

PRESIDENTIAL ADDRESS

57TH ANNUAL CONFERENCE AT MUMBAI



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2012



INSURANCE INSTITUTE OF INDIA,
PLOT C-46, 'G' BLOCK, BANDRA-KURLA-COMPLEX, MUMBAI-400051

Esteemed Chief Guest Dr. Rajan Welukar, Council Members, Members of the Administration Committee, Members of the Board of Education, Colleagues at the Institute and fellow Professionals,

It is my privilege to welcome you all to the 57th Annual Conference and 111th Council Meeting of Insurance Institute of India. After a long time the City of Mumbai has the honour of hosting this event and I am happy to be a part of the conference.

When I say that I am happy that Mumbai is hosting this event, I have quite a few reasons for saying so.

First of all, Mumbai has been an integral part of the development of insurance in India. In the year 1803, a Great Fire raged through the Indian part of the crowded port town of Bombay, which was the hub of cotton and cloth trade between India and the west. The tragedy that razed many localities turned out to have a positive effect on the indomitable spirit of the people who seized the opportunity and built the city anew, to a better plan. **The importance of insurance as a mechanism, covering the risks of life, warehoused merchandise, buildings and their contents grew in the process.**

Later in the century, especially during the American Civil War between 1861 and 1865, Bombay grew as a centre of cotton trade. British and Indian traders and industrialists, who became wealthy and powerful in this process, were well aware of insurance.

In those days, however, overseas life insurance companies were looking only after the needs of European community; Indian “natives” were not being insured. Later on Indian lives were insured as sub-standard lives with heavy extra premiums. Indian Companies

like Bombay Mutual Life Assurance Society of 1870 and Bharat Insurance Company of 1896 came up inspired by nationalism and patriotic motives, carrying the message of 'social security through insurance' to various sections of society and Indian lives got covered at ordinary or normal rates. The Swadeshi movement of 1905-1907 led to the formation of more insurance companies across the country managed by Indians.

Another tragic incident that was integral to the growth of insurance in Mumbai was the Bombay Docks Explosion of 14 April 1944, in the Victoria Dock. Freighter SS Fort Stikine carrying a mixed cargo of cotton bales, gold, and 1,400 tons of ammunition and explosives caught fire and was destroyed in two giant blasts, scattering debris, sinking or damaging 27 ships and setting fire to the area. It took three days to bring the fire under control. Cold statistics - 1,376 known deaths (many more unknown), thousands injured, 34,639 tons of shipping destroyed, 55,000 tons of grain intended for human consumption, likewise thousands of tons of other food articles, ammunition, war equipment, textiles, timber and machinery. 50,000 people from 6,000 firms thrown out of work, 3,000 made destitute, more than a million tons of rubble and debris.

The inquiry into the explosion identified several reasons ranging from storage of cotton bales, non-labeling of hazardous cargo, lack of care in handling and storing explosives, using steam injectors to contain the fire and delay in alerting the local fire brigade that form the rudiments of modern day risk management studies.

The government took full responsibility for the disaster and monetary compensation was paid to citizens who made a claim for loss or damage to property. Two things happened – the National Fire Safety Week is observed from 14th to 21st February every year throughout the country and insurance awareness increased in the country with Mumbai as the hub.

There are many other matters that add to the importance of Mumbai. Three Indians, the only three, whose names figure in the international 'Insurance Hall of Fame' were from Mumbai. Sir Joseph Arnould who was knighted and appointed to the bench of the erstwhile Supreme Court of Bombay in 1859, was a known expert of Marine insurance. Mr. B. K. Shah, who entered the insurance business in India in 1933, is remembered for his contributions while leading New India - introducing Machinery Breakdown and Credit insurance, decentralizing of insurance operations and a number of innovations in the Indian market. The third recipient, Prof. G. S. Diwan is known for developing the actuarial profession in India, as a practitioner and as a teacher of the subject. Incidentally, Mr. M.G.Diwan, son of Prof. G.S.Diwan and a former Chairman of LIC was associated with Insurance Institute of India. Mr. M.G.Diwan was President of the Institute from 1985 to 1987. He was the Dy.Chairman (Board of Education) from 1992 to 2004 and was Advisor to the President from 2004 to July, 2011).

Let me thank the Mumbai Insurance Institute, which was formed in 1955 and is as old as the Institute itself, for hosting this Council Meeting. On behalf of Insurance Institute of India, I thank the President, Office bearers and all Members of Mumbai Insurance Institute for taking a lot of pains and making all the arrangements to make this event last in our memories for a long time.

For those who are not from Mumbai, many parts of the city are history in brick and mortar. Of course, many are well known like the Gateway OF India, Flora Fountain (Hutatma Chowk), Asiatic Library, the Prince of Wales Museum (since rechristened as Chatrapati Shivaji Maharaj Vastu Sangrahalaya) and Chatrapathi Shivaji Terminus (CST), a fusion of Venetian Gothic style and traditional Indian style of architecture built with cast-iron rails, Italian marble and stone carvings of birds and rodents all around. Lesser known sights include the Bhikhaji Behramji Well at Churchgate, named after a penniless Parsi, who came to Mumbai on foot from Bharuch in Gujarat around the year 1715. Then there is the Army Navy building, the cast-iron frame of which was imported from Britain, the David Sassoon Library and so on.

Mumbai is also the city of art, culture and celebrations. The Jehangir Art Gallery, the National Centre of Performing Arts and the famous “Ganpati” Festival all are part of Mumbai. I am sure; you will have a good glance of the city before you leave.

Friends, I am quite happy to meet you all at this august forum – the Annual Conference of Insurance Institute of India. I have been closely observing the activities of the Institute and I am happy to find that the Institute continues to be on the growth trajectory and to my satisfaction.

The reform process continues. I note that having completed conversion of entry level study material into the internationally accepted Self-Learning Methodology, Insurance Institute of India is going ahead with conversion of other study material. I am also happy that after successfully launching E-learning modules for the four papers of Licentiate, E-Learning facility is being extended for more courses.

I am glad that we are in the process of reaching out to more professionals in the insurance industry in the process of building the next generation of domain experts.

Areas like question paper pattern, evaluation system and on-line and offline examination system need constant improvement. Online registrations and payments have stabilized. By launching its own new look webpage the Institute has used information technology to give better value to Members.

The Credit Point System has been successful in bringing in a lot of choices for the Institute’s Members. Today, they can design their academic studies in line with their job needs and company priorities. The Credit Point System allows candidates considerable

relief as they will get credits for all the papers that they have passed till now. Their present credits are consolidated and preserved for a five year period.

All Members of Insurance Institute of India are now allowed to create their profile on the III website where they can see their entire history of insurance academics with the Institute. They can check and verify the papers passed and credit points earned. III's new website has linkages to payment gateways. Members can find the details of the payments made and plan academic activities. Continuous Professional Development Program is now available on III's website.

The need for conducting seminars across the country was discussed at this forum. Financial support has been extended to Associated Institutes for conducting Local, National and International Seminars. It is heartening that Associated Institutes have responded to this call and conducted Seminars locally. During the last year, I am happy to note that **twelve** Associated Institutes have conducted **eleven** National Seminars and **five** local seminars on matters of current importance as well as in core domain areas. While Agra, Calicut, Ernakulam, Jalpaiguri, Karnal, Mysore, Varanasi and Vijayawada conducted one Seminar each, Lucknow and Udaipur conducted two Seminars each and Indian Insurance Society, Kolkata could conduct three Seminars. I would like every Associated Institute to conduct at least two seminars in their locality. Even if the number of Seminars are not high, there should have good academic content and serious minded speakers as panelists/ speakers.

During the last one year, the Institute has started conducting seminars, under the College of Insurance banner. In November 2011, a Seminar on IRDA's directives to the insurance companies on "Economic Capital Requirement and Financial Condition Reporting" (ECR+FCR) was conducted by the College. Speakers at the Seminar included Actuaries and Finance Professionals in the industry.

A National Conference was conducted by the Institute on the theme 'Back to the Basics' in January 2012. The Conference was inaugurated by Mr. J.Harinarayan, Chairman, IRDA. It was a very special occasion because insurance professionals came together to discuss matters with a purely academic focus. Senior Thought Leaders of the earlier generation headed panels on Life Insurance, General Insurance and Insurance Distribution. Thirteen distinguished industry experts were on the panels attended by around 250 delegates representing the entire industry including insurers, brokers, third party administrators, surveyors and senior agents. I am happy that the Conference could bring the importance of the basics in this fast growing and challenging sector of insurance, for a purely academic discussion.

College of Insurance conducted a Seminar in March relating to managing 'Natural Catastrophes'. A Seminar on Bancassurance was conducted by the College in June 2012 involving speakers from Banking and Insurance industries. Similarly, the College held two Workshops focusing of frauds in Health Insurance, in February and May 2012 where Institute could connect with a good number of medical professionals who have chosen for careers in insurance companies and TPAs.

Faculty Members of the College of Insurance were invited to speak at a Seminar on 'Natural Catastrophes' sponsored by IRDA and National Disaster Management Authority at Delhi in April and a Seminar on Insurance Regulation conducted by Royal Monetary Authority of Bhutan and the International Association of Insurance Supervisors at Bhutan in June. I am happy that the College could conduct a training program for a Sri Lankan insurance company in Colombo in July.

The Insurance Institute has been recognized by the international community. It has entered into a reciprocal system of conducting examinations with the Canadian Insurance Institute, whereby Indians in Canada can write III examinations in Canada and Indians can write Canadian insurance examinations in India. III has been accepted

as a Member of the “International Insurance Society” recently. The International Association of Insurance Supervisors, the apex body of all insurance regulators across the globe, has granted III the status of ‘Observer’.

I note that in June 2012, United Nations Environment Program – Finance Initiative had come up with four ‘Principles of Sustainable Insurance’. It is a matter of immense pride for the Indian Insurance Industry and to all of us associated with III that the UN body has recognized Insurance Institute of India as a ‘Supporting Institution’ for this purpose. I am told that a Seminar of III and UNEP-FI is being planned early next year.

The College conducted five rounds of Competency Development Program for Office Bearers and Trainers of Associated Institutes. This move is a great step in rejuvenating Associated Institutes by empowering the key persons with awareness, managerial skills and some soft skills so that they can perform better in their own localities. So far, 95 key persons from 37 Institutes and 4 ALCs have been trained. The CDP Program is still going on. I am extremely happy to see these efforts of the Institute in empowering the Associated Institutes and transforming them into hubs of learning.

I am happy to state that the Institute has come out with a new ‘Certificate Program in Advanced Insurance Marketing’ and the first - Basic Level course has been launched. This course, I am sure, will serve a large number of insurance professionals from Senior Agents to Regional Managers who are working in the marketing of insurance.

Another heartening matter that I want to share with you is that the Institute has entered into an MOU with University of Mumbai. The MOU will enable us to run University recognized programs in the class-rooms of both College of Insurance and the University. The initial program proposed is on Health Insurance, which is awaiting further approvals. Other programs are to follow in due course.

Inspired by the Hon'ble Finance Minister's exhortation while inaugurating the Institute's own building on 8th June, 2010, there is renewed focus in the area of Research. We are announcing Schemes for giving Research Grants and Scholarships for serious scholarly endeavors in insurance. We are also planning to have academic tie-ups with other like-minded universities/ academic institutions for this purpose. The Institute's application for recognition from University of Mumbai is under active consideration.

Associated Institutes also need to undertake research projects or support local researchers.

I am aware about the Institute's "Reconnect Drive 2012" which has enabled it to reach out to many dormant and non-active Members and connect them back to the Associated Institutes. Associated Institutes which have reached out as part of this drive, I am sure, would have doubled the number of active professionals available for local activities.

I am happy to note that Associated Institutes have been able to improve their academic focus by working with Universities. I would like to compliment Varanasi Insurance Institute for working with BHU. I am told that similar efforts are being made by Utkal Insurance Institute and a few others. I want every single Associated Institute to understand its academic role and respond better to the stimuli from the Institute so that they establish themselves in their respective geographical territories as vibrant centres of insurance learning and continue to be of academic relevance to the country.

In my personal capacity and on behalf of Insurance Institute of India, I once again thank Mumbai Insurance Institute for hosting this seminar and making all these great arrangements. I am aware that without the continuous and untiring efforts of people

both from Mumbai Institute and Insurance Institute's Secretariat, this kind of arrangements cannot be made. I thank them, one and all. I welcome you all once again to the 57th Annual Conference of the Insurance Institute of India. Welcome to Mumbai and welcome to the Conference.

I thank you all for the patient hearing and pray for God's choicest Blessings for each one of us and the III fraternity!!
