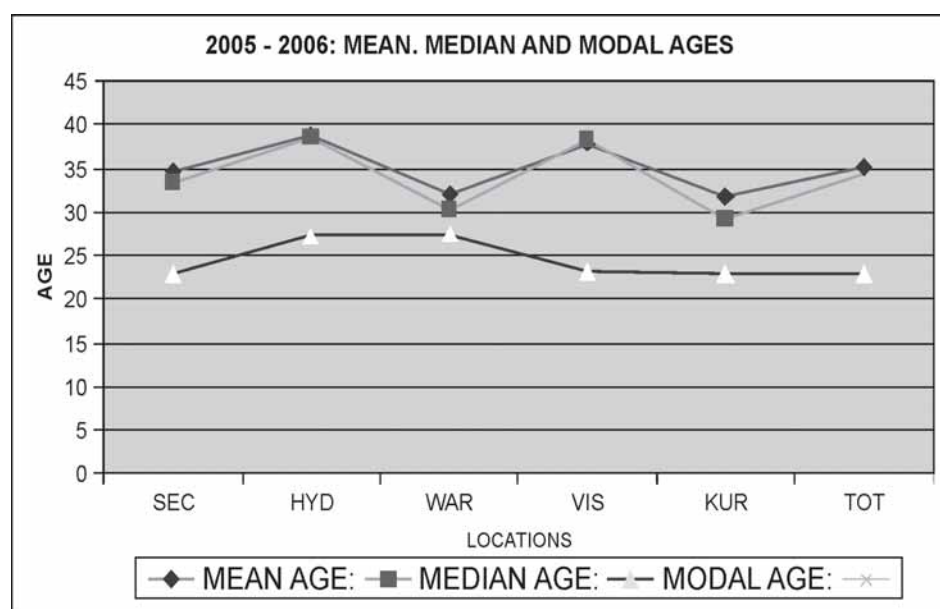
The following table gives the Mean Age, Median Age and Modal Age for the five localities selected for the Study (Secunderabad, Hyderabad, Warangal, Visakhapatnam and Kurnool)

	MEAN AGE	MEDIAN AGE	MODAL AGE
SEC	34.82	33.31	23.02
HYD	38.90	38.66	27.36
WAR	32.10	30.35	27.43
VIS	37.98	38.27	23.27
KUR	31.91	29.32	23.01
TOT	35.08	34.33	22.92

It is observed that the Mean Ages of these localities fall in the age band of 32 - 39, the Median Ages fall in the age range of 29 - 39 and the Modal Ages fall in the age range of 23 - 27.

Actually the data has bi-modal ages - one mentioned above and the other in the age range of 2 - 3. Thus, it is observed that considerable morbidity is incidental to the pediatric age groups, especially age group of 0 - 4. This could also be because of the presence of both the child and adult morbidity incidence together in the data. Segregation of the incidence of morbidity in these two groups of child and adult ages will be taken up for further analysis at the second stage of this study. It is also important to note that there is a greater morbidity incidence in the 'prime youth' age group of 23 - 27.

Similarly it is interesting to note that the mean and median ages fall in the 10-year age group of 29 - 39, mostly proximate, as can be seen from the graph, given below. Looking at the age patterns of these important statistics, it may be construed that people tend to recognize to take care of 'morbidity' more at lower ages, viz., below age 40, and seek hospital admissions for treatment, as is revealed by the data of all the localities under



study. May be that people beyond age 40 who fall sick are less prone to seek hospital treatment. However, further analysis will throw greater light on this aspect.

Weighted Mean Age of Morbidity Incidence

Morbidity and Mortality are the two sides of health contingencies of humans both of which depend, to a great extent, basically and primarily on 'age' factor. Therefore this study built the relationship between 'age' and the incidence of the 'event of morbidity', by giving weightage of the 'age' to the number of 'events of morbidity' at each age and finding the mean, i.e., the weighted mean of the incidence of morbidity.

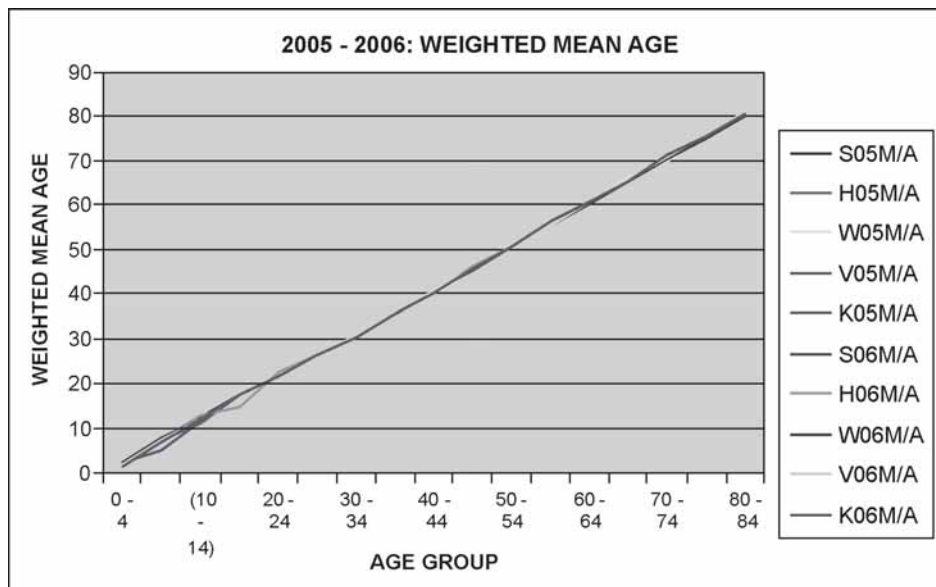
The graph, in respect of the weighted mean ages of incidence of morbidity for all the locations (S: Secunderabad, H: Hyderabad, W: Warangal, V: Visakhapatnam and K: Kurnool), is appended alongside:

It can be observed that there is a tendency for all the weighted mean ages of incidence of morbidity, at all the locations, fall on quinquennial ages, and fall on a straight line gradient of 45° , approximately.

The "heaping" of events of incidence of morbidity particularly at quinquennial ages gives rise to the need of study of the common problem of "age heaping and digit preference" phenomena in such population studies.

Age Heaping

It is a common feature among individuals, who report their own ages or others' ages, to 'round off' the odd ages to the nearest age ending with either 0 or 5. This feature is not uncommon even among well educated and elite populations of advanced countries like US or Europe. This



is a human tendency irrespective of the levels of literacy, social status etc.

There are many measurement techniques to gauge the levels of such 'age heaping' in the sample data, from which we can judge the veracity of the sample data and the reliability of the conclusions and inferences drawn from the sample. There are many statistical tools that are used to test the data under study for their veracity, like Whipple's Index, Myers Index, and United Nation's Age cum Sex Index (UNASI). They usually use age ratios and sex ratios for this process.

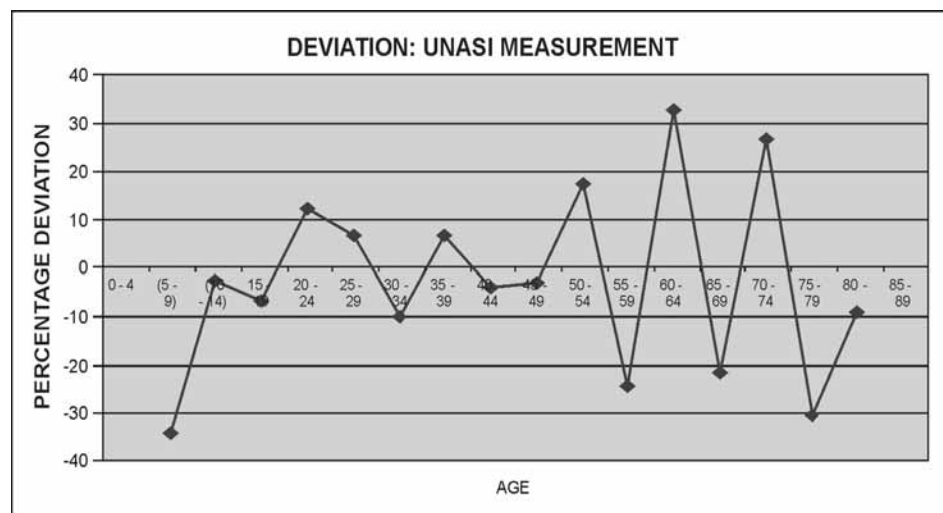
An age ratio may be defined as the ratio of the population in the given age group to one-third of the sum of the populations in the age group itself, and the preceding and following groups, times 100. Barring extreme fluctuations in mortality, morbidity etc, the three age groups should form a nearly linear series and the age ratios will then approximate 100, even though actual historical variations in these factors would produce deviation from 100 in the age ratios. Deviations within limits of ± 10 , generally, indicate that the data is reliable and acceptable for further analysis.

This study has used the most popular method called the "United Nations Age-Sex Index" (UNASI).

The absolute data and the results, in respect of UNASI, are given below:

ENTIRE DATA: UNASI

AGE	GR.TOT	AGE-RATIO	DEVIATION
0 - 4	2073		
(5 - 9)	886	65.57	-34.43
(10 - 14)	1095	97.33	-2.67
15 - 19	1394	93.35	-6.65
20 - 24	1991	111.96	11.96
25 - 29	1950	106.79	6.79
30 - 34	1537	89.94	-10.06
35 - 39	1640	106.47	6.47
40 - 44	1444	95.76	-4.24
45 - 49	1440	96.93	-3.07
50 - 54	1573	117.45	17.45
55 - 59	1005	75.62	-24.38
60 - 64	1409	132.76	32.76
65 - 69	770	78.57	-21.43
70 - 74	761	126.62	26.62
75 - 79	272	69.45	-30.55
80 - 84	142	90.83	-9.17
85 - 89	55		
21437			



However, this method is slightly modified in this study, in that only the age ratios are considered leaving the sex ratios. Since the census population proportions of 'sex' cannot be expected to be reflected in the 'hospital admission population', the sex ratios were not calculated for this study. In other words, hospital admissions are not gender-based. Further, UNASI is used here for the purpose of checking whether the data collected is not biased and is reliable and acceptable for further analysis of the data and to confirm that the inferences drawn from the study are acceptably reliable. Still, it can be seen that gender-wise analysis has been used throughout the study, for inferring the effect of sex on the various aspects of the study, as morbidity will vary by gender; and gender is an important factor not to be ignored in morbidity studies.

The graphical representation of the deviations is given below to capture the results visually. It can be seen from the graph (and also from the above table) that the deviations of the age ratios are well within the acceptable range of $\pm 10\%$ in respect of nine age-groups out of the total sixteen age-groups. Six age groups deviate greatly from the base 100 and

they belong to ages 50 to 84. May be because, people from lower strata of the population at higher ages are not likely to be aware of their age or year of birth.

Or it may also be because people at advanced ages may not prefer 'admissions' into hospitals, especially from this stratum of population.

However, it may be mentioned that since the age-groups of all the age-statistics, like Mean Age, Median Age and the Modal Age are well within the acceptable range of UNASI measurement of $\pm 10\%$, we may consider treating the sample data as reliable to draw meaningful conclusion out of the analysis of the data, to an acceptable degree.

Outcome Distribution

'Outcome' is the result of the hospital admission and treatment, which is very relevant for health providers and also health insurers.

OUTCOME DISTRIBUTION

	2005: TOTAL DATA				2006: TOTAL DATA			
	AGE	RELIEVED	DIED		LAMA	RELIEVED	DIED	LAMA
0-4	443	134	349		881	177	234	
(5-9)	250	33	169		322	33	94	
(10-14)	282	33	222		349	29	128	
15-19	416	51	227		443	48	198	
20-24	526	113	393		534	89	260	
25-29	482	109	396		587	84	302	
30-34	383	90	262		466	87	230	
35-39	414	97	271		520	100	241	
40-44	384	81	255		438	92	185	
45-49	352	94	257		452	88	193	
50-54	393	110	256		485	114	201	
55-59	262	61	153		326	80	132	
60-64	335	105	220		454	121	173	
65-69	176	64	120		246	83	82	
70-74	157	75	94		261	71	102	
75-79	60	30	43		78	35	27	
80-84	36	14	20		47	15	11	
85-89	14	7	6		13	7	10	
	5365	1301	3713	10379	6902	1353	2803	11058
% to total	51.69	12.54	35.77		62.42	12.24	25.35	

All the selected hospitals of the locations have a five fold classification of the end result of the hospitalization and the treatment rendered, like, (a) Cured, (b) Relieved, (c) Died, (d) Left Against Medical Advice (LAMA) and (e) Absconded. Some hospitals club (a) and (b) and label as 'Relieved', and club (d) and (e) under the name 'LAMA'.

This study, however, classified the outcomes under three categories (given below):

- Relieved
- Died
- Left Against Medical Advice (LAMA)

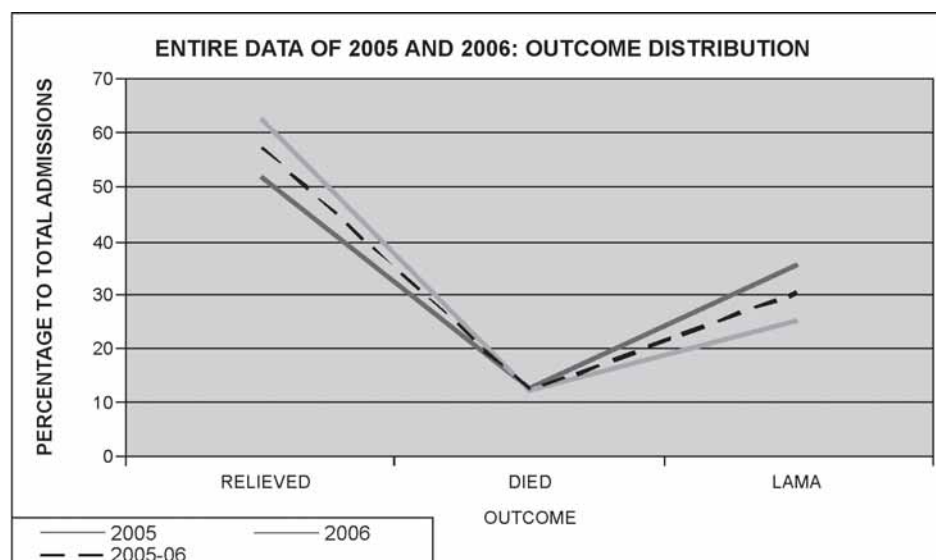
**OUTCOME DISTRIBUTION
2005 - 2006: ENTIRE DATA**

AGE	RELIEVED	DIED	LAMA
0-4	1324	311	583
(5-9)	572	66	263
(10-14)	631	62	350
15-19	859	99	425
20-24	1060	202	653
25-29	1069	193	698
30-34	849	177	492
35-39	934	197	512
40-44	822	173	440
45-49	804	182	450
50-54	878	224	457
55-59	588	141	285
60-64	789	226	393
65-69	422	147	202
70-74	418	146	196
75-79	138	65	70
80-84	83	29	31
85-89	27	14	16
	12267	2654	6516
	21437		
% to total:	57.22	12.38	30.40

The 'Outcome Distributions' for each year of 2005 and 2006 and also for both the years together (2005 - 2006) are given above:

2005 - 2006: ENTIRE DATA - OUTCOME DISTRIBUTION (%)

	RELIEVED	DIED	LAMA
YEAR 2005	51.69	12.54	35.77
YEAR 2006	62.42	12.24	25.35
YRS 2005-06	57.22	12.38	30.40



These outcomes totals are expressed as percentages to the totals of each year are appended below, and also given graphically: (see the last row of each Table above)

It is observed that the positive outcomes with cure and relief from morbidity at almost all the five locations under study seem to be around 52% - 62%. In the absence of the reasons for, or more of the conditions of the inpatients leaving the hospitals against medical advice (LAMA), it is not clear whether those cases will have an effect on the actual 'outcomes' of either 'cured' cases or 'death' cases. This aspect may require a separate study, which is out of the purview of the objectives of the present study.

Similarly, reasons for the 'death' outcomes to be high, possible reasons like

'poor treatment' or the 'conditions of the patients on admission' etc, may have to be analysed as a separate study. Thus, this pilot study brings out many angles of 'morbidity' aspects that may be necessary to capture greater details of 'morbidity' factors. This pilot study reveals a few very important aspects of 'morbidity', based on the data collected and some interesting inferences are drawn and mentioned throughout the report.

The most interesting feature that emerged out of this sample data is the percentage of negative outcomes, namely deaths. In both the years of 2005 and 2006 of the present study separately; and also for the two years put together, the percentage of deaths out of the events of admissions to the hospitals with morbidity incidence is around 12.5 % of the total admissions. This feature may be of important

relevance for both the health insurers and health providers.

Location-wise Outcome Distributions

As can be expected, it is natural for the outcomes of the incidence of morbidity (of hospital admissions) to be varied from location to location. This is so because of the standard of healthcare and nursing provided at each location and each hospital differs.

The outcome distributions at each location for each year of study (2005 and 2006) and also the combined outcome distributions for both the years together are given below in Tables and Graphs.

The interesting feature of this analysis is that whatever was the individual location's experience of deaths out of the total admissions at those locations, the combined ratio of deaths out of the

total combined hospital admissions was around 12.5%. The average death ratio of all the locations together with the total of the hospital admissions was also hovering around 12.5%.

This feature is observed for each year's

and also for the combined two years' data - for each location and also for the entire data of 21437.

The individual outcome ranges are given below:

Year 2005		Average
Relieved	36.49% - 79.88%	58.18%
Died	9.01% - 16.63%	12.82%
LAMA	3.49% - 54.50%	29.00%
Year 2006		
Relieved	40.13% - 81.87%	61.00%
Died	6.06% - 23.17%	14.62%
LAMA	0.88% - 44.86%	22.87%
Year 2005 & 2006		
Relieved	39.92% - 77.78%	58.85%
Died	7.48% - 20.13%	13.81%
LAMA	2.09% - 46.00%	24.04%

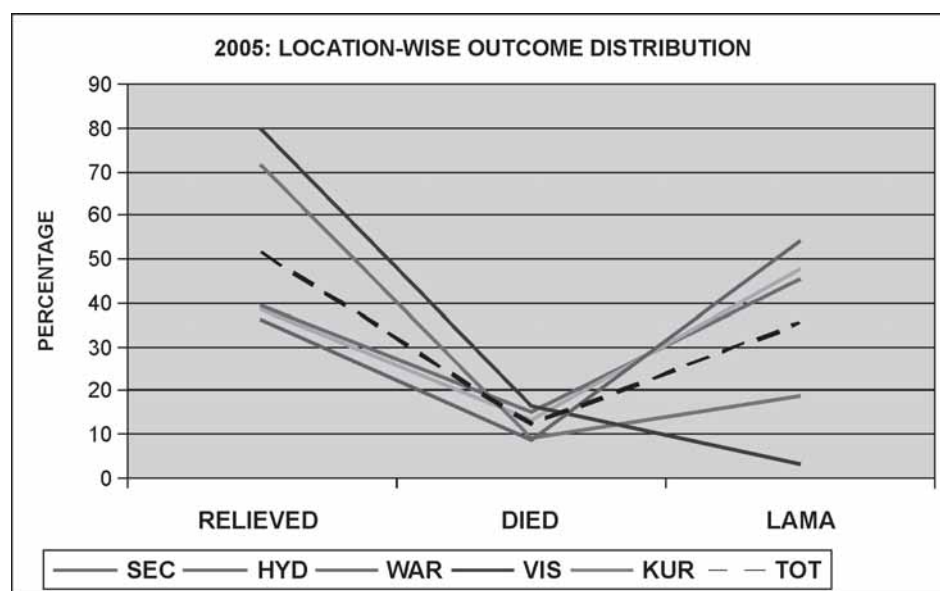
The percentages for each 'outcome' and for each year and also for the two-year combined results are given hereunder in separate Tables and graphs, which are self explanatory.

For the Year: 2005

2005: OUTCOME DISTRIBUTION

LOCATION	RELIEVED	DIED	LAMA
SEC	39.72	14.94	45.34
HYD	38.70	13.66	47.64
WAR	71.79	9.15	19.06
VIS	79.88	16.63	3.49
KUR	36.49	9.01	54.50
TOT	51.69	12.53	35.77

AVGE: 12.65

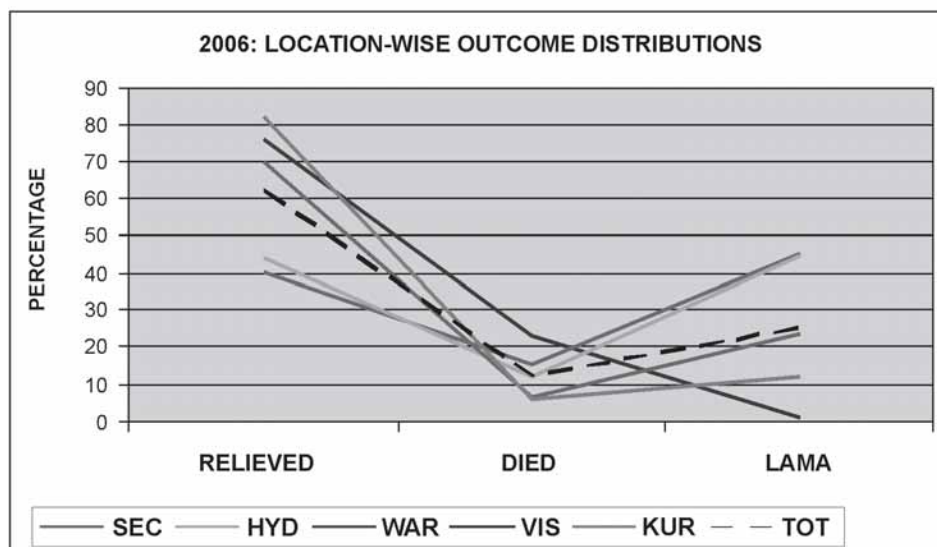


For the Year: 2006

2006: OUTCOME DISTRIBUTION

LOCATION	RELIEVED	DIED	LAMA
SEC	40.13	15.01	44.86
HYD	43.98	11.56	44.46
WAR	69.77	6.63	23.60
VIS	75.95	23.17	0.88
KUR	81.87	6.06	12.07
TOT	62.42	12.23	25.35

AVGE: 12.44







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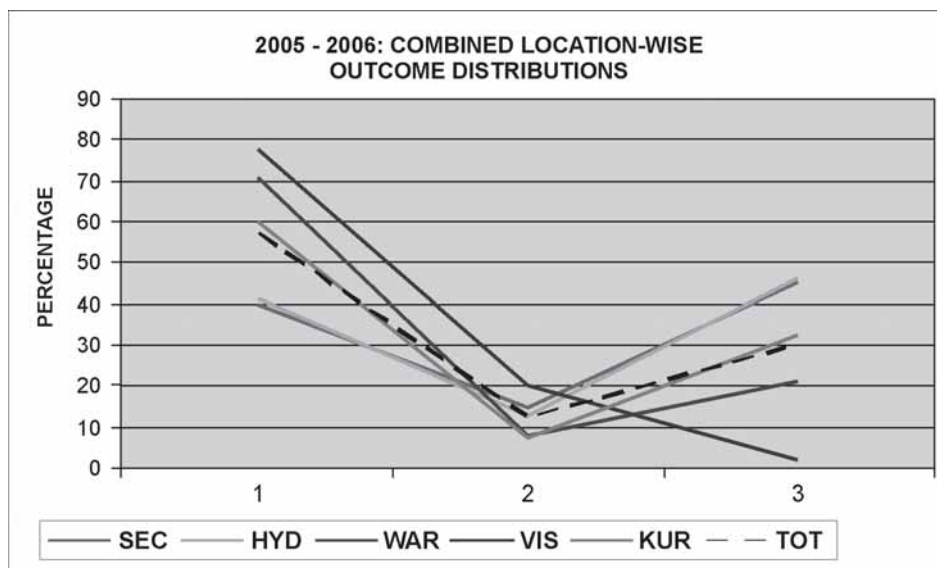
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For the Combined Two Years:
2005 & 2006

2005-2006: ALL LOCATIONS DATA

LOCATION	RELIEVED	DIED	LAMA
SEC	39.92	14.98	45.10
HYD	41.42	12.58	46.00
WAR	70.76	7.86	21.38
VISA	77.78	20.13	2.09
KUR	59.87	7.48	32.65
TOTAL	57.22	12.38	30.40

AVGE: 12.59



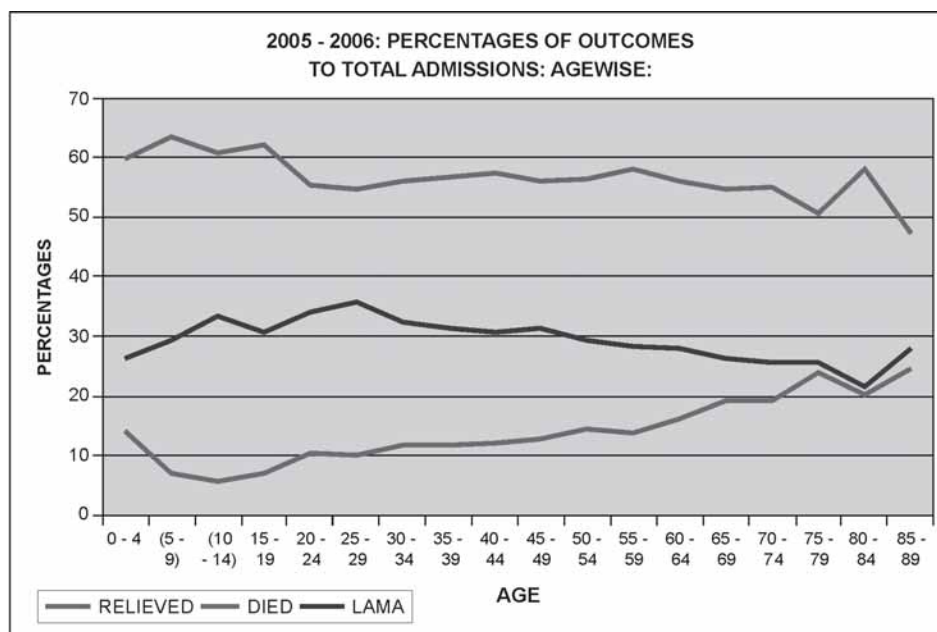
Further, the percentages of the outcomes group-wise of ages are also calculated and the results are given below. Graphical representation of the results is also given below.

We may treat the total number of hospital admissions as the 'morbid population' exposed to the risk of death, and the death outcomes as the cases where the risk has manifested itself while the 'relieved' cases as those who have 'managed the risk'.

However, the cases who have 'left against the medical advice' (LAMA) may have to be treated as still 'exposed' to the said risk, manifestation of which is not known to us, unless a separate follow-up study is made exclusively.

It is interesting to observe that there are a greater percentage of cases leaving the hospitals against medical advices (LAMA) in the age groups of 20 - 25 and 25 - 29, the peak being in the age group of 25-29.

(To be continued)



The author is Senior Faculty, Institute of Insurance and Risk Management, Hyderabad.



● प्रकाशक का संदेश

एक मुक्त वातावरण में यह अपेक्षित है कि सबसे योग्य व्यवसायी सबसे सफल रूप से उभरेंगे। यह भी वैसे नहीं कहा जा सकता की बाजार की स्वतन्त्रता परिशुद्ध है तथा सफलता को पूर्णता में मापा जाता है। बीमा बाजार के निजी प्रतिभागियों के लिए खुलने के बाद बाजार का सामर्थ्य कार्य सूची में प्रमुखता से शामिल है। फिर भी प्राशुलक की निरंतरता जो करे पुकार की श्रेणियों के लिए अभेदकारी महत्वकाक्षा को नियंत्रण में रखने के लिए या वह व्यवसायियों के लिए अपना सर्वोत्तम सामने रखने के लिए एक बड़ा अवरोध था। कुछ वर्ष पहले बाजार को स्वतन्त्रता देने के लिए पहला कदम प्राशुलक मुक्ति के लिए उठाया गया। व्यवसायियों की परिपक्वता के दर्शन बड़े पैमाने पर किसी बड़ी विफलता के न होने के रूप में होते हैं।

सम्पूर्ण उदारिकरण की परिकल्पना की गणना के साथ व्यवसायियों को यह स्वतन्त्रता दी गई है। व्याकलन घट बढ़ को फाईल करें जो अब तक प्रशुलक में या साथ ही योगिक सहित आवरण आग्र अभियांत्रिकी औद्योगिक सम्पूर्ण जोखिम तथा मोटर (ओ डि) के लिए फाईल करें। जबकि यह अब भी आंशिक प्रवस्था में है, मुझे इस पर कोई संदेह नहीं है की यह सीमित स्वतन्त्रता उन कई व्यवसायियों के लिए लम्बा साथ देगी जो कल्पना शीलता के साथ ग्राहक को वस्तुनिष्ठ उत्पाद दे रहे हैं यह अधिक प्रभावी बाजार की तरफ ले जायेगा।

संचार माध्यमों में ऐसी रिपोर्ट आती है जो प्रायः कहती है कि यह कदम धीरे धीरे सम्पूर्ण स्वतन्त्रता के दरवाजे खोल देगा और एक प्रकार से विकास को रोक देगा। इस बात को ध्यान में रखते हुए की सम्पूर्ण उदारता के बाद कुछ बाजारों का क्या हुआ जैसा भारत में बीमा के संबन्ध में जो अनुभव रहा है यह अनुभव किया गया है कि स्वतन्त्रता को निसंतरता के साथ छोड़ना उद्योग के बेहतर हित में है। मुझे कोई शक नहीं है कि व्यवसायियों की परिपक्वता तथा देश में साधारण जनता को बढ़ती हुई जागरूकता यह सुनिश्चित करेगी कि बाजार की सम्पूर्ण स्वतन्त्रता एक वास्तविकता बनेगी, अभी या देरी से।

जर्नल के इस अंक के केन्द्र बिन्दु में उत्पादों का विशिष्ट रूप से निर्माण करना है। प्रायः यह कहा जाता है कि ग्राहक व्यवसाय में सबसे महत्वपूर्ण है तथा यही व्यवसाय का आधार स्तंभ भी है। लेकिन क्या उसे उसका देय मिलता है? “ग्राहक को उचित व्यवहार देना” जर्नल के अगले अंक के केन्द्र बिन्दु में होगा।

जे. हरि नारायण

जे. हरि नारायण
अध्यक्ष

//

दृष्टि कोण

विश्वव्यापी बीमा बाजार में पुनर्बीमाकर्ताओं की भूमिका को हम कम करने आकलन नहीं कर सकते उनकी झटकों को सहने की क्षमता जिसमें शामिल है सभी प्राकृतिक महाविपदाओं के प्रति क्षमता।

श्री अल ग्रेस

अध्यक्ष, आई.ए.आई.एस. तकनीकी समिति

लेखा परिक्षकों की भूमिका को विधि द्वारा परिभाषित किया गया है तथा हम बीमा क्षेत्र में इसे पुनर्परिभाषित नहीं कर सकते। लेकिन हम यह सुनिश्चित कर सकते हैं की लेखा परिक्षक उत्तरदायित्व के साथ कार्य करें तथा बीमा कंपनियों की वित्तीय स्थिति की वास्तविक तरवीर प्रस्तुत करें।

श्री जे. हरि नारायण

अध्यक्ष, बीमा विनियामक विकास प्राधिकरण, भारत

मजबूत शोधन क्षमता विनियमों के चलते अभी तक बीमा उद्योग अन्य वित्तीय सेवाओं की अपेक्षा बेहतर स्थिति में है।

श्री रोजर सोविगे

एन.ए.आई.सी. के अध्यक्ष तथा न्यू हम्पीशायर के बीमा कमीशनर

ब्रोकर जो गिरवी पर सलाह देते हैं उन्हें यह सुनिश्चित करना चाहिये की ग्राहक बिना कारण भविष्य में वित्तीय संकट का सामना न करें।

सुश्री जार्जिना फिलिप्पो

खुदरा अनुपालन की अध्यक्ष, एफ.एस.ऐ, यू.के.

क्या पालसी धारक की बीमारी की अवस्था में या आसक्षक्ता की स्थिति में पालसी के लाभ देने चाहिये, वह यह धन वित्तीय आवश्यकतों को पूरा करने के लिए कर सकता है।

श्री लिम हू कियाग

व्यापार उद्योग के भंगीतथा उपअध्यक्ष सिंगपुर की मोनेटरी एथोरिटी

आस्ट्रेलिया की प्रुडेंशल विनियामक प्राधिकरण (ए.पी.आर.ए.) यह उद्देश्य पूरा करने में लगा है कि बीमा समुह वित्तीय रूप से सक्षम हो तथा समुहों की परस्पर संबन्ध में किसी प्रकार का समझौता न किया जाए। ए.पी.आर.ए. द्वारा प्रभावित व्यक्तिगत बीमाकर्ता को समुह के अन्दर वित्तीय सुदृढ़ता को निश्चित करता है।

श्री जोन टाऊब्रिज

ए.पी.आर.ए. के कार्यकारी सदस्य

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ग्रामीण बीमा विपणन - सम्भावनाएँ एवं चुनौतियाँ

प्रमोद कुमार वर्मा कहते हैं कि ग्रामीणों का जीवन शहरी व्यक्तियों की तुलना में ज्यादा जोखिमों एवं अनिश्चितताओं से भरा है।

(पिछले अंक से आगे)

ग्रामीण बीमाकर्ताओं के सम्मुख विपणन की समस्याएँ

कोई भी व्यापारिक संस्था चाहे वो उत्पाद से सम्बन्धित हो या सेवा क्षेत्र से अपने लक्ष्य को प्राप्त करने हेतु विपणन रणनीति को प्रतिपादित करती है जिसके अन्तर्गत मूलरूप से विपणन कार्यक्रम को तैयार कर व्यावसायिक उद्देश्यों को प्राप्त किया जाता है। ग्रामीण क्षेत्रों में बीमापत्र के विपणन की सबसे बड़ी समस्या भी इन्हीं विपणन कार्यक्रम पर आधारित है, यदि बीमाकर्ता ग्रामीण बाजार के पर्यावरण एवं उपभोक्ताओं की आवश्यकता को समझकर इन विपणन कार्यक्रम में सन्तुलन स्थापित करें तो वे ग्रामीण क्षेत्रों में बीमा बाजार का विस्तार करके अपने लक्ष्य को प्राप्त कर सकते हैं। इस विपणन कार्यक्रम के अन्तर्गत मूल रूप से उत्पाद, मूल्यन, वितरण एवं संवर्धन को शामिल करते हैं।

ग्रामीणों की आवश्यकतानुसार बीमा उत्पादों का न होना: संयुक्त रूप से जीवन एवं सामान्य बीमाकर्ताओं के पास आज हजारों से अधिक बीमापत्र उपलब्ध है² जिनमें कुछ निजी कम्पनियों को छोड़कर सभी के पास एक जैसी ही बीमा पत्र है जो बीमापत्र शहरों में उपलब्ध हैं उन्हीं को ग्रामीणों को भी उपलब्ध कराया जाता है जबकि शहरी एवं ग्रामीण उपभोक्ता, दोनों की क्रय क्षमता

एवं समझ में अन्तर है। यह कितना ठीक है? कि शहरी बीमापत्र को ग्रामीणों तक पहुंचाया जाए। ग्रामीणों की आवश्यकताओं के अनुरूप उनके आय को ध्यान में रखकर बीमापत्र तैयार करना चाहिये जिससे ग्रामीण भी बीमा पत्र के प्रति आकर्षित हो सकें।

बीमापत्र का उपयुक्त मूल्यन: जीवन बीमा में प्रीमियम को दैनिक, साप्ताहिक, पाक्षिक, मासिक,

जीवन बीमा में प्रीमियम को दैनिक, साप्ताहिक, पाक्षिक, मासिक, तिमाही, छमाही इत्यादि रुपों में भुगतान किया जाता है।

तिमाही, छमाही इत्यादि रुपों में भुगतान किया जाता है किन्तु सामान्य बीमा में सबसे बड़ी समस्या बीमापत्र के लिए एकमूश्त प्रीमियम का भुगतान करना है, जिसकी वजह से सामान्य बीमा व्यापार जीवन बीमा से कम विकसित हो पाया है।³ इसके साथ ही दो मुख्य कारण, पहला प्रीमियम का ग्रामीणों की आय एवं बचत से अधिक तथा दूसरा ग्रामीणों की अनियमित आय, बीमाकर्ताओं को बीमापत्र के मूल्यों को ग्रामीणों के लिए इस तरह निर्धारित करना चाहिए कि वे अपने बीमापत्र का नियमित भुगतान सरलता एवं बिना किसी समस्या के कर सकें यदि किसी आकस्मिक घटना होने के कारण वे अपनी प्रीमियम का नियमित भुगतान नहीं कर पाते तो प्राधिकरण को कुछ ऐसे नियम जरूर बनाने चाहिए जिससे ग्रामीणों का पैसा भी न डूबे तथा जोखिम आवरण (कवर) भी बना रहे यदि वे पुनः बीमापत्र को नियमित चलाना चाहें तो चला सकें और उसकी परिपक्वता पर जितने प्रीमियम का भुगतान बीमाधारी नहीं कर पाया है तो वे उस राशि को कम करके उन्हें परिपक्वता पर प्राप्त हो जाये।

बीमापत्र का वितरण: गाँवों में बीमापत्रों का निचले स्तर तक पहुंचाने में अभिकर्ताओं की अहम भूमिका होती है किन्तु अभिकर्ताओं द्वारा बीमापत्रों के विक्रय के समय ग्रामीणों की सुरक्षा

2. Dalal Street, Vol. XXII, No. 24, Nov. 12-25, 2007, Choosing the one from a mixed bag" Mehbob charohies, p. 116.

3. Rao, G.V., Micro Insurance in Rural India the Regulatory Challenges, Insurance Chronicle, ICFAI Press, Hyderabad, April 2008, p. 23.

बीमाकर्ताओं को विशेष रूप से ग्रामीणों के दृष्टिकोणों को बदलना एवं उनमें बीमा के प्रति जागरुकता पैदा करना जिससे वे विभिन्न प्रकार की जोखिमों का सामना कर सकें।

पर कम ध्यान बल्कि अपने कमीशन पर अधिक ध्यान केन्द्रित रहता है वे केवल उन्हीं पालिसियों का संवर्धन करते हैं जिस पर उनको अधिक कमीशन प्राप्त हो। वितरण लागत को कम करने के लिए ग्रामीण क्षेत्रों में उपस्थित छोटे एवं बड़े संगठनों से, जिसमें गैर सरकारी संगठन सहकारी बैंक, बीज वितरण केन्द्र आँगनवाड़ी, पंचायत केन्द्र, शिक्षकों, स्वयं सहायता समूह, सूक्ष्म वित्त संस्थानों से मिलकर (गठबंधन) स्थापित करके वितरण लागत पर नियंत्रण किया जा सकता है। इस प्रकार लागत पर नियंत्रण प्राप्त कर ग्रामीण उपभोक्ताओं को इसका लाभ सस्ते बीमापत्र के रूप में प्रदान किया जा सकता है।

संवर्धन के माध्यम से रुचि एवं जागरुकता उत्पन्न करना: बीमाकर्ता के लिए प्रमुख चुनौती ग्रामीणों में बीमा पत्र के लिए रुचि एवं जागरुकता पैदा करना है। बीमाकर्ताओं द्वारा ग्रामीणों को जोखिमों के विरुद्ध निपटने हेतु बीमापत्र को एक उपकरण की तरह प्रयोग हेतु प्रेरित करना चाहिए। बीमाकर्ताओं को विशेष रूप से ग्रामीणों के दृष्टिकोणों को बदलना एवं उनमें बीमा के प्रति जागरुकता पैदा करना जिससे वे विभिन्न प्रकार की जोखिमों का सामना कर सकें। बीमाकर्ताओं द्वारा “विज्ञापन, विक्रय संवर्धन, व्यक्तिगत विक्रय, प्रत्यक्ष विक्रय तथा सार्वजनिक सम्पर्क के माध्यम से”⁴ बीमा पत्र को ग्रामीणों तक आसानी से पहुँचाया जा सकता है।”

इन चुनौतियों के अतिरिक्त बीमाकर्ताओं के सम्मुख निम्न चुनौतियाँ भी हैं -

आवश्यक प्रपत्रों को प्राप्त करने में कठिनाई: मृत्यु प्रमाण पत्र की सरकारी औपचारिकताओं को ग्रामीणों द्वारा साधारणतः पूरा नहीं किया जा सकता इसके लिए उन्हें पंचायत या ग्राम पंचायत, सरपंच तथा ग्राम प्रधान द्वारा दिये गये मृत्यु प्रमाण पत्र को बीमाकर्ताओं द्वारा स्वीकार करना चाहिए। यदि किसी ग्रामीण की दुर्घटना में मृत्यु हो जाती है तो इसके दावे के लिए FIR (प्रथम सूचना प्रतिवेदन) के प्रमाण को प्रस्तुत करना आवश्यक है, लेकिन ग्रामीणों का यह मनोविज्ञान है कि सज्जन लोग पुलिस के चक्कर में पड़ेगें तो बदनामी होगी और उनकी प्रतिष्ठा भी खराब होगी। बीमाकर्ताओं को चाहिए कि ग्रामीण समुदाय के मुखिया से ही इसका प्रमाण प्राप्त करें।

आइ.आर.डी.ए. 1999 की धारा 32 सी एवं 32 बी के अनुसार “ग्रामीण एवं सामाजिक क्षेत्रों के

दायित्वों” को पूरा करने हेतु किसी भी नई निजी बीमा कम्पनियों को, जिसको लाइसेन्स निर्गमित किया गया है उसे अपने प्रथम पाँच से दस वर्षों में कुछ निश्चित संख्या एवं प्रतिशत में ग्रामीण क्षेत्रों में व्यापार करना अनिवार्य है चाहे वह जीवन या सामान्य बीमा कम्पनी हो।⁵ इसके दबाव के चलते बीमाकर्ता इस लक्ष्य की पूर्ति हेतु ग्रामीण एवं सामाजिक क्षेत्रों में कार्य करती हैं, फिर भी वे ग्रामीणों के आवश्यकतानुसार बीमा पत्र निर्माण पर ध्यान कम दे पाती है। प्राधिकरण की स्थापना के आठ वर्ष की अवधि के दौरान बीमा व्यवसाय ने अपना सबसे अच्छा निष्पादन दिया है किन्तु विश्व के अन्य देशों की तुलना में अभी भी बहुत पीछे है। प्राधिकरण की वार्षिक रिपोर्ट में भारती एक्सा तथा श्रीराम जीवन बीमा कम्पनियों ने अपने इस लक्ष्य की पूर्ति नहीं कर सकी है। भारती एक्सा के लक्ष्यों में 266 बीमापत्रों की कमी न्यूनतम लक्ष्य को प्राप्त करने में रही जबकि दूसरी ओर श्रीराम कम्पनी इसके बहुत पीछे रही।⁶ जिस पर प्राधिकरण अधिनियम की धारा 105(B) तथा 105(C) को ध्यान में रखकर पाँच लाख का श्रीराम कम्पनी पर जुर्माना लगाया गया।⁷ जबकी सामान्य बीमा कम्पनियों में न्यू इण्डिया इश्योरेन्स कम्पनी लि. ने ग्रामीण एवं सामाजिक क्षेत्र का दायित्वों को पूरा नहीं कर सकी।⁸

ग्रामीण क्षेत्रों में स्वास्थ्य बीमा, कृषि बीमा एवं दुर्घटना बीमा एक चुनौती: स्वास्थ्य पर ग्रामीणों द्वारा सबसे कम ध्यान दिया जाता रहा है डाक्टर के पास जाने से पहले हर सम्भव धरेलू उपचार से इलाज करने का प्रयास किया जाता, जब सारे प्रयत्न विफल हो जाते हैं, तभी ग्रामीण व्यक्ति डाक्टर के पास जाता है। आय कम होने

4. Kotler and Armstrong, "Principle of Marketing, Pearson Education Publication, Tenth Edition, Year 2005.

5. www.irdaindia.org (IRDA 1999, Amended Act 2008.)

6. IRDA, Annual Report 2006-07, p. 38.

7. Rao, G.V., Op.cit.

8. Annual Report, Op.cit., p. 39.

के कारण वे अपने स्वास्थ्य पर कम ध्यान देते हैं, यदि स्वस्थ बीमा के क्षेत्र में बीमाकर्ता ध्यान केन्द्रित करे तो ग्रामीण बाजार उनके लिए एक अच्छा अवसर होगा। कुल जी.डी.पी. में 22 प्रतिशत का योगदान कृषि क्षेत्रों का है और इस पर देश की 65-70 प्रतिशत ग्रामीण जनसंख्या निर्भर है, देश के अभी बहुत से राज्यों में तो कृषि बीमा के बारे में लोग जानते तक नहीं, इसके साथ ही दुर्घटना बीमापत्र के लिए भी ग्रामीण क्षेत्रों में विपणन की अपार सम्भावनायें हैं।

बीमा सम्बन्धी विवादों एवं परिवेदनाओं का शीघ्र निपटारा: ग्रामीण क्षेत्रों में देखा गया है कि

अभिकर्ताओं द्वारा ग्रामीणों को बीमापत्र सम्बन्धी सही जानकारी प्रदान नहीं की जाती। वे इस बात पर ध्यान नहीं देते की ग्रामीण बीमापत्र के प्रीमियम को जमा करने में सामर्थ्य हैं या नहीं, बीमापत्र बेचने का प्रयत्न करते हैं जिसके कारण ग्रामीणों द्वारा बीमापत्र की परिपक्वता या दावे की राशि प्राप्त करने में कई विवाद जन्म ले लेते हैं। ग्रामीणों में जानकारी के अभाव के कारण अधिकतर वे इसके लिए शिकायत नहीं कर पाते। बीमाकर्ताओं को चाहिए कि ग्रामीणों को बीमा से सम्बन्धी सुरक्षा एवं सेवाओं से पूरी तरह तृप्त करें यदि किसी प्रकार का विवाद या दोष है तो उसे कुछ निश्चित दिनों में शीघ्र से शीघ्र हल करके ग्रामीणों को पूर्ण सन्तुष्ट करें।

सूचना में सामंजस्य की स्थिति का अभाव: सभी बीमाकर्ताओं द्वारा संचार माध्यमों को अपनाकर शहरों एवं गाँवों तक पहुंचने का प्रयास किया जा रहा है, जहाँ पर एक ओर शहरों की स्थिति यह है कि वहाँ पर होर्डिंग, पोस्टर एवं विज्ञापनों की बाढ़ सी स्थिति है जहाँ शहरी उपभोक्ता खुद यह निर्णय लेने में असमर्थ है कि कौन सबसे उपयुक्त बीमापत्र है। दूसरी ओर गाँवों में इन सूचना तकनीकों का अभाव है ग्रामीणों के पास केवल अपने निकटवर्ती या अभिकर्ताओं से बीमापत्रों के बारे में सुनी सुनाई बातें ही हैं उनके पास इतनी सूचना भी नहीं है कि वे अपनी आवश्यकताओं को ध्यान में रखकर बीमापत्र का चुनाव कर सके। “इसलिए बीमा उद्योग से सम्बन्धित कम्पनियों को अपने उत्पाद के लिए सूचना तकनीक प्रणाली का पर्याप्त उपयोग करना चाहिए।”⁹ “इस स्थिति से छुटकारा पाने हेतु बीमाकर्ताओं को ऐसे विज्ञापन एवं संचार तकनीकों का प्रयोग करना लाभकारी होगा,

जो उपभोक्ताओं को बीमापत्र की सुरक्षा एवं क्षतिपूर्ति सम्बन्धी सूचना दें। इस तरह के विज्ञापन को उपभोक्ता अन्य दूसरे विज्ञापनों की तुलना में अच्छा मानते हैं।”¹⁰ संचार का प्रमुख उद्देश्य, जो संदेश बीमाकर्ता ग्रामीणों को पहुँचाना चाहते हैं वे उसी रूप में ग्रामीणों तक पहुँचे और संचार के अर्थ को ग्रामीण समझ सकें”¹¹

ग्रामीणों को बीमापत्र सेवाओं के चुनाव में मार्गदर्शन का अभाव: बीमा क्षेत्र में आज सभी कम्पनियों के पास अनेक बीमापत्र हैं किन्तु यह समस्या मुख्य रूप से ग्रामीणों की है, जिन्हें इतनी जानकारी ही नहीं की उनके लिए कौन सा बीमा पत्र उपयुक्त है। इस समस्या को हल करने हेतु बीमाकर्ताओं को अपने यहाँ बीमा ग्राहक एवं सेवा सलाहकार को नियुक्त करना चाहिए, जो उनकी आय एवं जोखिमों की प्राथमिकता के आधार पर उचित बीमापत्र अपनाने हेतु सुझाव दे सके जहाँ पर हित केवल ग्राहकों का हो, इसी से ग्राहकों में आत्मसन्तोष की वृद्धि एवं बीमा खण्डन में कमी होगी तथा बीमा व्यापार में वृद्धि होगी, इससे ग्रामीण क्षेत्रों में बीमा का विस्तार किया जा सकेगा।

ग्रामीण बीमा विपणन की सम्भावनाएँ
वर्तमान में ग्रामीण बीमा बाजार ऐसा बाजार है जहाँ पर सभी विपणनकर्ताओं की निगाहें टिकी हैं इसके पीछे सबसे बड़ा कारण ग्रामीण उपभोक्ताओं की विशाल जनसंख्या एवं इस जनसंख्या का 81 प्रतिशत बीमा विहीन होना, दूसरा कारण ग्रामीणों की शिक्षा एवं जागरूकता के स्तर में दिन प्रतिदिन वृद्धि और तीसरा कारण बढ़ती अर्थव्यवस्था के कारण ग्रामीणों के आय में भी वृद्धि होती जा रही है बीमाकर्ताओं के लिए ग्रामीण बीमा बाजार

ग्रामीण क्षेत्रों में देखा गया है कि अभिकर्ताओं द्वारा ग्रामीणों को बीमापत्र सम्बन्धी सही जानकारी प्रदान नहीं की जाती।

9. Ketan, Madia, Insurance in Global Scenario, Executive Chartered Secretary, August 2005, Volume II, p. 734.

10. Velayudhan, S.K. Rural Marketing — Targeting the Non-Urban Consumer, Response Business books from Saga, New Delhi, Year 2007.

11. Kotler and Armstrong, "Principle of Marketing, Eastern Economic Edition, Prentice Hall Eleven Edition, Year 2006, p. 431.

सोने की चिड़ियां हैं, क्योंकि NCAER की रिपोर्ट से स्पष्ट है कि शहरों में मात्र 32 प्रतिशत तथा ग्रामीण क्षेत्रों में 19 प्रतिशत लोगों के पास बीमा पत्र है।¹²

भारत में लगभग 6,40,000 से भी अधिक गाँव हैं जो कुछ जनसंख्या का 70 प्रतिशत है 76 करोड़ व्यक्ति लगभग भारत के गाँवों में रहते हैं CSO द्वारा 2003 वर्ष में किये गये सर्वेक्षण में स्पष्ट किया कि “विश्व की 12.4 प्रतिशत जनसंख्या भारतीय गाँवों में रहती है जो विश्व का सबसे विशाल बाजार है।”¹³

सन् 1991 की जनगणना में भारत की कुल साक्षरता दर 52.21 प्रतिशत थी जिसमें पुरुष 64.13 प्रतिशत तथा महिलायें 34.29 प्रतिशत शिक्षित थी जो वर्ष 2001 में कुल साक्षरता दर 65.38 प्रतिशत है ग्रामीण क्षेत्रों में कुल साक्षरता 61 प्रतिशत आंकी गयी जिसमें पुरुषों की 72 प्रतिशत तथा महिलाओं की 49 प्रतिशत साक्षरता दर है।¹⁴

ग्रामीण उपभोक्ताओं में बढ़ती शिक्षा एवं जागरूकता ने ग्रामीण बाजार में नये माँग एवं विभिन्न प्रकार के क्रेता उत्पन्न हुए हैं इस बदलाव को सबसे अधिक नयी पीढ़ी में देखा गया है कि वे अपने को शहरी उपभोक्ताओं की तुलना में किसी भी प्रकार से कम नहीं मानते उनके द्वारा ब्राण्ड वस्तुओं के उपभोग में निरन्तर वृद्धि हो रही है आज गाँव में क्रेताओं में देखा जा रहा है आज का ग्रामीण उपभोक्त वस्तुओं का उपभोग शहरी उपभोक्ता की तुलना में अधिक उत्सुकता के साथ प्रयोग कर अपने को सन्तुष्ट करते हैं इन सभी के पीछे बढ़ती हुई शिक्षा प्रमुख कारणों में एक सबसे बड़ा कारण है।

ग्रामीण बीमा बाजार बड़े अवसर को प्रदान करता है जहाँ पर बीमाकर्ताओं का निम्न स्तर पर प्रदेश है।

भारत की अर्थव्यवस्था तीव्र गति से विकास की ओर बढ़ रही है, कृषि क्षेत्रों में न्यायपूर्ण वितरण एवं वसूली तथा विकास एवं पैदावार ने विकासदर 2007-08 में 4.5 निर्माण क्षेत्रों में 8.8 तथा सेवा क्षेत्रों में विकास दर 11.8 प्रतिशत आँका गया। इस प्रकार 2007-08 वर्ष में सकल घरेलू उत्पाद में 9.0 प्रतिशत वृद्धि रही जबकि वर्ष 2006-07 में यह विकास दर 9.6 प्रतिशत रहा।¹⁵ वैश्विक मंदी के चलते वर्ष 2007-08 में देश की विकास दर 7.6 प्रतिशत थी। अर्थव्यवस्था में वृद्धि के कारण लोगों की प्रति व्यक्ति आय में भी वृद्धि हो रही है “वर्ष 2007-08 में प्रति व्यक्ति आय 24,321 रुपये रहा जबकि जनवरी 2008 में यह 24,256 रुपये प्रति व्यक्ति आय था जो गत वर्ष में 22,553 रुपये था जबकि प्रति व्यक्ति

विकासदर वर्ष 2007-08 में 7.8 प्रतिशत रहा।¹⁶ इससे स्पष्ट है कि भारतीयों की आय में वृद्धि हो रही है।

संक्षेप में, बीमा कम्पनियों का दृष्टिकोण ग्रामीण बीमा बाजार के लिए विनियोजक जैसा होना चाहिए जहाँ ग्रामीण बाजार में बीमाकर्ताओं द्वारा व्यवसाय करना गाँवों की धरती पर बीज बोने जैसा ही है, बीमा कम्पनियों को ग्रामीण बाजार हेतु नये उत्साह से इस बाजार के अवसरों को भुनाने हेतु लग जाना चाहिए। बीमाकर्ताओं को ग्रामीण उपभोक्ताओं की आवश्यकता की पूर्ति हेतु एक अलग से विपणन कार्यक्रम का विकास करना आज की जरूरत है। ग्रामीण बीमा बाजार बड़े अवसर को प्रदान करता है जहाँ पर बीमाकर्ताओं का निम्न स्तर पर प्रदेश है, इस बाजार को भुनाने हेतु बीमाकर्ताओं के पास एक सुदृढ़ एवं मजबूत सूचना प्रणाली होना आवश्यक है। जो ग्रामीण बाजारों की जोखिमों तथा उनकी सम्भावनाओं की पहचान सकें तथा ऐसी अवधारणा का विकास करे जिससे ग्रामीण बीमा विपणन के द्वारा ग्रामीण उपभोक्ताओं की आवश्यकता को पूरा किया जा सके। विविधता वाले इस बाजार को ठीक तरह से समझना, आवश्यकतानुसार बीमापत्र उपलब्ध करना, बीमा पत्र का विभेदीकरण करना तथा विपणन रणनीति को अपनाने से ग्रामीण बीमा विपणन के उद्देश्यों को कुशलतापूर्वक पूरा किया जा सकता है, जिसका मुख्य उद्देश्य ग्रामीण क्षेत्रों में जीवन एवं सामान्य बीमा के माध्यम से ग्रामीणों को सम्पूर्ण रुप से सुरक्षित करना है।

लेखक बनारस हिन्दु महाविद्यालय, वाराणसी में कामर्स अध्यापक हैं।

12. Insurance Chronicle, ICFAI Press Hyderabad, April 2008, p. 10.

13. NCAER Report, 2003.

14. Census of India 2001 (www.censusofindia)

15. Press Information Bureau Government of India, CSO, Ministry of Statistics and Programme Implementation, New Delhi, 30 May, 2008

16. Op.cit.

बीमा प्रशिक्षक ऐसा हो...

सुचित्रा विटवेकर कहती हैं बीमा विषय में निरंतर ज्ञानार्जन आवश्यक है। वही प्रशिक्षक ऐसा है जो विद्यार्थी को ज्ञानार्जन की निरंतरता बनाये रखने में उत्प्रेरक का कार्य करे।

हू आ यूँ की एक बीमा कंपनी के शाखा प्रबंधक से बीमा प्रशिक्षण पर चर्चा का अवसर मिला, जहाँ वे एक ओर अपनी टीम मैनेजर को अधिक से अधिक अभिकर्ता बनाने पर जोर डाल रहे थे वहीं उनका यह स्पष्ट मत था कि यो अभिकर्ता ट्रेनिंग में रुचि लेता है वह फील्ड में असफल हो जाता है।

एक प्रशिक्षक होने के नाते मैं यह वाक्य सुनकर स्तब्ध रह गई और सोचने पर विवश थी कि क्या वाकई में ऐसा ही होता है? फिर ऐसा है, तो क्या बीमा विनियामक को अभिकर्ता प्रशिक्षण अनिवार्य नहीं करना चाहिए था? या प्रशिक्षण की प्रक्रिया में कहीं कमी है या अभिकर्ता बनाते वक्त चयन प्रक्रिया में खामी है और विचारों का यह ताना-बाना आज भी चल रहा है।

इंटरनेट पर एक आलेख पढ़ा “स्टॉप वेस्टिंग मनी ऑन ट्रेनिंग” जिसमें रोचक बात यह थी कि हर वर्ष सफलता अर्जित करने वाले अभिकर्ताओं का यह मत है कि कार्य में परिणाम की कमी का प्रमुख कारण हर बार कुशलता या ज्ञान की कमी न होकर वातावरण जन्य होता है जैसे कि अपेक्षाओं में अस्पष्टता, अपर्याप्त व असामयिक फीडबैक, आवश्यक जानकारी तक न पहुँच पाना, अपर्याप्त यंत्र संसाधन, प्रक्रियाएं, कार्य में बाधाएं, प्रशासनिक अड़चनें आदि।

पर जब कभी भी प्रदर्शन में कमी रहती है तो सबसे पहला आरोप प्रशिक्षण पर ही लगता है, तो क्या प्रशिक्षण बंद हो जाना चाहिए। परन्तु गौर से इस यक्ष प्रश्न को सुलझाएं तो हम पायेंगे कि बीमा प्रशिक्षण में जब तक पोस्ट-ट्रेनिंग फीडबैक व

वोकेशनल प्रशिक्षण के आवश्यक तत्व न जोड़े जाएं तब तक प्री-लायसेंसिंग प्रशिक्षण वैसा ही होगा जैसा हाईस्कूल में हम फ्रेंच या जर्मन पढ़ते हैं और स्कूल से बाहर पढ़ते ही उसे भूल जाते हैं अर्थात बीमा प्रशिक्षण के पहले और बाद की गतिविधियों वास्तविक प्रशिक्षण से अधिक महत्वपूर्ण हैं। यहीं से बीमा प्रशिक्षक कैसा हो इस विचार को मैं आगे बढ़ाती हूँ।

बीमा विषय की आवश्यकता है - निरंतरता। जहां बीमा ज्ञान महत्वपूर्ण है वहीं ज्ञान का उपयोग ही अभिकर्ता को सफलता दिलाता है और इसीलिए बीमा प्रशिक्षक को एक कोच की भूमिका निभाना चाहिए।

‘कोचिंग’ इस शब्द का अर्थ एक एथलीट बेहतर समझते हैं क्योंकि उन्होंने अनुभव किया है कि निरंतर कोचिंग का क्या महत्व है। यही प्रश्न एक विक्रयकर्ता या कर्मचारी से पूछे कि कोच की परिभाषा क्या है? तो शायद वह स्पष्ट न कर पाये क्योंकि इसका अनुभव उन्होंने नहीं किया है।

अभिकर्ता को एक एथलीट की तरह हर सफलता, असफलता के बाद आवश्यकता होती है - विश्लेषण, सलाह व मार्गदर्शन की। एक कोच मानसिक रूप से अभिकर्ता से जुड़े होने पर जान सकता है कि आखिर क्या वजह है कि अभिकर्ता का ज्ञान व कुशलता उसे सफलता नहीं दे पा रही है। क्या घर संबंधी परेशानी बाधक है या वह स्वयं अपने किसी अनुभव से पूर्वग्रसित होकर आगे नहीं बढ़ पा रहा है।

एक कोच अपने से जुड़े अभिकर्ता को सिर्फ बीमा तक सीमित न रखकर उसे एक पूर्ण व्यक्ति के

रूप में जानकर आगे बढ़ने को प्रेरित कर सकता है। वह उसे विपरीत परिस्थिति में स्वयं पर नियंत्रण करना सिखा सकता है, काउंसलिंग देकर उसका आत्म संबल बढ़ा सकता है, उसे असंभव कार्य को संभव करने का गुरु मेत्र भी दे सकता है। ठीक उसी प्रकार जैसे “चक दे - इंडिया” टीम के कोच बने शाहरुख ने अपनी कमजोर प्रतीत होने वाली टीम में जोश का वो जज्बा जगाया कि वह विश्व चैंपियन बन बैठे।

बीमा क्षेत्र में कोई सफलता अंतिम सफलता नहीं होती और कोई हार निर्णायक नहीं होती। इसीलिए लगातार प्रदर्शन के लिए निरंतर मार्गदर्शन की आवश्यकता होती है जो प्रशिक्षण के साथ-साथ कोचिंग के द्वारा दी जाना चाहिए। निश्चित ही परिणाम सुखद होंगे।

लेखक डायरेक्टर, इंडियोरेंस हाउस, भोपाल।

मुद्रास्फीति

रोहन विटवेकर कहते हैं मुद्रास्फीति सामान्य व्यक्ति की दृष्टि से समझाने के इस प्रयास में लेखक ने बीमा के परिपेक्ष्य में इसकी व्याख्या की है।

एक स्टूडेंट होने के नाते और हॉस्टल में रहने के कारण मुझे अपने खर्च का सही तरीके से प्रबंध करना होता है। पहले मेरा प्रतिदिन खर्च लगभग 100 रु. होता था। लेकिन वर्तमान में यह खर्च लगभग 150 रु. है। इसके लिए मुद्रास्फीति को धन्यवाद। इसका प्रभाव हमारे मैस पर भी पड़ा। उसकी फीस बढ़ा दी गई क्योंकि सब्जियों और खाने-पाने के सामानों का मूल्य बढ़ गया। मैं आजकल अपने पिताजी से मेरे अकाउंट में ज्यादा से ज्यादा पैसा ट्रांसफर करने का बोलता रहता हूँ। मुझे इस बात का पूरा विश्वास है कि मुद्रास्फीति का प्रभाव सिर्फ मुझ पर नहीं है प्रत्येक व्यक्ति के जीवन पर किसी न किसी प्रकार इसका प्रभाव पड़ा है।

मुद्रास्फीति के प्रभाव पर चर्चा करने से पहले इसकी आधारभूत चीजों को हमें समझाना चाहिए। मुद्रास्फीति को सामान्य मूल्य स्तर में बढ़ोत्तरी या रुपए के मूल्य में लगातार कमी के रूप में परिभाषित किया जा सकता है।

इस परिभाषा से कई सारे तथ्य निकलकर आते हैं जैसे मुद्रास्फीति सामान्य मूल्य स्तर में बदलाव को दर्शाती है न कि दो वस्तुओं में आपसी परिवर्तन को। इस प्रकार के बदलाव समग्र रूप से मूल्यों के स्तर स्थिर होने पर भी सामान्य होते हैं दूसरा है कि इस प्रकार के बदलावों का एक लंबे समय तक जैसे एक दिन, सप्ताह, और एक माह तक लगातार बने रहना आवश्यक है तभी इसे मुद्रास्फीति का प्रभाव माना जाएगा।

मुद्रास्फीति का बीमा पर प्रभाव

जीवन बीमा पर मुद्रास्फीति के प्रभाव का विश्लेषण करने से पहले हमें बीमा में बीमा विनियामक एवं विकास प्राधिकरण द्वारा निर्भाई जाने वाली भूमिका को समझाना होगा। आई.आर.डी.ए. द्वारा बीमा उद्योग के लिए कई सारी शर्तें विशेषतया शोधन-क्षमता और निवेश को लेकर बनाई गई हैं। निजी

बीमाकर्ताओं को 150 प्रतिशत का शोधन-क्षमता मार्जिन रखना होता है ताकि जीवन बीमा कंपनियां हर समय अच्छी स्थिति में रहें। आई.आर.डी.ए. ने पॉलिसी-धारकों के फंड के निवेश के लिए भी कई सारे कड़े प्रतिबंध लगाए हैं। निवेश के लिए मार्गदर्शिका में सबसे मुख्य मार्गदर्शिका है जो कि आई.आर.डी.ए. ने जीवन बीमाकर्ताओं पर लागू की है जो कि बीमाकर्ताओं को अपने फंड्स को विश्वव्यापी बाजार में विनियोजित करने पर प्रतिबंधित करती है। इस प्रकार हम कह सकते हैं कि आई.आर.डी.ए. की इन शर्तों और प्रतिबंधों के द्वारा पॉलिसी धारकों को विश्वास हो जाना चाहिए कि उनका पैसा सुरक्षित हाथों में है। भारत में बीमाक्षेत्र में अवसर और इसमें वृद्धि की अपार संभावनाएं हैं। यह भारत के तेजी से बढ़ते हुए उद्योगों में से एक है। 2008-09 की पहली तिमाही में इस उद्योग की वृद्धि 14 प्रतिशत से भी ऊपर थी तथा निजी बीमाकर्ताओं की प्रथम वर्षीय प्रीमियम दर पिछले वर्ष की तुलना में 73 प्रतिशत अधिक थी।

अभी के हालात में जहाँ आई.आर.डी.ए. विदेशी निवेश को 49 प्रतिशत तक करने पर विचाररत है। उम्मीद की जा सकती है कि बीमा क्षेत्र का प्रसार और विस्तृत होगा। बीमा सुरक्षा के साथ ही निवेश के विकल्प के रूप में बढ़ेगा।

मुद्रास्फीति को रोकने के उपाय

मुख्य चीजें हैं जो कि विश्वस्तर पर मौजूद हैं और वो हैं, तेल की कीमतें और खानपान का भंडारण। हॉ समस्या भले ही विश्वव्यापी हो लेकिन भारत के लिए इसका समाधान स्वयं भारत के पास है।

जहाँ तक खाने की वस्तुओं के भंडारण का प्रश्न है इसके लिए एक और हरित क्रांति की आवश्यकता है। क्योंकि भले ही तकनीकी और बाकी चीजों में कितना भी परिवर्तन हुआ हो पर आज भी जनसंख्या का 60 प्रतिशत कृषि से

रोजगार प्राप्त करता है। यह बात मुझे आश्चर्य में डालती है कि सरकार उत्पादकता को बढ़ाने के लिए दूसरी हरित क्रांति की ओर ध्यान क्यों नहीं दे रही है। दूसरा है ऑइल, ऑइल के लिए कोई सरल तरीका नहीं है क्योंकि मुझे नहीं लगता कि श्री पी.चिदंबरम (पूर्व वित्त मंत्री) इसे आयात की जाने वाली ड्यूटी को बंद करेंगे क्योंकि सरकार को राजस्व की प्राप्ति का यह एक बड़ा साधन है क्योंकि उन्हें 70,000 करोड़ रु 3 माह में चुकाने हैं।

इसलिए उनके लिए इस कर को रोकना असंभव है, हॉ इसका दीर्घवधि समाधान भारत के पास नहीं पर अमेरिका के पास जरूर है। अमेरिका को अपने ऑइल के उपयोग को कम करना चाहिए जो कि लगभग 200 मिलियन बैरल प्रतिदिन है जबकि भारत में यह उपयोग 2.7 मिलियम बैरल है।

आर.बी.आई. की मौद्रिक नीति का उद्देश्य दूसरे नजरिये से होना चाहिए कि किस तरह से देश के उत्पादन और उसकी उत्पादकता को बढ़ाया जाए, बजाए इसके कि खुदरा मूल्य प्रणाली के बढ़ने पर प्रतिबंध लगाया जाए इसके अलावा यदि मौद्रिक नीति पर मुद्रास्फीति का प्रभाव आया तो साख की उपलब्धता जटिल हो जाएगी जबकि ऐसा नहीं होना चाहिए।

यह विश्वास करना कठिन है कि भगवान ने हमें सब कुछ दिया है 1.1 बिलियन जनसंख्या 20-30 भाषाएं, 10-20 धर्म, 100-200 जातियाँ 8 आई.पी.एल. टीम लेकिन ऑइल सिर्फ 18 बिलियन बैरल।

इस उथल पुथल व मंदी से निपटने के कई उपाय हो सकते हैं और बीमा में निवेश भी अच्छा विकल्प है।

लेखक एक विद्यार्थी।

Report Card: General

GROSS PREMIUM UNDERWRITTEN FOR AND UP TO THE MONTH OF DECEMBER, 2008

(Rs.in Crores)

INSURER	DECEMBER		APRIL - DECEMBER		GROWTH OVER THE CORRESPONDING PERIOD OF PREVIOUS YEAR
	2008-09	2007-08	2008-09	2007-08 *	
Royal Sundaram	65.51	56.17	592.51	495.90	19.48
Tata-AIG	61.82	61.79	670.87	589.48	13.81
Reliance General	179.12	209.10	1495.20	1524.47	-1.92
IFFCO-Tokio	109.37	91.77	1041.46	800.13	30.16
ICICI-Iombard	250.21	276.57	2721.87	2624.67	3.70
Bajaj Allianz	195.44	197.37	1997.34	1712.89	16.61
HDFC ERGO General	30.77	20.34	234.36	168.51	39.07
Cholamandalam	58.50	38.50	525.93	387.52	35.72
Future Generali \$	22.64	0.18	123.83	1.04	11832.95
Universal Sompo #	4.57	0.00	7.06	0.00	
Shriram General @	19.74	0.00	57.31	0.00	
Bharti AXA General @	3.90	0.00	7.83	0.00	
New India	508.72	397.25	4112.58	3883.44	5.90
National	374.60	330.21	3198.40	2922.10	9.46
United India	385.14	318.25	3139.74	2765.60	13.53
Oriental	342.12	296.23	2970.93	2894.90	2.63
PRIVATE TOTAL	1001.60	951.79	9475.57	8304.60	14.10
PUBLIC TOTAL	1610.58	1341.94	13421.65	12466.04	7.67
GRAND TOTAL	2612.19	2293.72	22897.22	20770.64	10.24
SPECIALISED INSTITUTIONS:					
1.Credit Insurance					
ECGC	71.48	53.70	537.39	473.96	13.38
2.Health Insurance					
Star Health & Allied Insurance	62.86	54.51	381.62	153.50	148.61
Apollo DKV	7.84	0.00	33.30	0.00	
Health Total	70.70	54.51	414.92	153.50	170.31
3.Agriculture Insurance					
AIC	40.89	21.46	581.58	573.59	1.39

Note: Compiled on the basis of data submitted by the Insurance companies

\$ Commenced operations in November, 2007.

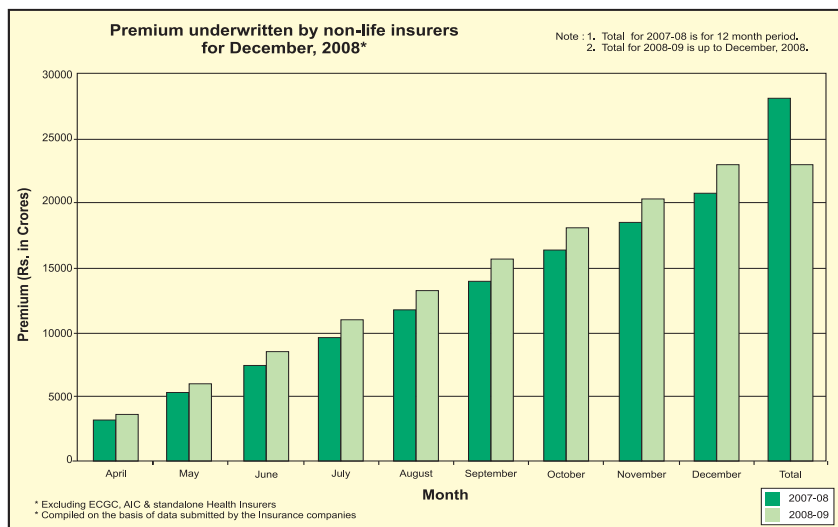
Commenced operations in February, 2008.

@ Commenced operations in July, 2008.

* Figures revised by insurance companies

Note : The figures published in the Journal for the months of Sept, Oct & Nov be read as below:

	2008-09	2007-08	2008-09	2007-08
PRIVATE TOTAL (September)	956.01	813.45	6512.26	5441.62
GRAND TOTAL (September)	2353.32	2125.42	15595.96	13902.02
PRIVATE TOTAL (October)	1020.32	983.18	7532.55	6424.79
GRAND TOTAL (October)	2457.79	2383.28	18059.89	16285.69
PRIVATE TOTAL (November)	941.42	928.01	8473.97	7352.81
GRAND TOTAL (November)	2225.54	2220.96	20281.82	18507.30





“विम्याच्या हक्कासाठीची सर्व कागदपत्रं मी पाठवली त्याला आता तीन आठवडे झाले ... ते पैसे लवकर पाठवतील अशी आशा आहे.”

“होय, पाठवतीलच. सर्व कागदपत्रं व्यवस्थित असतील तर त्यांना ३० दिवसांच्या आत दाव्याची रक्कम द्यायची असते. तसा नियमच आहे !”

विमा नियामक आणि विकास प्राधिकरण (आय आर डी ए), ही भारतातील विमा उद्योगाचे पर्यवेक्षण करणारी संस्था विमाधारकांच्या हिताचे रक्षण करते. आयआरडीएने घालून दिलेले काही नियम खालीलप्रमाणे आहे :

- संबंधित सर्व कागदपत्रे मिळाल्यानंतर विमा कंपनीने ३० दिवसांच्या आत हक्काचे पैसे देणे वा काही वाद असल्यास तसे विमाधारकाला योग्य त्या कारणांसहित कळवणे भाग असते.
- प्रस्ताव स्वीकारल्यापासून ३० दिवसांच्या आत विमा कंपनीने संभवता विमाधारकाना प्रस्ताव पत्राची प्रत मोफत देणे आवश्यक असते.
- प्रस्ताव मिळाल्याची पावती दिल्यानंतर १५ दिवसांच्या आत त्यावर विचार होऊन तसे विमा कंपनीने कळवणे भाग असते.
- आवश्यक ती सर्व कागदपत्रे दिल्यानंतर पैसे चुकते होण्यास विलंब झाला तर विमा कंपनीला तेवढ्या काळासाठीचे व्याज देणे गरजेचे असते.

- जीवन विमा घेणाऱ्या धारकाला (पॉलीसी घेतल्याच्या तारखेपासून) १५ दिवसांचा काळ हा पॉलीसी रद्द करण्यासाठी 'फ्री लुक पिरिअड' (मोफत निरीक्षण काळ) म्हणून मिळतो.
- विमाधारकाने कोणत्याही कारणास्तव संपर्क केल्यास १० दिवसांच्या आत विमा कंपनीने प्रतिसाद देणे आवश्यक असते.



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view point

We can't underestimate the role reinsurers play in the efficient functioning of the global insurance market through their shock-absorbing capacity, including against major reinsured natural catastrophes.

Mr Al Gross

Chair of the IAIS Technical Committee

The auditors' role is defined by law and hence we can't redefine their responsibility in the insurance sector. But we need to ensure that auditors do a responsible job and give an accurate picture of the insurance companies' financial position.

Mr J Hari Narayan

Chairman, Insurance Regulatory and Development Authority, India

So far the insurance industry is in much better condition than most of the rest of the financial services sector because of strong state solvency regulations.

Mr Roger Sevigny

NAIC President and New Hampshire Insurance Commissioner

Brokers advising on mortgages need to give suitable advice to ensure that customers are not unduly exposed to financial hardship in the future.

Ms Georgina Philippou

Head of Retail Enforcement, FSA, UK

Should the insurance policy pay out benefits in the event of the policy owner's illness or disability, he will be able to use these monies to meet his financial needs.

Mr Lim Hng Kiang

*Minister for Trade & Industry;
and Deputy Chairman, Monetary Authority of Singapore*

Australian Prudential Regulation Authority (APRA) is aiming to ensure that insurance groups are financially sound and that group interrelationships do not compromise the financial soundness of individual APRA-authorised insurers within the group.

Mr John Trowbridge

APRA Executive Member