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INSURANCE: LEARNING FROM GLOBAL BEST PRACTICES

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EDITORIAL

The theme of the current issue, 'Insurance: Learning from global best practices' was designed with a view to enable our readers to derive standards of performance that match with the best in the world. The performance of any enterprise can be assessed against three types of standards - its past performance: its performance vis-à-vis other players in the market and finally its potential performance.

Business enterprise (insurance companies are no exception) scale the heights when they embark on a journey to reach their full potential. When the passion to excel and become world class grips an enterprise or an industry and its practitioners, it leads to a search for nothing but the best. The search for excellence, indeed, calls for an attitude that expunges the 'me too' and 'business as usual' approach, which is a common feature of mediocrity.

With respect to insurance, it may be worthwhile to reflect whether striving for excellence is really a way of life in the industry. Are we really willing to widen our horizons and learn from other institutions, markets and communities that are engaged in various forms of best practice? Do we really reflect on the emerging strands of theory and practice that is beginning to shape 21st century life and work across the world today?

We have put forth a few articles on this theme before you. We hope that this theme would continue to engage our readers and inspire them to think differently from the rest of the crowd.

Application of ASBA (Application Supported by Blocked Amount) to Insurance Policies

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Abstract

The ASBA process has been successfully implemented in the securities market since 2008. It has been one of the major factors contributing to the robustness of the IPO process for issue of shares. Apart from its effectiveness, it offers a degree of fair play to an investor as his money gets debited only if he is allotted shares in the share issue and that too only when it is due; not at the application submission stage.

It is felt that we may consider a process replicating the time tested and successful ASBA process of the securities markets to be introduced for the New Business (NB) process of insurance companies for issuance of insurance policies. Today it entails substantial amounts to be paid upfront by the proposers to the insures at the proposal submission stage itself, in the course of seeking insurance cover from them. This move will benefit the proposers / policy holders. The amount of interest that can be earned by the proposers at an industry level (it is presently earned by the insurers) for the period, from proposal submission, until its underwriting acceptance, runs into crores of rupees. This paper makes a case for and prescribes the application of the "ASBAInsure" process to insurance policies and also broadly lists the benefits derivable from this improvisation and the actionables / roles of stakeholders.

The intent behind this suggestive process upgrade for issuance of insurance policies is to benefit the retail policy holders, leading to their being more receptive to applying for high premium policies, thereby increasing the density of insurance. Importantly, it also highlights an

opportunity to the regulator to take one more step to attain its mission of policy holder protection.

1. Introduction

Reduction in the time taken for issuance of shares in the public offer (Initial Public Offer-IPO) process from 12 days to just 6 days in Jan'16[1&2] days presently, is one of the highly regarded success stories of the securities markets. The endeavour of the securities market regulator, SEBI (Securities Exchange Board of India), is to reduce this timeline further, to 4 days. This initiative has expedited the receipt of shares and reduced the blocking of funds of the retail investors. It has contributed substantially in raising trust in the entire IPO process while making the securities markets safer and accessible to the retail investors. The robustness in the IPO process has been mainly possible due to, among other things, the introduction of the ASBA (Application Supported by Blocked Amount) facility. Its success has also been due to the diligent pursuit and contributions in the same by each participant of the IPO process viz. SEBI, stock exchanges, registrars to the issue, Banks, merchant bankers, stock brokers and of course, the investors.

This paper suggests replication of this time tested and successful ASBA process, of the IPOs of the securities markets, in the New Business (NB) process of insurance companies for issuance of insurance policies. This is required as the policy issuance process also entails, like in the pre-ASBA process in the securities markets, upfront payment of substantial amounts in the form of initial premium by the proposers to the insures, in the course of seeking insurance cover from them. This paper also highlights the benefits of the process change suggested along with requisite improvisations in the hitherto existing NB process of the insurers. It is expected that this improvisation in the process for issuance of insurance policies will benefit the retail public and the insured/proposers and increase their trust further in the insurance policy issuance process. It may also make them more receptive to subscribing for high premium policies like the single premium policies. It also offers an opportunity to the regulator to further the policy holder protection objective, with its studied consideration and implementation of the suggestion presented herein. All of this, in turn, should help in increasing the density of insurance in our economy, while enabling the regulator to take yet another initiative to develop the insurance sector further.

2. ASBA process of the Indian securities markets

The ASBA facility was first implemented by SEBI in the securities market in September 2008. It is now mandatory for issuers / companies to offer ASBA facility to investors applying in the Initial Public Offers (IPOs) and Follow-On Public Offers (FPOs).

Under this facility, investors apply for IPOs / FPOs through their banks and the amount equivalent to the total cost of the number of shares the investor has applied for gets "blocked" in his bank account upon submission of his application at the bank. This amount remains blocked until the share allotment process is completed. The application money gets debited from the investor's

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bank account <u>only if</u> he is allotted shares as per the basis of allotment for the share issue. The money gets unblocked in case the investor does not get allotted the shares or if the share issue is withdrawn by the issuer company. Also, if the investor gets allotted fewer shares than what he had applied for, then the requisite amount only is debited while the balance amount gets unblocked for use by the investor.

ASBA thus, entails an application by an investor for shares along with an authorization to his bank to block the application money in his bank account for subscribing to the shares offered in the IPO / FPO. It offers an alternate method for applying to shares as

against the old method of using cheques / demand draft payments while applying for shares in a public issue. To benefit the retail investors, SEBI vide its follow up circular no. CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015, has mandated the use of ASBA facility for applying for all share issues with effect from January 1, 2016.

ASBA process enables retail investors to apply for shares through any of the Self Certified Syndicate Banks (SCSBs) with which the investors have their bank accounts. SCSBs are those banks which satisfy the conditions laid by SEBI and are registered with SEBI/Stock Exchanges as SCSBs. SCSBs accept the applications, block the funds in the investor's bank account to the extent of amount of shares applied for, upload the details in the web based bidding system of the Stock Exchanges, unblock the funds once the process of allotment of shares is completed and transfer the amount for allotted shares to the company / issuer.

As of September 6, 2017, there were 58 SCSBs[3] to whom investors could submit their forms while applying for public issues. These included most of the public sector / private banks covering large numbers of savings bank accounts. This facility enables investors to benefit from retaining their money in their bank accounts and continue earning interest on the same until the date the shares are allotted to them and the application money is payable. Thus, if an investor has Rs 3 lakhs in his account and he is bidding for shares worth Rs 1 lakh in an IPO, then that amount will get blocked in his account and the balance Rs 2 akhs could be free and available for use by the investor. The amount of Rs. 1 lakh will not be debited from his account until the actual share allotment is made and the investor will continue to earn interest even on these blocked funds until the allotment is complete and his payment of the share application amount is due / paid.

Prior to the introduction of the ASBA facility, the investors had to pay the amount (the balance in their accounts would reduce) along with the share application. They also had to wait for refunds, in case they were not allotted the shares in the IPO/FPO, for up to two weeks. The earlier process required investors to get demand drafts made or issue cheques for payment of application money, which was also very laborious and time consuming.

3. Benefits of ASBA to an investor of IPO / FPO

Thus, to succinctly sum up the benefits of ASBA,

- It provides an alternative payment mode to the payments by banking instruments such that the application money remains in the investor's account until finalization of the share allotment process which takes up to 6 days presently.
- The investor's funds are not debited until the allotment of the shares. He thus continues to earn interest on application money until the funds are due to be paid.
- Since the amount stays in the account, it also gets considered by the bank for calculation of the average minimum balance for the account.
- While doing so it also facilitates revision / withdrawal / multiple bidding by the investor through SCSBs.
- The ASBA process entirely eliminates the need for refunds for applications where the shares are not allotted. This results in substantial savings to the issuer, reduces loss of interest for the investors who do not get allotted shares in the IPO and does away with complaints on refunds related issue.
- The period and the time span of the public issues has come down due to ASBA from 12 days to 6 days presently and can lead to further reductions in future.
- The overall impact of all of the above has been all round benefits for all stakeholders in the process.
- In the financial year 2018 alone 45 IPOs garnering Rs. 84,357 crores[4] have been successfully completed using the ASBA facility. This large number of successful IPOs reinforces the trust that the investors have in the ASBA process just as it indicates robustness of the process itself.

4. Existing scenario in the process of issuance of insurance policies

Presently, in the insurance industry, the facility to apply for an insurance policy using ASBA is not available. All insurance proposals are required to be submitted along with the payment of the initial premium amount with a banking instrument, mostly cheques or demand draft / pay orders or by NEFT / RTGS. While the insurers get these instruments encashed / credited mostly on the next day (same day for electronic payments) of submission of insurance proposal, the issuance of the policy itself takes anywhere between 2 to 14 days, especially for the high value single premium individual policies and policies with high sum assured with high

premiums. This is so as such policies require medical tests to be completed by the life insured and later medical underwriting by the insurers.

Due to such upfront payment of the initial premium amount, the proposer ends up paying the full modal insurance premium and also loses out on the interest that he would have otherwise earned had the amount being paid only upon issuance of the proposed policy.

The insurers, however, benefit from the float income that it earns by deploying such initial premiums received while the insurance policy is yet to be issued. The value of such earned income, as can be noted from the below section, runs in to crores of rupees and enables the insurers to shore up their "other income" in their books of accounts.

Viewed from an individual proposer's perspective, the existing process is very unfair, especially considering that there is a better and fair solution existing in the Indian securities markets for deployment for issuance of insurance policies.

5. Application of ASBA to issuance of insurance policies

In light of the value that it provides to various stakeholders and to instil an element of fairness for the individual / retail policy holder at the proposal submission stage, it may be prudent to consider the application of the ASBA process of the securities markets to the issuance of insurance policies with requisite improvisations. The manner of adaptation of the process, roles of and benefits to the stakeholders and the documentation required are listed in the ensuing section of this paper with the perspective of enabling its effective implementation for the issuance of insurance policies.

6. Insurance industry policy issuance data

The First Year Premium of Life Insurers for Individual Single + Non-Single Premium policies for the Annual Period ended 31st March, 2018[5] as referenced from the Insurance Regulatory and Development Authority of India (IRDAI) data is as per the below table.

Individual Single + Non-Single Premium Policies (Excluding Group Single + Group Non-Single + Yearly Renewal Premium of policies)			
			(Premium in ₹ Crore)
Details	For March, 2018	Up to 31st March, 2017	Up to 31st March, 2018
Total First Year Premium of Life Insurance companies (LIC+ Private)	14259.61	77680.07	92109.67
Interest Income @ 4% SB A/C Interest for Avg 7 days of NB policy Issuance	10.94	59.59	70.66
No. of Policies	57,15,632	2,64,21,234	2,81,64,137

It can be noted that:

- Over Rs. 70 crores of interest (@ 4% p.a.) would have accrued at the industry level across all above proposers / policies considering an average 7 days for issuance for such policies, including 'medical policies' requiring medical tests, medical underwriting and re-insurance from reinsurers.

The above high interest figures present a case to consider and, in fact, mandate ASBA facility for the process of issuance for all insurance policies or at least for the single premium policies which constitute 10% of total policies and 35% of total premium in FY18.

Given the endeavour to adapt ASBA to insurance policies, it is suggested to name it "ASBAInsure" and it is so referred, to throughout the below sections of this note.

7. Adapting ASBA to insurance policies

The suggested process to be followed in the course of ASBAInsure is as listed below:

7.1 It is recommended that initially IRDAI should make ASBAInsure mandatory for all Single Premium Individual Life Insurance Policies to establish its 'proof of concept'. In doing so, it will also benefit the proposers applying for these high value policies. The Non-Single Premium policies may initially be kept out side of the purview of ASBAInsure. Subsequently, and after the process for the single premium policies stabilises and attains steady state, the regulator may want to consider making ASBAInsure mandatory also for all Non-Single Premium Individual Life Insurance policies beyond a certain cut-off (say, Rs. 50,000/-) of initial premium.

7.2 To do so, the regulator may have to mandate the inclusion of the ASBAInsure form as part of the insurance proposal form of the insurers. The existing Insurance Proposal forms (physical & electronic) may have to be modified to include the Proposer's instruction for ASBAInsure to the Syndicate Bank (SBs) i.e. his bank.

7.3 All proposals with ASBAInsure would indicate an authorization by the proposer to his bank to block the initial premium money in his bank account while submitting his insurance proposal. When a proposer applies using ASBAInsure, his premium amount shall get debited from his bank account only if his proposal is accepted (post underwriting) for insurance cover by the insurer concerned.

7.4 To ensure that clear and segregated funds are available for ASBAInsure proposals, the SBs may transfer the blocked funds to a segregated account instead of blocking the funds in the proposer's bank account provided that the interest, if any, earned on the blocked funds till the funds are transferred to the insurer's account is also paid to the proposer.

7.5 Registration with Insurers and IRDAI by banks for the new "ASBAInsure" facility.

A 'Syndicate Bank' (SB) will be a bank which is registered with IRDAI and separately with respective Insurers for providing ASBAInsure services to its customers. All banks, including cooperative banks that meet the conditions specified by IRDAI should be allowed to act as SBs. Names of such banks should be available on the website of each insurer as well as of IRDAI. Unlike in the securities market, where the issuer company does not have an option of selecting an SB and can avail of the ASBA services from all banks that are SEBI registered, it is suggested that an option be given to the insures to opt for select banks from amongst those banks registered with IRDAI as SBs. This will offer the insurers the option to choose those banks who have integrated their systems with that of the insurer's or those offering better banking services / terms.

7.6 Each Insures will have to regularly (almost daily) update the SBs about :

7.6.1 the amount to be blocked in the proposer's account with the banks and

7.6.2 the 'acceptance/rejection' of insurance proposals along with the initial premium amount to be debited. The intimation of the amount will be needed to take care of any loading (to be intimated to the SB by insurers) amount in a proposal submitted.

7.7 Similarly, there will have to be a reverse update of confirmation from the SBs to various insurers about the blocking of the premium amounts in the proposer's account.

7.8 Each SB shall have to daily also share the consolidated summary to each Insurer of the total number of ASBAInsure records uploaded (blocked) by it, the total number of unique proposals collected by it with ASBAInsure, total amount blocked against the uploaded ASBAInsure forms, total number of ASBAInsure unblocked records, the total amount unblocked for the day and other summary details as may be required by the insurers for a thorough reconciliation of transactions and amount at the policy number / consolidated level.

7.9 An interface for doing this exchange of intimations and data in a secure manner may have to be built across the industry. It is suggested that the existing ITREX platform, maintained by the Insurance Information Bureau (IIB), which is already being used by the Insurance Repositories, may be considered with suitable upgrades, to the same. The IIB, or any other entity recommended by IRDAI, may have to provide the file formats / templates to the SBs and insurers for the above data exchange just as is done in the case of electronic insurance policies by the insurance repositories. An SB may be allowed to offer the ASBAInsure post requisite and successful mock data exchanges with the insurers / IIB. An SB may also opt, basis their internal organisational structure, to have designated branches who can collect the ASBAInsure and the Insurance proposal forms and block the funds in the bank account while the centralised reporting and coordination with the insurers is done by a Controlling branch of the SB.

7.10 An SB may be advised to store the physical forms of ASBAInsure for a period as prescribed by the regulator so as to enable redressing complaints if any, of the proposer. Subsequently, the same may be sent to the insurer for storing as per the extant insurance regulations for the same. Similarly, the electronic records of ASBAInsure uploaded, account/amount blocked and unblocked need to be preserved by the insurer and SB as per norms prescribed by the regulator.

7.11 There need not be any limitation on the number of proposals or the amount for which funds in a proposer's bank account can be blocked. The only capping should be the available balance in the proposer's account.

7.12 It is suggested that ASBAInsure should be permitted only where the bank accounts are adequately funded by the proposer so that segregated funds can be

appropriately blocked by the SBs. Thus, ASBAInsure should not be allowed against bank accounts with overdraft or credit limits.

7.13 The insurers may provide a facility to the proposers to electronically submit the ASBAInsure instruction to the respective SBs. This functionality may have to be built in the online proposal submission platform of the insurers. Likewise, the banks may also opt to provide the facility for submission of the ASBAInsure instruction electronically / online through the internet banking facility (wherever provided by the SBs). If this is opted for by the proposer, the UTR#, which is a banking transaction id generated presently for all electronic banking transactions, needs to be mentioned on the insurance proposal form which needs to have a provision / place holder for the same. This transaction id will enable the insurers to reconcile the receipt of such electronic ASBAInsure instructions with the proposal numbers.

7.14 ASBAInsure proposers who wish to withdraw their insurance proposals/ASBAInsure before the issuance of the policy should be allowed to do so by requesting for a withdrawal of his request. The SB should unblock the funds and electronically update the insurer of the same. It is to be noted that withdrawal of ASBAInsure can be done only as long as the policy is not issued; post issuance of the policy, the proposer may be required to take up the matter with the concerned insurer. The insurers will have to include such cases in their regular intimations to the SBs so as to enable release of blocked funds from the proposer's account.

7.15 In case of any issue / grievance with respect to the ASBAInsure facility in the proposals submitted, the proposers will have to approach the concerned SB (i.e. their bank). They can also approach the insurer who in turn will assist in resolution of the query / grievance within the overall IRDAI regulations for the same. In case, the proposer is not satisfied with the resolution, he may refer the matter to the Insurance Grievance Management System (IGMS) of the IRDAI for appropriate resolution.

7.16 The regulator also needs to make it clear to all stakeholders that to avail the ASBAInsure facility while submitting an insurance proposal, it should not be mandatory that the insurance policy has to be bought from the SB. Thus, ASBAInsure can be availed by a proposer even if he has bought the insurance policy from an IRDAI registered individual agent or any other insurance distributor who is not the bank with whom he holds his bank account. The bank, in such a case is only the ASBAInsure service provider for the proposer.

7.17 However, it needs to be noted that to avail ASBAInsure, it is necessary that the insurance proposal needs to be submitted or it's submission is intimated to the concerned insurer either physically or electronically. This is so as to enable the insurer to take the proposal processing forward. The insurance distributor would do the needful intimation on behalf of the proposer where the distributor is involved. Where the proposer buys insurance online, the intimation to the insurer will be automatic.

7.18 At a later date, if the insurers and the SBs mutually agree, the proposers may be permitted by the insurers to submit the insurance proposals along with the ASBAInsure form at the designated SBs with which the proposer is holding the bank account. This is expected to enable the insurers to increase their New Business submission touch points exponentially while offering convenience to the proposers / distributors. The SBs may / may not charge the insurers for offering the service of collection of insurance proposals.

7.19 It may be necessary that the insures track the proposals that are received by them but are not yet issued due to either pending work at the insurer's end (viz. awaiting underwriting / medical reports etc.) or at the proposer's end (viz. awaiting medical tests / resolution of other requirements etc.). The amount would remain blocked in the proposers' bank account until all such actions / requirements are resolved.

7.20 While the proposer would not mind the continued blocking of funds until all requirements to be resolved by the himself are resolved, there might have to be a cut-off timeline by which the Insurer should be obliged to take a 'decision / action' on the proposal so that the proposer's funds do not stay blocked in his account indefinitely. It is suggested that the outer limit for completion of all action by the insurer be set at 3 days from the submission of proposal or resolution of all requirements by the proposer whichever is later. The number of times an insurer can raise requirements on each proposal submitted with the ASBAInsure

facility should also be restricted to two times. This will further ensure faster issuance of the policy or release of the proposer's funds, if required, in case of ASBAInsure.

7.21 The timeline within which the blocked funds would be released / unblocked by the SB would have to specifically indicated to the proposer by the SB by way of a clause in the ASBAInsure form. The regulator may also want to indicate the timeline of intimation by the insurer to the SB for unblocking of funds of rejected proposals and the timeline of actual unblocking of funds by the SB from receipt of intimation from the insurer so that the proposer is not put to hardships for lack of timely unblocking of his funds.

7.22 SBs should not be required to validate the details given in the insurance proposal form considering that they may not be competent to do so on their own.

7.23 SBs should, however, be expected to do the normal diligence required in banking transactions. The responsibility for errors in the data uploaded w.r.t the ASBAInsure proposals also need to be clarified upfront. Where the error of incorrect bank account details is submitted by the proposer in the proposal form, the proposer would of course, be responsible. The Insurers would be responsible for all incorrect intimations sent to the SBs. Similarly, the SBs will be responsible for all actions pertaining to omissions and commissions about an ASBAInsure transaction (manual & system based) originating from their end.

7.24 The SBs and Insurers should arrange to suitably update the Proposer of all system 'milestones/ statuses' touched in the course of ASBAInsure submissions and the blocking / unblocking of funds in the accounts. These intimations would be distinct for each proposal submitted and would include the relevant proposal number in all updates to the proposer.

7.25 The insurers need to ensure that all ASBAInsure proposals would be treated at par with proposals submitted without ASBAInsure with respect to issuance of policies. It may however, be noted that since the release of funds from the proposer's bank account by the SB and their subsequent credit into the Policy account would be made after the intimation is received from the insurer, the Policy Issue Date of all ASBAInsure policies is always likely to be after the underwriting date. The underwriting date would of course, be after resolution of all requirements by the proposer. In the case of Non-ASBAInsure policies, the Policy Issue Date may or may not be the date on which the funds are credited in to the Policy account as it is possible that some policies may receive credit of funds but resolution of some requirements may get closed after the receipt of funds and hence the underwriting would happen later. The policy issue date in such cases would be the last of these series of dates, as per extant norms in the industry.

7.26 It is to be noted that ASBAInsure facility can be availed irrespective of the location of the bank branch in which a proposer is holding his account as long as his bank is a registered SB with both the IRDAI and the Insurer. It is expected that all branches of the SBs that are on the core-banking / anywhere banking system platform would be able to offer the ASBAInsure services.

7.27 It is expected that, over time, most banks will register for the ASBAInsure facility with the IRDAI and Insurer so as to offer their customers the benefit of the same. In case a Proposer's bank is not ASBAInsure registered, then he cannot avail of the ASBAInsure facility and will have to submit his proposal along with a cheque/demand draft as per the exting norm in the industry.

8. Benefits of ASBAInsure to the Proposer

The advantages to a Proposer if he avails of ASBAInsure, vis-à-vis an insurance proposal submitted with a cheque / demand draft are as follows:

8.1 No need to write a cheque along with the insurance proposal; he just submits an authorisation to avail of the ASBAInsure facility along with the insurance proposal.

8.2 No headaches of tracking refunds in case the proposal is rejected by the insurer; ASBAInsure ensures that only that much money to the extent required for the issuance of the policy is debited from the bank account; that too only if the policy is issued to the proposer.

8.3 Interest accruals continue on the initial insurance premium as the money continues to remain in his bank account. This also assists the proposer to meet the minimum balance requirements of his bank account.

8.4 The proposer's money remains secure in his own bank account and not with any third party or the insurer.

9. Benefits of ASBAInsure to the Regulator

The insurance regulator will benefit in the following ways by mandating the ASBAInsure process :

9.1 It will ensure that the interest on the initial premium amount until the issuance of the insurance policy is rightfully earned by the proposer and not by the insurance companies. This measure will be fair to and welcomed by the proposers. This will enable IRDAI to meet its stated mission of protection of the policy holder's interest.

9.2 A corollary to the above is that such an implementation will ensure that the accretion of interest income (or capital gains where an insurer invest such investible funds in the financial markets) in the 'other income' generated by insurance companies will reduce as they will no longer earn returns on these funds which rightfully belong to the proposers / policyholders who will earn the interest instead.

9.3 It will enable IRDAI to replicate a 'best practice' from the securities markets which its fellow financial sector regulator, SEBI, has so successfully implemented to the benefit of millions of investors.

9.4 It is expected that, as experienced by securities markets, the number of grievances with respect to refunds to the proposers of rejected proposals of the initial premium amounts, at least in the case of single premium policies and proposals with premium amounts above the identified threshold, will be largely eliminated. This in turn will indicate an orderly conduct of business in the insurance industry and show the regulator in a good light.

9.5 This provision may also help in, albeit in a small measure, reduction of cash transactions for buying insurance proposals.

10. Actionables of Stakeholders

10.1 **Insurers :**

The insurers have to do the following:

10.1.1 In case of all proposals received at its end, whether physically or electronically, intimate the SBs of the ASBAInsure cases so that the SB can block the funds in the respective proposer's bank account.

10.1.2 Once the proposals are accepted and policies are issued, they need to intimate the SBs to debit the amounts and transfer the funds to the insurer's account.

10.1.3 In the case of proposals accepted with loading, they need to intimate the SBs so that the correct amount over and above the hitherto blocked amount is debited to the proposer's account. An authorisation for debiting the loading amount needs to be taken from the proposer upfront as part of the ASBAInsure submission form.

10.1.4 In case the proposals are rejected, they need to intimate the SBs of the same who then will do the needful to unblock the amounts in the proposer's bank account.

10.1.5 From the perspective of ensuring that each stakeholder understands its role in the process of ASBAInsure and there is no ambiguity with respect to the expectations and deliverable, it is necessary that there is an undertaking signed off between each insurer and the SB. Such an undertaking will also enable the regulator to ensure that all its guidelines are indeed adhered to and signed off by the respective parties.

10.1.6 To integrate the SB's system with their own system so that there is a seamless exchange of data and there are minimal manual interventions. Before initiating transactions with any SB, it is necessary for the insurers to do mock data transfer / exchanges to ensure there are not errors / glitches in operations.

10.1.7 Seek ways and means to get more types of policies (group policies / individual-non single low premium policies etc.) in the ASBAInsure mode by continuously upgrading their systems and improvising on the existing process for issuance of such policies.

10.2 **Banks :**

The banks (SBs) have to do the following :

10.2.1 The banks have to register with IRDAI and separately with the insures to act as 'SBs'.

10.2.2 The SBs have to update details of receipt at their offices of all ASBAInsure / proposals on the insurer's system.

10.2.3 Execute and participate in the tasks as listed in the sections 6 and 10 above.

10.3 **Proposers / Customers :**

The proposers have to do the following :

10.3.1 To participate in an ASBAInsure supported public offer, an investor has to fill requisite bank account details in the ASBAInsure section on the insurance proposal forms. They may have to mention the SB name and the serial number of the bank branch in the place holder provided in the form.

10.3.2 Fill the proposal diligently, as any incorrect data may lead to rejections / errors.

10.3.3 Ensure that there is adequate balance in his bank account to enable blocking of funds towards the initial premium for insurance.

10.3.4 In case the proposer wants to withdraw the ASBAInsure / proposal he needs to instruct his bank before the proposal is accepted and the policy is issued. In case he wants to withdraw after the policy has been

issued, he may have to raise a request with the insurer under the free look-in facility.

10.3.5 In case of any grievance he should refer the matter to the relevant SB or insurer first. In case of unsatisfactory resolution of the matter he can refer to the regulator's grievance resolution process.

10.4 **Regulators :**

The regulators may have to :

10.4.1 Consider the suitability of the ASBA process, with requisite improvisations, for the issuance of insurance policies in consultation with all stakeholders.

10.4.2 Align and enlist the roles of all stakeholders along with their "do's and dont's", determine the type of policies (single premium, individual, group etc.) and / or the value of initial premium to be covered under ASBAInsure.

10.4.3Issue regulations mandating the introduction of the ASBAInsure process, for single premium individual insurance policies as suggested herein and if found acceptable or for other identified type of policies, in a time bound manner.

10.4.4Prescribe the process for registrations of the banks as SBs with IRDAI and Insurers, list in detail the pre-conditions to be met by the banks, share the registration forms and requisite submissions.

10.4.5 Issue guidelines and prescribe the model template of undertaking to be entered into between the Insurers and the SBs.

10.4.6 Review the progress of the ASBAInsure process periodically to do course corrections as may be required.

11 Conclusion :

In light of the various benefits accruable to most stakeholders, and specifically to the policy holders, as enumerated above, it is felt that introduction of ASBA in the issuance of insurance policies will enable the regulator to undertake one more initiative to underline its commitment to its mission of "protecting the interests of policy holders". It is sincerely hoped that the regulator will consider the same in the right earnest soon.

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Insurance: Learning from Global Best Practices

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"Aano bhadraah kratave yanthu viswathah" – Rigveda

आनो भद्रा : क्रतवे यन्तु विश्वत:

Let wisest and noblest thoughts come from all over the world.

Observation, evaluation and adaptation are the key stages in the process of any learning.

They are so natural around us that every living orgasm on the face of this globe observes, evaluates, adapts and learns to grow – be it a child or a worm or a creeper.

In fact, insurance did grow that way only, by observing what prevailed elsewhere and adapting it. And, it is a fact of history.

Way back in the year of 1150 A.D. and in the history of the then growing maritime insurance, the Navigation Code of the Port of Arles tells us, in its Code 122, that

*"**C.122.** What customs and ancient tolls are written in the book of the Commune:*

Also we decree that the mayors of Arles shall be expected to make a return or to have written in the book of the commune by a public notary of Arles all the customs and ancient tolls which have customarily been received at the bank of the river Rhone at Arles, so that everything may be learned and known; and we decree that the mayors of Arles or their court shall be expected to make

inquiry as to the truth about the tolls and customs through charters and suitable witnesses, according to due forms of law." [1]

Thus, we can see – as recorded evidence – that insurance learning from global best practices have begun even way back from 1150 A.D. After a few centuries, Lloyd's also contributed to this good practice of disseminating insurance information worldwide to those who required it.

The next major step in the insurance learning processes from global practices – after the medieval years – was the step taken by *Leon Mahillon of Belgium in forming the "Comité Permanent des Congrès d'Actuaires" established in 1895 as an association of insurance individuals, which was renamed the IAA in 1968."*

(http://www.actuaries.org/index.lang=EN&DSP=ABOUT&ACT=HISTORY)

It is interesting to know the purpose of creating this platform of the *"Comité" (*the present day *International Actuarial Association)* is better told in the words of André Lamens and Yves Guérard, and as written by them in their article *International Actuarial Association,* for the Encyclopedia *of Actuarial Science,* published by *John Wiley & Sons, Ltd,* in the year *2004* and published online in 2006.

"The first International Congress of Actuaries was held in Brussels from 2 to 9 September 1895 under the presidency of Leon Mahillon. A few months later, to continue the Brussels meetings, which had been very successful, and with the determination of the participants, the predecessor of the International Actuarial association (IAA), the Comite Permanaent des Congress d'Actuaries, was born.

1. Navigation Code of the Port of Arles

How did it all happen? At the beginning of 1890's, the oldest actuarial societies already existed: they were the Institute of Actuaries, created in London in 1848, the Faculty of Actuaries, created in Edinburgh in 1856, and a few others like the American (see Society of Actuarie s), and Dutch (see Het Actuarieel Genootschap (the Dutch Actuarial Society)) Societies, founded in 1889, and the French Institute (see Institut des Actuaires), established in 1890.

Contacts between the actuaries of various countries were quite limited; the circulation of the principles of actuarial science was almost inexistent. Education books were not numerous; the main text book was written by the British actuaries George King and William Sutton. This text book of the Institute was specially designed for the courses organized by this private London institute, which had already contributed to the promotion of graduates in actuarial science. Necessity knowing no law, actuaries seriously began to think about the translation of this book into French; this was achieved by Belgian actuaries in 1894 with the permission of George King and the support of the Institute of French Actuaries. That undertaking had the effect of further weaving friendship bonds between the actuaries of countries concerned.

This idea led to the Belgian actuaries inviting the most authorized representatives of actuarial science from Great Britain, North America, France, the Netherlands and elsewhere to meet in Belgium in 1895."

The need for insurance learning from global best practices has thus begun again as early as in 1895 A.D. after the harbinger in 1150 A.D.

With this first *International Congress of Actuaries (ICA) in Brussels in year 1895,* the *International Actuarial Association (IAA)* decided to hold such Congresses every four years thereafter.

There has been cross-pollination of fresh ideas and concepts and new practices and systems in the growth of insurance science and business, through this intellectual platform of the ICA.

So, it is noteworthy that insurance learning of good practices across the globe has been institutionalized on an organizational scale from 1895.

However, this type of learning was, or, perhaps, is, happening at the highest level in the insurance organizations.

But, then, this type of learning from outside world needs to indeed happen in the other and lower *wings* and *cadres* of the insurance firms – for the firms to become on par with the latest theories and practices available erstwhile in the world for all round prosperity and profitability.

This paper suggests four methods to achieve the above mentioned required end. Every insurance company must make and encourage the entire workforce of the insurance company to adapt any or all of the said four ways, namely

i. by studying the relevant insurance literature of the outside world

ii. by participating in seminars and conferences

iii. by acquiring foreign or local insurance degrees, diplomas or certificates.

iv. by allowing independent research and study

The purpose of these methods is to bring in different groups of people from different places to interact, either

> The last two sentences of the above quote seem to be the real guide posts for an insurance organization to rely upon in their activity of scouting for personnel who could be exposed to the global concepts and practices for further insurance learning to the benefit of the organization.

directly or indirectly, either personally or impersonally, in participation and cooperation for exchange of new or hitherto unknown views, thoughts, concepts and practices and which participation and cooperation are believed to lead to enhancement of learning and knowledge.

It is relevant here to quote the psychological *effects embedded* in the above said purpose.

In an article by *David Despain* (February 27, 2010) in the Magazine "Scientific American" it is quoted that Developmental Psychologist *Felix Warneken of Harvard Univesrsity says "that the social skills of human children include the capacity to look beyond shared intentionality (monkey see, monkey do) at an early age. They show an understanding of others' beliefs, exhibiting a theory of mind, which inspires cooperation."* [1]

"Whether demonstrated by situations of hunting, foraging, child rearing or igrating, humans with culture, in pursuit of shared goals, had much to gain through cooperation. cooperating humans would lead to greater survival, greater reproduction and colonization."

It is a well known dictum of human psychology that the early age impressions of skill development does continue and can be rightly aroused in later ages too.

Emphasizing on this latent copying technique in human beings, another scholar, Stephen Shennan, a Professor of Archaeology at University College London, said that *"greater contact between human groups leads to much more copying of creative innovations."* That is learning.

We can see that in all the four methods suggested above for learning from global wisdom, by the workers of any type or cadre, *"parts"* of *participation or cooperation* or *looking beyond shared intentions* or *copying for innovative creativity* or *some of these* or *all of them, exist.*

We, also, see that one way of insurance learning from global wisdom is bringing people together for participation and interaction, which can be done physically through seminars and conferences or mentally through exposure to the world insurance literature or encouraging individual or group research avenues, opportunities and activities.

But the question is, "can the entire *workforce* in an insurance organization have this opportunity of exposure?"

"Whether such an exposure to the outside world knowledge would yield the same results to all those who are so exposed to it?"

May be organizationally it may not be possible in view of the time and cost entailed; may be, individually, it is possible for one to grow learning from best practices of the outside world.

Either way, it appears that the search for an individual characteristic called *"absorptive capacity"* in an individual as indicative of capability to learn is to be scouted.

The Oxford Review Encyclopaedia of Terms defines absorptive capacity as an "organisation's ability to identify, assimilate, transform, and use external knowledge, research and practice. In other words, absorptive capacity is the measure of the rate at which an organisation can learn and use scientific, technological or other knowledge that exists outside of the organisation itself. It is a measure of an organisations ability to learn."

It was *Wesley M. Cohen and Daniel A. Levinthal,* who first talked about *"absorptive capacity".*

David Despain, February 27, 2010, "Early Humans used Brain Power, Innovation and Teamwork to Dominate the Planet", the Scientific American

So, it is noteworthy that insurance learning of good practices across the globe has been institutionalized on an organizational scale from 1895. However, this type of learning was, or, perhaps, is, happening at the highest level in the insurance organizations. But, then, this type of learning from outside world needs to indeed happen in the other and lower wings and cadres of the insurance firms – for the firms to become on par with the latest theories and practices available erstwhile in the world for all round prosperity and profitability.

In their words, *"An organization's absorptive capacity will depend on the absorptive capacities of its individual members. To this extent, the development of an organization's absorptive capacity will build on prior investment in the development of its constituent, individual absorptive capacities, and, like individuals' absorptive capacities, organizational absorptive capacity will tend to develop cumulatively." But "a firm's absorptive capacity is not, however, simply the sum of the absorptive capacities of its employees."*[1]

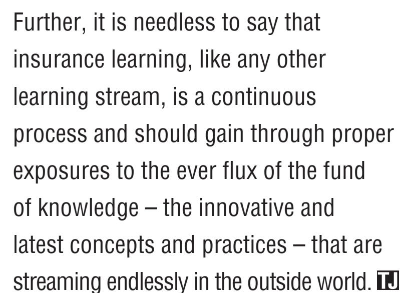
By now, in view of the above important and vital aspects in learning, it is clear that an insurance organization should first scout for such persons whom it employs, who would be able to reap the best results for the benefit of the organization, when they are exposed to any or some of the above mentioned four avenues to gain knowledge from global concepts and practices.

In this connection we may have to note the remarks of *Ashley R. DavisSan Jose and N. Da Silva: "Although Cohen and Levinthal (1990) discussed absorptive capacity as it relates to innovation at the organizational level, they acknowledged that their concept of absorptive capacity is based on research at the individual level. They suggested that prior relevant knowledge improves an individual's memory, learning, and problem-solving ability. Empirical research on memory has shown that individuals are better able to store and recall information if they have prior knowledge of the topic"*[2]

The last two sentences of the above quote seem to be the real guide posts for an insurance organization to rely upon in their activity of scouting for personnel who could be exposed to the global concepts and practices for further insurance learning to the benefit of the organization.

"Prior relevant knowledge improves an individual's memory, learning, and problem-solving ability. Empirical research on memory has shown that individuals are better able to store and recall information if they have prior knowledge of the topic"

Therefore insurance organizations should always encourage their workforce to gain insurance knowledge through any media and encourage them to develop further on such acquired learning. Because higher the acquired *"prior relevant knowledge"*, higher will be the *"absorptive capacity"* which would make persons more receptive to higher global knowledge. And, this should be a continuous endeavour on the part of an insurance firm to gain profitability through its professionally enlightened workforce.



Further, it is needless to say that insurance learning, like any other learning stream, is a continuous process and should gain through proper exposures to the ever flux of the fund of knowledge – the innovative and latest concepts and practices – that are streaming endlessly in the outside world. TJ

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Learning From Global Best Insurance Practices: Is There a Greater Need for a Polycentric Approach?

Abstract

Global regulations, demographic trends and technology are expected to impact insurers in the next few years. So, insurers have to be best prepared for these changes. Regulatory demands are increasing. Solvency II and IFRS are now driving insurers to understand risk and capital. Even though Solvency II is a European initiative, the principles have found wide acceptance in Japan, South Africa, Mexico and Australia. Across the globe, there is growing awareness about the need for legislation to protect consumers. Rampant insurance mis-selling has made regulators wary of the need for greater supervision and control. So, compliance costs are increasing for insurers along with competitive pressures. Learning from global practices has become a cliché.

Every country in the globe has its own culture, demographic shifts and regulation. While it is important to know what is happening around the globe, this paper adopts a contrarian approach to drive home the point that best practices are already there – waiting to be explored. What is needed is a polycentric approach to deep dive into local best practices through sharing of knowledge. India boasts of ingenuous talent in the insurance field and our own past experiences can show us the way forward. Research needs to be encouraged to explore existing best

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practices in India – be it new product development, claims management or underwriting. This research must transcend barriers like competition among insurance companies that leads to less of knowledge sharing. If the Indian insurance industry can holistically benefit from sharing of best practices adopted by each organisation, this can lead to a dramatic transformation.

Keywords

Demographic, Regulations, Best Practices, Solvency II, Mis-selling.

Introduction

A tried and tested process is one that makes the work more effective and meaningful for clients. Best practices are methods and processes that make insurance standards, procedures and work flow efficient. Best practices that map the work flow should change the way business processes are administered. As technology changes, best practices also change. So, defining best practices is often a moving target. Best practices in insurance sector are emergent and changing.

Insurance industry has to adopt an open mind when it comes to adopting best practices to improve agility to solve customer issues. In the digital era, training employees and agents has become imperative. Training insurance agents and development officers using physical and online resources like links, manuals and printable handouts is essential. Employees of insurance companies must be kept updated about changes in legal and compliance procedures. Agents, brokers and employees must be aware of procedures.

Processes or procedures or policies – all of them need benchmarking with best practices. It is vital to define metrics carefully. Metrics must reflect functional efficiency, effectiveness and strategic value. For example, the evaluation of performance of a sales person can be done by using metrics like number of calls handled per day, new policies per agent. Regular feedback to sales force about their performance will ensure that they never lose customer focus. The feedback must be constructive in nature. Too much of metrics will lead to analysis - paralysis. So, only a few metrics must be carefully chosen.

Data technology has advanced by leaps and bounds. Risk management can become tractable for insurers only if they follow best practices. Insurers need to have a robust data warehouse to manage risk effectively. As massive amount of data flows from a variety of sources like social media, smart phones, health statistics, accident history etc. Underwriters need to have a single enterprise view of all risks to quantify them. This will lead to data-driven pricing and coverage decisions. Thus, best practices are needed at every stage of the insurance business life cycle.

Need for Best Practices

Insurers have felt the need to reduce administrative, IT and sales costs. Newer distribution models have only led to additional costs for insurers. Initiatives like business process re-engineering, lean, outsourcing are being explored by insurers. Aging population requires new types of insurance products and services and so insurers have to focus on new product development. Improving mortality and low returns is making traditional annuity products unattractive. Annuity products with flexible options like drawing money as and when needed are being looked at. Considering the increase in cost of living, deferred annuity plan no longer appeals to an aging population. So, differentiation is going to be the key and adopting best practices is one of the ways to achieve differentiation.

Change is hitting the insurance sector at lightning speed. Insurers are exploring ways to differentiate their strategies and drive differentiated capabilities to gain sustainable competitive advantage and become more profitable. During the 2017 Atlantic hurricane season, 100 insurance industry experts, policy makers, scientists and environmentalists gathered at Lloyd’s of London to discuss strategies for improving natural catastrophe resiliency. To grow the insurance pool and closing the protection gap, a coordinated effort among law-makers, insurers, reinsurers, academics, scientists is needed.

Adoption of model risk management practices has become widespread among US insurers.

Digital Transformation and Its After Effects

Digital transformation is a process that has to be integrated across the insurance supply chain. This leads to sustainable growth, customer loyalty, reduced costs and increased profitability. A successful journey on the digital road will involve insurers to address organizational issues to support this transformation.

Insurers earlier processed statistical data alone. This type of data was more structured. But customer interactions in the digital age provide new types of data like device data, real time data,

unstructured data and big data. Drawing insights from these data needs greater analytical capabilities. Earlier, insurers used data for underwriting purposes. But now data is needed to personalize client interactions throughout the entire value chain including marketing and sales, claims, product and for innovation. Appointing in-house digital experts can be a good starting point.

Digital excellence can be driven only through support of organizational culture. The culture has to be focused on customer centricity. Collaboration and mutual learning among teams is important. To achieve this, the organizational structures may need modification. Customer centric process innovations need encouragement.

> Global best practices can be looked at – but there is no point in trying to blindly ape them. Crop insurance for American farmers may not be the same as that for Indian farmers. It is here that a polycentric approach will come handy. Who can know the pulse of the Indian market better than the players in the market themselves? In fact, both the life and non life sector can create a database of best practices adopted across each vertical. National and international conferences can be organized so that sharing of best practices becomes a distinct possibility.

The strategic approach to digital transformation must be flexible as technological changes occur at a rapid pace.

Challenges in Adopting Best Practices

1. By the time a decision to adopt best practices is taken, external environmental factors change.
2. In the absence of a baseline, benefits are difficult to measure. Costs to implement change can be excessive. Implementation costs will need justification in terms of tangible results that are expected to be achieved.
3. Once practices are adopted, they may be difficult to change because the company has invested so much time and effort in this.

Use of the term "best practices" is often problematic because it is often relative. Problems of each insurer in each region are different. A one-size fits all approach is not going to work. The term 'best practices' can be ambiguous; the practices that are considered to be best should have delivered results.

Insurers are often faced with challenges like analysis - paralysis (dealing with a deluge of data); too many meetings and too many decision making nerve centers. When decision making suffers from poor quality, this can exacerbate matters. The practices must be strategy-driven, relevant and value adding.

Benchmarking best practices within and outside the insurance industry is important. If implementation of best practices happens in silos, then these practices tend to compete with one another and increases complexity and overheads. An agile organisation will lead to greater innovation, excellent service quality, greater customer focus and responsiveness. Advanced delivery options need exploration.

It is imperative that these challenges be overcome by creating a think tank through which best practices can be shared among insurance companies. The need to share knowledge must supersede the need to compete in the market. Sharing of best practices among insurers will lead to growth of the industry which in turn will lead to enhancement of GDP and contribute to nation building.

To Sum Up

Insurance industry is the 15th largest insurance industry in the world with a premium of more than 4,00,000 crores of rupees. Penetration and density have remained low. This impedes growth. Insurers, brokers and regulators have to collaborate and work together to achieve customer centric growth. Voice of consumers needs to be heard. The problems plaguing the insurance sector in India are: poor customer awareness, inadequate coverage of insured, less product innovations and distribution channels that are not fully developed.

The Indian insurance industry contributes to India's GDP both directly and indirectly, enhances social security, creates employment opportunities and plays a vital role in capital markets. The profitability of non life sector has come under pressure due to focus on top line, high claims ratio, poor supply chain management, lack of product innovation, tariffed motor third party liability pricing. Motor and health claims are leading to increased losses for Indian insurers and the instances of frauds are a cause for concern. Non life insurers have to balance differentiated and standardized products. Life insurers have to make the agency channel attractive and viable.

Innovation in operating models has

become a necessity. Insurers have to examine how to digitize processes end to end, and creative cohesive digital experiences for customers. The speed of doing business has changed and so have customer expectations.

New product development has to consider shorter time frames. New organizational structures are needed to address innovation needs. Teams have to be self-motivated and self-driven. Best practices must lead to additional knowledge and greater customer value. Practices must lead to solutions for problems and not aggravate issues.

Integration of IT into business practices is becoming vital. Insurers have to focus on research, governance issues, solutions to customer's problems besides dealing with issues related to regulatory compliance. Insurers turn strategy into action by changing their operating model, improving capabilities, reducing expenses and through efficient allocation of resources.

Transformation of the customer experience through appropriate service models is becoming essential. The practices must be aligned with the organizational culture to support capabilities. Organizational design must be suitably tweaked to meet strategic goals.

To increase trust among consumers, insurers must adhere to a code of conduct and act in the best interests of customers. Service offerings must be expanded to include comprehensive risk management services, niche and specialized offerings, product innovation through awareness and in-depth needs analysis and leveraging online and point of sales platforms. There has to be a code of conduct for brokers, agents and actions for breach of code of conduct. Effective

dispute resolution mechanism is a must. Customers have to be put at the forefront. The focus has to be on enhancing penetration.

Global best practices can be looked at – but there is no point in trying to blindly ape them. Crop insurance for American farmers may not be the same as that for Indian farmers. It is here that a polycentric approach will come handy. Who can know the pulse of the Indian market better than the players in the market themselves? In fact, both the life and non life sector can create a database of best practices adopted across each vertical. National and international conferences can be organized so that sharing of best practices becomes a distinct possibility. It is also a wise move to introduce a subject – Best practices in insurance sector at the Fellowship level and research must be actively promoted in this area. It is not that we can only learn from best practices and successes. One can also learn from failures and make a honest attempt to understand the impact of practices that are sub optimal and have a deleterious impact on the growth of the insurance sector.

Best practices must be viewed from the digital lens too. This will make insurance companies future ready to leap frog into the next wave of growth. TJ

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Digitalization of Insurance Sector – An Analysis

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Abstract

Described explicitly in the Seventh Schedule of the Constitution of India, Insurance is one of the significant economic sectors of the country. Similar to other sectors, insurance is also in transformative stage, by adopting digitalization. This paper is an attempt to know the strength, weakness, opportunities and threat to insurance sector due to the adoption of digitalization. Present paper is explorative nature based on secondary data. Future study can be made based on primary data from insurance companies.

Keywords

Digitalization, E-insurance, Insurance sector, SWOT analysis.

Introduction

Described explicitly in the Seventh Schedule of the Constitution of India, Insurance is one of the significant economic sectors of the country. The establishment of IRDA and subsequent entry of private and foreign companies has changed the entire picture of insurance sector. Increased competition resulted in innovative marketing strategies and increased customer satisfaction. Ultimate impact of these efforts by public as well as private companies has enlarged the market and resulted in increased customer satisfaction.

Both consumers and businesses are increasingly demanding simplicity, transparency and speed in their transactions. The relentless march of online and mobile technology is continuing to fuel this change in customer expectations. Digital experience obtained by customers resulted in same expectation for insurance sector also. Growing competition is also one factor responsible for moving towards digitalisation.

Digitalisation is not just a new way to sell insurance products, it is a way of transforming customer's expectation, a new opportunity to reach customers and building a long term bondage with them. Digitalisation is a value creation method.

Challenge as well as opportunity for all insurance company to develop a digital strategy to face competition.

Until the year 2000 there was very less insurance penetration in India, especially in rural area. Due to liberalisation in insurance sector, competition has increased; slowly there is a paradigm shift in every aspect of insurance sector. In every step one could see technology as the game changer.

Conceptual Framework

Digitalization means computerization of system (jobs and distribution) for better accessibility. Digitalization in insurance sector results in reduced transaction and administration cost, lower error rates and increased customer satisfaction. E-insurance is that enables to buy and keep insurance policies in dematerialized or electronic form. In the month of December 2016 IRDA has brought a new Act regarding E-insurance. The IRDA made it compulsory for the life insurers to issue e-insurance policy if the annual premium is Rs. 10,000 and more. Already existing policies can also be converted into electronic format. These are kept by insurance repositories. Insurance Repositories maintain data of insurance policies in electronic form on behalf of Insurance Companies.

Literature Review

Palande et al (2007) found that the Insurance industry is going to witness sea changes in its marketing strategies. The existing and the new insurers will devise different strategies to retain and enhance their market share. It would be done by various methods by bringing in new practices, settings new service standards and creating new benchmarks.

Horvath (2015), had an opinion that digitalisation helps companies to identify external market developments and trends in both their own industries and those of others, through the use of algorithm-based analysis and interpretations of the extensive range of information, and to identify and react early to changes in customer behaviour.

Vyas (2015) stated that innovative plans, electronic insurance and minimal role of agents have contributed towards the modernization of insurance industry in India. The study had an objective of studying the recent trends in Indian insurance industry and to suggest the measures for improving insurance industry. Authors opted for secondary data and research design was descriptive. Author had an opinion that internet and technology had resulted in economical buying of policy.

Kumar (2016) had an opinion that, the online insurance industry in India is witnessing a phenomenal level of growth for the past few years. Insurers also recognised the imprint online mode had made on the minds of consumers and therefore they initiated to promote online term insurance quotes and policies. As per industry research and analyses, it is said that in the 2-3 years, three out of every four insurance purchase decisions will be influenced by digital channels of sales and marketing. It simply demonstrates the power of digital media and its growing role in the insurance sector in India.

Objectives of the Study

- To assess strength, weakness, opportunities and threat of digitalisation in insurance field
- To give suggestions if any, to overcome the threat and weakness of digitalisation

Research Methodology

In order to achieve the objectives of the study, appropriate methodology

has been adopted. The present study is mainly based on secondary data. The secondary data for the study was collected from various sources such as IRDA journals, books and reports issued by pwc, swiss re, iib and so forth.

Analysis of the Study

SWOT analysis

Strength, weakness, opportunities and threats analysis is one of the most popular tools applied by strategic planners in business and industries to ensure that all the factors related to projects are identified and addressed (Agarwal et al., 2012). The first two factors, strength and weakness are associated with factors internal to organisations, while other two factors, opportunities and threats are external factors.

Digitalisation in insurance sector results in strength to insurance sector in following ways

S1. More transparency and support to customer

S2. Reduces fraud and improves fraud detection

S3. Quick sanctions and claim settlement

S4. Reduces error and transaction cost

S5. Less paper work

S6. More competitiveness among the insurance companies

S7. More number of Gen Y customer will be attracted. Customers are more empowered.

Digitalisation has certain weak areas. They are

W1. Need for large investment to develop digital infrastructure.

W2. Difficult for the digital illiterates.

W3. Reduces personal relationship with customers

W4. Difficult in rural areas

Because of digitalisation insurance sector is opened for following opportunities.

1. Impact of digitalisation is all pervasive. It touches the areas from pre purchase enquiry till claim settlement.
2. More lead generations.
3. Reduces cost, which results in more profit to company. At the same time more bonus and reduced premium to policy holders.
4. Digitalisation helps to anticipate customer's need. It improves customer satisfaction. More customer centric approach. Helps to generate need based product.
5. Usage of technology will help in increasing penetration rate.
6. E-insurance and digitalisation results in reduction of mis-selling and wrong promises to customers

Following are the threat factors due to digitalisation of insurance sector.

T1. Cyber security challenge.

T2. Increased exposure to never-to-accept threat by insider or attacker.

T3. There are chances of losing certain leads due to digital non connectivity or digital illiteracy.

T4. Traditional insurance advisors may lose the game.

T5. Increased digitalisation poses a threat of increase in e-waste.

Suggestions

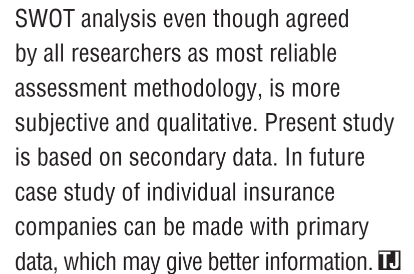
SWOT analysis clearly shows what are the weaknesses and threats which the insurance sector faces. On the basis of the study, author would like to give following suggestions.

- Training regarding digital literacy should be provided to employees, intermediaries and customer.
- IRDA should adopt strict rules and regulations regarding cyber security. Awareness should be created with customers regarding cyber security.
- Government should take actions regarding digital connectivity of rural areas.
- Government can think about increasing the level of FDI limit, as digitalisation needs more investment in the beginning stage.

Conclusion

In India insurance is the forgotten fourth need. To achieve the dream of less cash India, digitalisation is inevitable. Because of late transformation towards digitalisation insurance sector till now was suffering from higher turnaround time and poor customer services. Due to different development and regulations, the insurance sector is marching towards a stable and transparent phase. However, the real growth of insurance sector lies in increasing insurance penetration, insurance inclusion and insurance literacy.

Limitations of the Study and Scope for Future Study



SWOT analysis even though agreed by all researchers as most reliable assessment methodology, is more subjective and qualitative. Present study is based on secondary data. In future case study of individual insurance companies can be made with primary data, which may give better information.

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Digitization-A New Game Changer to Building Customer Loyalty in Life Insurance

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Abstract

Building customer loyalty is a means to create lasting relationships and earn profitability. With majority of companies opting for digital platforms, e-loyalty has taken over the word "customer loyalty" and off late become a subject of study. The success of self-service technologies in offering need based products across various sectors ought to be extended to life insurance as well as it is a long term contract where both the parties stand to gain through the persistency. This review studies significance of persistency in life insurance, factors contributing to lapsations and importance of online life insurance. Lack of financial security system clubbed with the mandate of executing sustainable protection to the people makes conclusions of this study have substantial implications for policy makers and marketers.

Keywords

Customer loyalty, online loyalty, lapsations, persistency.

Life Insurance and its Significance

Every earning person having responsibilities should provide for a financial security net that will support his / her family members to continue comfortably with their lives just in case

some mishap strikes the breadwinner. In the present state, it is evident that Indians are hitherto to get accustomed to the concept of buying financial protection which is sure to undergo a transformation going forward. In the words of Roy et al (2017),over the coming few years the industry aims at high po-tential for growth. There is relatively large proportion of working population and ambitious middle class with increasing disposable incomes. Several reports predict the number of middle class households to increase from 32 million to 148 million by 2030 in a span of 20 years.

Chaudhary et al 2017 claims similar to covering the risk of early death by assuring a sum upon death it covers the risk of living long too by guaranteeing disposal of funds at scheduled intervals of time.

MoF reports 2016 suggest that life insurance plays a key role in building the nation where the long term funds of households are channelized and substantial contribution to investments in infrastructure of the country is made. It also plays a significant role in an individual's portfolio.

Furthermore, Chaudhary et al, 2017 claim that the paradigm of life insurance sector in India has been shifting at a quick pace and the outcomes are remarkable. Policy changes such as rise in the maximum allowed shareholding limit of overseas investors from 26 percent to 49 percent of equity capital, and the emphasis on digitization have in turn supported this industry considering to cater to its large population's financial needs. These variations, clubbed together with innovations, have changed the dynamics of the industry, stimulated the application of technology in customer service and distribution and made it more user friendly. Moreover, with the current methods adopted by Indian Government, household investments are slowly moving away from tangible assets like gold and real estate to financial assets.

Table 1 below shows the penetration level of life insurance in India vis a vis other countries.

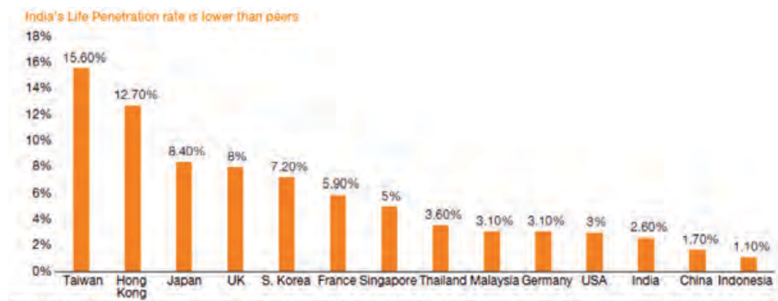

Table-1 - Life insurance penetration in India vis a vis other countries

According to Roy et al (2017), life insurance is a relatively less-penetrated market with only 2.7 percent penetration vis a vis global level of 3.5 percent. The life insurance sector will rise at 15-20% per year even if we assume a reasonable increase of 11-12% in GDP because of the above reasons. This denotes that despite numerous challenges we are foreseeing an industry worth $100–110 billion by 2020 which implies a potential growth rate of 2 times. The industry undoubtedly has a great growth potential and may very well double in size by 2020.

Customer loyalty in life insurance and its significance

Satuluri (2017) argues that as the nuances of the industry have changed, firms comprehended the importance of customer retention towards building profitability thereby making 'persistency' the catchword in the life insurance sector. With margins dipping, the focus has moved to profitability rather than growth. That is insurers started aiming more for sustainability and profitability instead of growth in fresh business premium.The business of life insurance doesn't reward customers unlike other industry where several customer loyalty programs are run. The customer here has to keep paying the standard premiums every year irrespective of the amount of transactions by him.

Incidentally many of the loyalty bonus offered by the company are towards the end of the policy which doesn't help in keeping the customers motivated for continuance as the intent to discontinue usually arises in the initial years. Hence Verma (2011) argues that today the customers are more demanding, sensitive and have access to wide range of communications and hence companies should chalk out strategies to understand them and engage them meaningfully. He also argues that the life insurance business is no exception to banking on customer loyalty wherein apart from other challenges, managing business persistency has become an issue of growing concern for insurers Earlier, the private players focused only on new business premiums – the single objective for getting market recognition. Persistency, has been considered the next level by product of new business premium but derived after a time lag .It was long kept outside their purview ,due to which the average persistency in the industry has sunk.

Numerous analysis done on persistency carried out by various professional bodies over a long time horizon and across various regions have shown that policies which have a preauthorized premium deduction method like direct debit/ECS/Standing Instructions, deductions from salary have a high probability of survival than the ones where the customer initiates the payment every time. This is due to this fact that in such payments customer gives one time instruction and is free from remembering and initiating the transaction by himself and also his pre authorization prevents him from lapsing the policy.

Factors influencing lapsations

Nithiyalakshmi et al (2016) concluded that product misselling is the major cause of lapsations When a product is missold proper need analysis is not done and continued affordability in future from customer's point of view is not taken into consideration. Insurers cannot walk out saying that policy terms and conditions were mentioned in the document. It is the agent’s responsibility to make the customer understand all the ‘Ifs and Buts’ of the policy.

Lack of meticulous management of finances is another reason of policy lapsation. Most of the cases if the customer relocates or changes his mobile number, they lose track of renewal premium reminders.

Arora (2011) state that another reason for policy termination is churning wherein the agent induces the customer to cancel the policy and relocate his funds to a new plan so that he can earn the higher new business commission once again. The poor customer falls prey as he doesn't know the repercussions of cancelling an existing policy i.e. surrender charges, loss of benefits etc.

Many times especially in life insurance term plans customers switch or surrender plans due to availability of cheaper options for same cover. Lapses can also be due to adverse financial situation forcing the customer to close the policy.

Availability of new product variants and lack of premium payment channels can also induce customers to close/ lapse policies in case their needs have changed as compared to the time they bought the policy.

Care should be taken to give right product for the customers based on their needs. Barring the regulator, no one has an incentive in making the contract understood by the customer as for the rest the focus is on making the transaction. This not only leads to mismatch between what one wants and gets and also customer doesn’t get to make an informed choice. In a sense, she/he gets exploited for this lack of comparative information data. Digital revolution and the cyber world offer possibilities for companies that are bold and ready to leverage digital technologies to develop new products and services.

Importance of online life insurance

Digital has been the buzzword over the last few years in India across various industries such as retail, travel, telecom, education and banking. Net banking has already been adopted by Indians. People prefer mutual funds and fixed deposits to be purchased online when it comes to investments. Utility bill payments and interbank money transfer are already done online. Insurance is also joining the wagon. Insurance is also gaining momentum in online channel as purchase of online term plan is on the rise.

There is a major change in insurance sector in India due to digitalization. The recent analysis of trend shows an exponential growth of insurance since the year 2008 which for health insurance is 4 times, 6 times for motor insurance and 4.5 times for life insurance. Din (2015) claims the online life insurance market has already touched Rs700 crores in India and is expected to maintain this up growth trajectory for the next few years. Thus life insurance is a key driver for economic growth of our country.

Chaudhry et al (2017) asserts that there is a growing popularity of self-service technology in life insurance assisting customers to make changes related to policy, pay renewal premiums and get access to all information related to policy in real time.

Digital revolution will significantly impact insurance, no matter it is considered a boon or a bane, and insurers proactively have to cash on this opportunity. Adopting the digital medium could result in a potential cost savings of 15-20% in life insurance sector.

This digital boom has brought with it prenominal changes in the environment in which business operates:

1. Customers feel more empowered
2. They now have access to diverse information which helps them in their decisions
3. Companies can offer better products & services compared to earlier times
4. There is a shift from transactional marketing to relationship marketing as the encounters are getting more interactive

In line with the travel and retail industry, the journey of insurance in the online medium also took off with search

and comparison portals. Insurance aggregators entered the market in 2005 and players like PolicyBazaar, Bimaonline, Apnainsurance and the like came up with their own sites.

Insurance business has not only been revolutionized by IT but also sustained by it. Insurers who realign their strategy keeping in view the rising significance of technology in the business will stay afloat. Honarbari & Alidoost,(2013) suggest that insurers have applied an array of strategies to boost customer satisfaction. Nowadays consumer can visit various online sites where he may compare diverse products offered by various insurers and then make a cognizant decision by applying for online plans and in case of non-requirement of medicals ,the policy can be delivered at doorstep in no time without having to visit the insurer even once. As per Goyal (2017) this is offering better transparency to the customer.

Solanki (2017) states that consumers are expecting insurers to act as experts they can rely on apart from sales of

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the policy to take care of their utmost valued possessions. Disseminating useful content through social media to educate consumers better might help in the long run in policy retention apart from achieving referrals through word of mouth.

Furthermore Verma (2011) contemplates that in a completely customer driven policy like online purchase of product or direct selling which calls for disintermediation, the factors influencing persistency have to be weighed from customer's angle. Since a growing number of brick and mortar firms are exploring their online counterparts, the relationship between online space and their customers can't be simply built in solitude, ignoring the offline relationships. Chiou & Shen (2012) argue that both have to work inter dependently in tandem.

Chang et al. (2012) claim that reduction of transaction costs will create better opportunities for new as well as existing intermediaries. Removal of entry barriers will enable the internet as a medium to provide market solution to concerns of the regulators thus improving affordability of insurance and its availability says Garven (2002). There is an urgent need to completely understand customer encounters and interactions within the context of online insurance.

Almost all insurers are making a robust distribution channel by going online since it enables effortless shifting between channels and gives an authentic comparison between different products. In view of Newatia & Mazumdar (2014), presently, the online channel contributes around 700 crores per annum with the share of life insurance, motor insurance and others (health & travel) being 300 crores, 200 crores and 150 crores respectively. In the coming 5 years, sales in life insurance through online mode are predicted to increase 3-5% of new business annualized individual premiums and sales of non-life insurance at a higher rate of 15-20. Montoya-Weiss et al (2013) state that Insurance companies that have moved to online distribution have reported a considerable dip in the average distribution costs. Insurance companies can work on more customized selling by adding a technical website for selling complex products or providing personal assistance to high net worth individual's through customer service support. Indian e-commerce sector is in growth stage and promises good prospects with revenues expected to grow five times more by 2016, taking a big leap to US$8.8 billion in 2016. Online sites are assessed with respect to accessibility, availability of information, interactivity and the efficiency of service delivery.

Online insurance is considered as a key component of Omni channel strategy for insurance sector. It involves, informing, suggesting, negotiating, selling and finally settling the claim through internet. Since this empowers the customers through self-service, it gives better control over processes and reduces the load of vendors. Insurance Companies in India have touched the enhanced web presence stage. Montoya-Weiss et.al (2003) claim that customers who actively search for information online are likely to transact more and therefore online presence is undoubtedly a major facilitator for improving the market size through transactional web presence. Insurance Web aggregators offer more of customer information and consultancy than acting as an intermediary aid to advisors. They play a major role in serving as a comparison portal for related insurance products. Maheswari

& Chandrasekaran (2013) propose that they assist customers in making informed decisions by providing free quotes, customer support and claim processing. Technology has come a long way in assisting insurers. Online purchase of policy is more economical than buying the same plan through an agent. Presently, customer expectations in insurance sector are being driven by their digital encounters with elite companies in different sectors, like banks and healthcare. The digital benchmark for insurers is high and rising. As per Lakhangaonkar (2014), companies that can overcome this challenge will attract strong customer loyalty, lower costs and increase profitability In the years to come, cost savings and wider distribution will be the effects of internet on the insurance industry. As per Nithiyalakshmi et al (2016), the insurance sector is actually following the same: adapting and innovating to remain competitive. It is also in line with prime minister's digital India campaign. Blogs, social media websites, blogs, articles, comparison websites etc., all these together constitute the super set E-Insurance. Instead of waiting for an agent to take us through the nitty gritties of the plan, an hour of browsing will let us go through all the important details clubbed with platforms for comparing as per our needs and preferences. Insurance players enable customers with a digital platform to buy insurance in 5 minutes. The time has come to keep in pace with of digital generation.

Meshkat et al (2014) suggest that the effects of online insurance on the efficiency are:

1. It will lower administrative as well as managerial costs due to business automation, and will improve the managerial data

2. The costs incurred in paying commission to agents can be saved in online insurance and can be channelized towards other marketing activities to attract customers. Khare (2012) proposed that the youth expects wider variety and flips through Web sites looking for hedonic attributes. The older generation are not comfortable with web based insurance services and have to be pushed to explore online services.

Since the past few years, a consistent growth is observed in people purchasing online goods & services. The percentage of online & tele sales in airline tickets has gone upto 60% in a span of 3 to 5 years in airline tickets. Indian consumers are open to adopt online channels provided they get right value and experience. It allows insurance companies to connect with their customers better, is more open to risk–based pricing, and there is more probability of cross selling. But successfully building this channel is not an easy task. Shah et al (2011) argue that there are various challenges like providing the right experience so that consumers stick to this channel and don't switch back to traditional ones, focus on brand building to create a pull factor and also set an apt differentiated pricing strategy exclusively for online customers.

Khare (2012) found that the comfort level of younger generation is more with online insurance than the elder ones as they are better accustomed to Internet and can easily browse through the content. They have to be pushed to use the net and most of the time they are not sure about what to expect from these sites. Thus for them the options are limited and feel more assured when an agent visits them physically and explains him the product than a virtual presence of the insurance company. The physical interaction with the advisor influences them more in understanding the technicalities like surrender charges, lock-in period etc. than a browsing through the web pages. Nithiyalakshmi et al (2016) states that majority of customers (76%) prefer pre purchase online comparison of plans. In the coming 2-3 years, three out of four insurance buying decisions will be guided by digital sales and marketing channels . That's an astonishing number. It undisputedly implies the influence of digital media and its emergent role in India's insurance sector. More and more people are coming under the scope of e-insurance and this trend will continue moving upwards. With Indian government supporting digitization, the confidence level will go up. This sunshine industry will no longer look back and is already undergoing unexpected growth.

As per Gidhagen & Gebert Persson(2011), for understanding insurance customer's intention towards using the internet and the perception of internet as a medium of communication we need to first figure out the customer's perception of the firm as this will determine if the customer will form favorable or unfavorable attitudes for internet, also known as trusting beliefs.

Keeping in view technology and trust factor of customers, company may make necessary changes to the information to fit the customer's needs better which finally would lead to higher usage of internet based services in insurance than mere information search. Meshkat et al (2014) claim that due to lack of awareness and training about insurance, in developing economies consumers should be exposed to increased levels of comparisons between various policies through different portals.

Use of new strategies and innovative technologies by being customer centric to create revenue is digitalization. Singh (2015) proposed that in the context of insurance it could mean either adding online or mobile sales channels. The sites which are approved by IRDA for comparison of plans help in increasing customer's trust level thereby widening the scope of e-insurance. Wang (2016) suggest that while a new distributional channel seems to reduce transaction costs between consumers and insurers, risks consequently will cause new challenges to global insurance market. The banking and educational needs were the ones which were fulfilled through the online platforms. Investments like mutual funds and fixed deposits were the sought after purchases. For insurance, people relied on the digital medium to research about various available options. Goel (2015) however proposed that with each year passing the digital medium has started widening its footprints in India.

The online medium is not confined to examine and comparison. Nowadays consumers are not dubious of purchasing online term plans .They buy, pay premiums and avail of post purchase services also online. The online medium was unveiled by insurance sector in 2005 which started with search and comparison of various insurance products with online insurance web aggregators. They provide additional comfort to buyers by enabling online product comparisons. Although, it wasn't that easy to convince buyers to purchase online nevertheless, security in financial transactions and transparency induced them to purchase online. In 2010-11, majority of insurers had gone online. Today, insurers have turned online mode as their priority distribution channel. Although large number of insurers are yet targeting on term plans few of them have gone ahead of term and car policies. The purchase of online policies has risen from 2 to 200 per cent in two years. This implies, the rate of growth of the online industry in the coming years is anticipated to be in three digits. As per BCG reports, digital insurance will reach 15000 cr by 2020. It has been projected that online channel will contribute about Rs 700 crore to the total sales of the sector altogether.

As for insurance products, life insurers can sell accident insurance, term life insurance and normal life insurance to the area where there is no branch through the online channel if insurers can maintain their internal control and to provide adequate services for consumers. Life insurers in online selling should disclose the business information on their websites. The information regarding activities in online selling includes the websites of online selling, co-operative institutions and their methods, as well as the period, product information, consumer service and complaints. Wang (2016) claimed that there is no particular insurance regulation governing the online distribution of insurance products. However, there are a number of laws and regulations that apply to electronic commerce generally.

The online medium blends both visual and oral communication thereby becoming a means of advanced communications thereby facilitating advertising and sales .Thus online selling has become a mode for distant selling. Hence Chrissanthis, (2016) asserts that mostly online sales have become a mode of distant sales. The consumer's response to online insurance products has stunned everyone. In less than 2 months the yearly online sale forecasts of companies have been met. Indian insurance is at a very nascent stage with reference to online presence vis a vis countries like the UK, US, Germany, Spain. Singh (2015) propose that online insurance sales account for more than 30% of all sales in these countries compared to roughly 3% in India. The insurance industry there has seen a gradual shift from complete offline model to a more online, less offline.

Online insurance will soon turn out to be one of the essential elements of e-commerce in insurance sector. The reduction of spatial constraints, decrease of rates, growth in sales volume, quick access to product information, lowering of transaction costs, customer centricity, customization of activities and

restructuring distribution networks are few advantages of online insurance. Benefits of online insurance to various stakeholders online customers can make comparisons between competitive products and come up with plans to suit their needs without intervention of traditional intermediaries.

According to Chrissanthis, (2016) the major factors towards victory of online sales are:

a) Lowering down of distribution costs

b) Establishing a novel buying and selling experience for customers

c) Transformation of niche markets into profitable business.

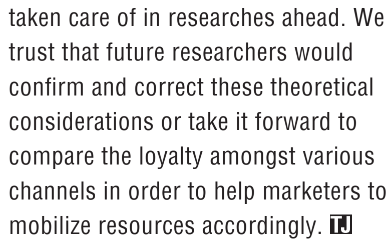
It offers an array of other accompanying services in addition to insurance like sound advice, follow ups suggestions & post sales services. From sales outlook, this implies an active, convenient, and persistent support to customers with respect to all their financial service needs.

There is a new channel of distribution which has emerged in this age of transformation which is online Insurance aggregators. A good aggregator has the capacity to reform the future development of distribution channel of individual insurer. Aggregators get traffic because customers find value in the research they can do on their own on Insurance products, saving time, and in simple to understand language. This traffic is the key differentiator for a successful aggregator, and its advertising revenue potential. This implies there is a direct relationship between the accuracy and helpfulness of aggregators' comparison charts, and their success. These results in deepening penetration of protection focused products For example pure term insurance products have been largely displayed and promoted by aggregators. Within a short span of time, these websites already account for over 50% of the 1st year premium collected via the Internet in India. For some companies, Aggregators can account for as much as 15% of their new business. Digital is a means used for “Pull” or educated insurance which is a miniscule part of the industry. Singh (2015) argues that the problem starts here. If you do a “Pull” purchase, you are less likely to buy a “Poor” product, while in the push channel you can still push poor products .Very often people do not understand the policy completely and purchase a plan based on trust or recommendation of others. Equity, MFs etc have this freedom and hence people can make some intelligent calls based on the recommendation of various ratings on sites. The likely reach of internet in Indian scenario in the coming years is going to be phenomenal. Almost 50% of the total population will have access to internet in the next five years and we will thus be missing out in a major way if we ignore the power of internet and continue to stifle it with some short sighted guidelines. Hence Singh (2015) claims that we need to look into the future and create an enabling environment which provides prospective customers a neutral unbiased web based platform to compare insurance policies and make a judicious choice. IRDA has rightly put conditions to monitor the content of what's displayed by a Web Aggregator to ensure against misinformation and to maintain neutrality.

This tech savvy young generation uses both mobile and internet for transactions and communications. There is huge potential for life insurance sales on online business also keeping the costs low. Insurance firms need to adopt online channels not merely to acquire new business but also to deliver allied services to customers. We can take leverage of online platforms to deliver claims and policy-related services to customers. Insurers need to offer products based on self-service technologies and also chalk out a device for assisted online sales for purchasing from home virtually while making a digital strategy. As per BCG (2017) report, for online customers, life insurance companies ought to have less complex and easy-to-purchase online products at reasonable prices. These informed urban customers are price sensitive hence it is inevitable for firms to sell distinguished products which deliver better value to such customers. This will comprise of designing the website with customer-friendly features that will take the customer through an effortless purchase of product with access to product information and also in the smooth check out process.

Conclusion

This is one of the very few industries that pursues a noble cause with social benefits as well as provides support to the nation and the Government. We as a society must collectively support its growth and development. To secure financial protection for the citizens in tune with “digital India” mission, one of the major step is propagation of online life insurance. There is enormous literature scrutinizing the determinants of customer attrition in life insurance without much study done on proliferation of need based selling through self-service technologies. The main contribution of this research is to offer a broad review of most significant aspects of scrutinized papers that should be



taken care of in researches ahead. We trust that future researchers would confirm and correct these theoretical considerations or take it forward to compare the loyalty amongst various channels in order to help marketers to mobilize resources accordingly. IJ

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Impact of Foreign Direct Investment Inflows on Indian Insurance Sector Since Reforms

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Abstract

Economic reform of 1991 paved the way for systemic shift to a more open economy with greater reliance upon market forces, a larger role for the private sector including foreign investment and a restructuring of the role of government. The insurance industry in India has passed through a period of structural changes under the combined impact of financial sector reforms in general and insurance sector in particular with the recommendations of Malhotra Committee's report submitted in 1994. Reforms in insurance sector end up monopoly of public sector companies and opened up the insurance sector in 2000, with the foreign direct investment limit being set to 26 per cent, now it is 49 percent. One of the major changes is introduction of foreign participation and it has strong correlation with economic growth, so impact of inflow of foreign direct investment on Indian insurance industry since liberalization analysed by using secondary data published by Insurance Regulatory Development Authority of India for the period 2000-01 to 2016-17. This paper seeks to assess the implications of insurance to foreign direct investment inflow in India. Multiple linear regression technique, Multivariate general linear model and correlation matrix test were employed to measure the extent to which foreign direct investment inflows was influenced. The result showed that insurance premium (IP) and total investment of the industry (TI) impacted

significantly and positively on foreign direct investment inflow in India. Correlation Matrix test result showed that foreign direct inflows into the insurance sector and premium, profit, investment and equity share capital have significant linear relationship and also established positive interrelation between variables. Multivariate regression result shows that FDI inflows can predict the insurance sector growth of India. The study concluded that, FDI inflows can make changes in the insurance sector and also insurance sector variables influence more FDI inflows into Indian insurance sector since reforms and FDI inflows make changes into the insurance business.

Key words : Foreign Direct Investment, Insurance, Penetration, Liberalization, Reforms.

Introduction

Economic reform of 1991 paved the way for systemic shift to a more open economy with greater reliance upon market forces, a larger role for the private sector including foreign investment and a restructuring of the role of government. Liberalizing foreign direct investment was another important part of India's reforms, driven by the belief that this would increase the total volume of investment in the economy, improve production technology, and increase access to world markets. Foreign inflows are considered to be an important fuel for any country's economic engine. FDI inflows helps the developing country a transparent , broad and effective policy environment for effective investment issues as well as builds human and institutional capacity to execute the same. Foreign Direct Investment is a controlling ownership in a business enterprise in one country by an entity based in another country. In 1990's, FDI was a leading source of external financing to developing countries and had become a key component of national development strategies for almost all the countries in the world. It is also considered as a vehicle for technology inflows and is an important source of non debt inflows for attaining competitive efficiency, by creating a meaningful network of global interconnections. In fact, many countries like India have offered incentives to encourage FDI to their economies.

Theoretically, FDI is concerned to directly impact growth through capital accumulation, and the incorporation of new inputs and foreign technologies in the production function of the host country. Empirically, Neoclassical and endogenous growth models have been widely used to test those theoretical benefits of FDI (Almfraji 2014). The insurance sector is of considerable importance to every economy; it inculcates the saving habit, which in turn generates long term investible funds for infrastructure building. The economic reforms in India in the early 1990s paved the way for the growth and opening up of the financial sector (Chandra 2016). The insurance industry in India has passed through a period of structural changes under the combined impact of financial sector reforms in general and insurance sector in particular with the recommendations of Malhotra Committee's report submitted in 1994. Reforms in insurance sector end up monopoly of public sector companies and opened up the insurance sector in 2001, with the foreign direct investment limit being set to 26 per cent (now 49 percent). A well-developed insurance sector is necessary for the economic development of an emerging economy like India, as it provides long-term funds for physical and social infrastructure, while simultaneously strengthening risk-taking abilities. The investment requirements for India in the coming years are well-known and the rapid growth of the insurance sector in the post-liberalization period is seen as a good sign as it can, to some extent, facilitate investment in infrastructure development to help sustain the economic growth of the country (Vadlamannati 2008).

Only through the development of an active insurance industry offering attractive products tailored to different types of requirements could stimulate long term savings and add depth to the capital markets. According to IRDAI report 2016-17 insurance penetration in 2010 was 4.4 per cent, which further dipped to 3.49 per cent in 2016. The low penetration level suggested that the insurance sector in India has a promising potential for growth. The insurance sector in India is still under developed as compared to developed countries, and despite private players now allowed to enter this sector, we only have a small number of providers. FDI would increase the number of insurance companies and may also make possible better plans at lower prices (Rajni Goel 2016). The foreign insurers have entered through the joint venture route. Their entry into the field has generated a tough competition in the market which resulted into better customer service. The quality and price of insurance products has greatly improved. The range of products and services has increased so as to give a wider choice to the customers (Rajeev 2016).

The dichotomy of market-size and market cover is the biggest lacunae in the insurance sector, these lacunae that the government hopes to fill through privatization. With the passing

of Insurance Law Amendment Act 2015, foreign participation in insurance companies has been allowed to 49 percent. It is expected that the foreign investment would bring about 20,000-25,000 crore in short funds (Aamir Hasan 2015). According to IRDAI, the total FDI in insurance sector as on March 31, 2015, was about Rs 8,031 crore. All these aspects throw light on the significance of this topic. This paper is intended to examine transformation of Indian insurance sector in the last one and half decades of reform period.

Literature Review

Foreign direct investment (FDI) plays a multidimensional role in the overall development of the host economies. It may generate benefits through bringing in non-debt-creating foreign capital resources, technological upgrading, skill enhancement, new employment, spill-over's and allocate efficiency effects. While FDI is expected to create positive outcomes, it may also generate negative effects on the host economy. The costs to the host economy can arise from the market power of large firms and their associated ability to generate high profits. Much of the existing empirical evidence suggests that the positive effects offset negatives, thus providing net economic benefits for the host economies (Rajni Goel 2016). FDI-Economic Growth relation has largely proved that FDI exerts positive effects on the host country's economic growth. Only in a few cases, negative or null effects have occured. It was found that the adequate levels of human capital, the well-developed financial markets and the open trade regimes play positive role in the FDI-EG relation; while the dependency on foreign investment and technical gap negatively contribute to the relation. Additionally, the affect from the income level of host country is conflicting and the quality of political environment shall also be paid attention to (Almfraji 2014).The impact capital flows exert on host country is significant and the main channels through which the effects are transmitted are: financial markets, host country absorptive capacity, human capital and technological (Lenuta 2012).

The contribution of the insurance sector to economic development is positive and exhibits a long-run equilibrium relationship. Study found that reforms exert no strong relationship, but the rate of growth of reforms has a positive influence on economic development. The study therefore suggested that in order to make the insurance sector a more important component of the financial intermediation process, complete deregulation and an increase in the pace of reforms are the need of the hour (Vadlamannati 2008). Liberalization in insurance sector has brought many positive changes in the industry and at the same time it demands to strengthen CSR and Corporate Governance principles for sustainable growth in the industry. The study reveals that Executives of Private sector insurance are in favor of FDI and they opine that hike in FDI will further boost the industry (Chandra& Gowda 2016). FDI in insurance increases the penetration of insurance in India and can meet India's long-term capital requirements to fund the building of infrastructure (Navyatha&Naresh 2016). The driving forces of insurance market globalization have been identified by Swiss Re(sigma No.4/2000) as the 'Push factors' and 'Pull factors'. The push factors are the motives behind the movement of foreign insurance companies while the pull factors are the motives behind allowing the foreign companies to operate in local market.

FDI in Insurance – A Historical Overview

India has taken several initiatives since the beginning of 1990's in terms of government policies, liberal reforms and investor friendly business environment, to attract FDI into the country. The government created a specific Board to deal with promotion of FDI in India and to be the sole agency to handle matters related to FDI. The 'Foreign Investment Promotion Board' (FIPB) as it is known, is chaired by the Secretary Industry (Department of Industrial Policy & Promotion or DIPP) within the office of the Prime Minister. Its key objectives are to promote FDI in India with investment promotion activities both domestically and internationally by facilitating investment in the country via international companies, NRIs (non-resident Indians) and other forms of foreign investors. Since the liberalization exercise in 1991, the Government of India has taken a number of measures in the area of financial sector. Insurance is an important part of the overall financial system and it too was considered necessary for reforms.

Insurance in India started without any regulations in the nineteenth century. After the independence, the Life Insurance business was nationalized in 1956, the general insurance business was nationalized in 1972 and enjoyed monopoly till the late 90s. Indian insurance sector was moved through two stages of reforms. The first stage of reforms in Indian insurance industry started in the year 1999 with the enforcement and establishment of Industrial Regulatory and Development Authority (IRDAI) Act based on the recommendations of Malhothra committee. Act was permitting the private players to get register to write up insurance business with FDI cap of 26

percent. Insurance sector was privatized with objective of creating healthy competition in the industry and to meet the needs of stakeholders.

The insurance laws (Amendment) Act 2015 and hike in FDI cap from 26 percent to 49 percent is a second stage reform in the insurance sector. The act is aimed to allow insurance companies to generate resources for business. The Act will also enable empowering IRDAI to regulate key aspects like solvency, investment structure, operational expenses and commissions of insurance intermedaries. FDI will increase competition and basic economics would suggest that when the supply increases as compared demand the price will come down, thus benefitting the end customer. FDI would increase the number of insurance companies and may also make possible better plans at lower prices (Subash 2016).

Since the opening up, the number of participants in the industry has gone up from seven insurers in the year 2000 to 62 insurers operating in the life, non-life and re-insurance segments in 2016-17. Table1 shows that, at present there are 62 insurance companies registered with Insurance Regulatory and Development Authority of India (IRDAI) operating in the country. These comprise of 24 life insurance, 23 general insurance and six health insurance companies. Today there are 54 private sector and eight public sector insurance companies operating in India. Two specialized insurers, namely ECGC and AIC, one life insurer namely LIC of India (LIC), four in general insurance and one in reinsurance namely GIC are in public sector. 23 life insurers, 17 general insurers, 6 standalone health insurers and 8 reinsurers including foreign reinsurers branches and Lloyd's India are in private sector (IRDAI 2016-17).

Table: 1

Number of Insurers in India

Regulator	**IRDAI**		
Type	**Public**	**Private**	**Total**
Life Insurance	1	23	24
Non Life Insurance	6	17	23
Standalone Health	0	6	6
Reinsurer including foreign reinsurers Branches/Lioyd's India	1	8	9
Total	8	54	62

Source: IRDAI Annual Report 2016-17

Objective of the study

- To analyse impact of FDI inflows on insurance sector of India

Methodology

The study employed Multiple Linear Regression Model analysis and Multivariate regression analysis employed secondary data. Multiple Regression analysis is use when there are one response variable and more predictor variable. This was specified to help examine the influence or impact of foreign direct investment inflows on insurance sector of India; the need to test the theory in order to supply numerical estimates of the coefficients of Insurance premium, Equity Share Capital, Profits, Gross Direct Premiums, Investments in relationship to foreign direct investment. This will be backed up with relevant time series data, which will span a period from 2000-01 to 2016-17 (17 years) compiled from annual reports published by IRDAI (Insurance Regulatory Development Authority of India). Further correlation matrix test was done to show the strength or weakness of the relationship between variables.

Hypothesis

We hypothesis that, change in foreign direct investment inflows have significant effect on the changes of insurance sector of India since insurance sector reforms. Also hypothesis that, the insurance sector changes since reforms is attracting more foreign direct investment inflows into India.

Results and Discussions

Correlation Matrix Test

Correlation matrix test was conducted to show the strength and weakness of the relationship between variables. Pearson correlation matrix was constructed to assess the relationship between FDI inflows into insurance sector of India and growth of insurance sector in India. The matrix explained which of the variables in insurance sector correlated with the foreign direct inflows into

> According to IRDAI report 2016-17 insurance penetration in 2010 was 4.4 per cent, which further dipped to 3.49 per cent in 2016. The low penetration level suggested that the insurance sector in India has a promising potential for growth.

insurance sector of India. Table 2 shows that, there was a strong correlation between FDI inflows and the variables like insurance premium, profit of companies, Investment, equity share of capital and density, whereas insurance penetration had least correlation with FDI.

Table:2 Correlation Matrix test

Variables	FDI	Premium	Profit	Investment	Equity share capital	Density
Premium	.990					
Profit	.740	.726				
Investment	.981	.983	.810			
Equity share capital	.970	.981	.709	.960		
Density	.823	.867	.369	.779	.872	
penetration	.134	.198	-.331	.049	.211	.628

Source: Computed by author

Overall there was a strong, positive correlation between FDI inflows and insurance sector of India. These variables tend to increase together and have statistically significant linear relationship. Table also shows strong interrelationship between other variables. Result indicated that, since the reforms FDI inflows have relation between insurance premium, profit, investment and equity share capital.

Multiple Linear Regression analysis

Multiple linear regression analysis was used to test the hypothesis that if the FDI inflows significantly predicted by the changes in insurance sector of India. Dependent variable was FDI inflows and Insurance premium, Investment of insurance companies and Equity share capital were set to as Independent variable. Result (Table 3) shows that multiple regression model with all three predictors produced R^2 =.983, F(4,12)= 171.66, P<.001. Multiple correlation coefficient is .98, indicating that approximately 96 percent of the variation of the FDI can be accounted by the linear combination of premium, investment, equity share capital, and profit. Result shows that insurance premium and Investment of insurance companies have significant positive regression coefficients, indicating changes in insurance premium and investment made by the insurance sector as a whole is influence the inflow of FDI in to the sector, after controlling for other variables in the model. Profit of the insurance companies as a whole and equity share capital have a significant negative coefficients, indicating that more FDI inflows are necessary for further growth of insurance sector.

Table: 3: Multiple linear regression Results

R^2 =0.983		
F(4,12)= 171.66		
variables	B	Coefficient
Insurance premium	0.18	0.741
Profit	-0.008	-0.012
Investment	0.001	0.271
Equity share capital	-0.002	-0.009

A stepwise multiple regression was conducted to evaluate whether all predictors were necessary to predict FDI. At step 1 of the analysis insurance premium entered into the regression equation and was significantly related to FDI, F(1,15)=767.31, P<0.0001. The multiple correlation coefficient was .99, indicating approximately 98.1 percent of the variation of the FDI inflows could be accounted for by insurance premium. Other variables (Table 5), total investment t= 1.265, p>0.5 and equity share capital t= -.180, p>0.5 did not enter into the equation at step 2 of the analysis.

Overall there was a strong, positive correlation between FDI inflows and insurance sector of India. These variables tend to increase together and have statistically significant linear relationship.

Table:4 Stepwise Multiple linear regression results

Model						
Model	R	R Square	Adjusted R Square			
1	.990[a]	.981				.980
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1283.520	258.631		-4.963	.000
	Insurance Premium	.024	.001	.990	27.700	.000
Predictors: (Constant), Total Premium, Dependent Variable: FDI Insurance						

Table : 5 Excluded variables

Model		Beta In	t	Sig.	Partial Correlation
1	Total Investment	.240[b]	1.265	.227	.320
	Equity Share Capital Total	-.034[b]	-.180	.859	-.048

Multivariate Regression analysis

Multivariate means multiple dependent variables. Multivariate test answer the effects of at least one of the dependent variable is significant? Wilk's Lambda U is the most common, traditional test lambda ranges from 0 to 1, lower the Wilk's lambda, the more the given effect contributes to the model. There is a statistically significant difference in insurance premium, investment, and equity share capital based on FDI inflows, F(3.13)b=.247.56, P< 0.001, Wilks □ = 0.017, partial □^{2} = 0.983; Pillai's trace =0.768 (it is always lower than hotelling's trace 3.315), range is 0 to 1 (table 6).

FDI inflows are significant for the insurance premium, investment and equity share capital, controlling for other effects in the model (table 7). Of FDI inflows as a predictor variable using partial eta^2 as a criterion, significantly influence insurance sector variables. Insurance premium has high partial eta^2 (0.981) than other variables, Investment (0.963) and equity share capital (0.941) significantly predicted by the FDI inflows. The result shows that FDI inflows into insurance sector of India significantly influence insurance industry of India especially on insurance premium since insurance sector reform.

Since the opening up, the number of participants in the industry has gone up from seven insurers in the year 2000 to 62 insurers operating in the life, non-life and re-insurance segments in 2016-17. Table1 shows that, at present there are 62 insurance companies registered with Insurance Regulatory and Development Authority of India (IRDAI) operating in the country. These comprise of 24 life insurance, 23 general insurance and six health insurance companies.

Table 6 Multivariate Test

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared	Observed Power[c]
Intercept	Pillai's Trace	.768	14.366[b]	3.000	13.000	.000	.768	.999
	Wilks' Lambda	.232	14.366[b]	3.000	13.000	.000	.768	.999
	Hotelling's Trace	3.315	14.366[b]	3.000	13.000	.000	.768	.999
	Roy's Largest Root	3.315	14.366[b]	3.000	13.000	.000	.768	.999
FDI_Insurance	Pillai's Trace	.983	247.559[b]	3.000	13.000	.000	.983	1.000
	Wilks' Lambda	.017	247.559[b]	3.000	13.000	.000	.983	1.000
	Hotelling's Trace	57.129	247.559[b]	3.000	13.000	.000	.983	1.000
	Roy's Largest Root	57.129	247.559[b]	3.000	13.000	.000	.983	1.000

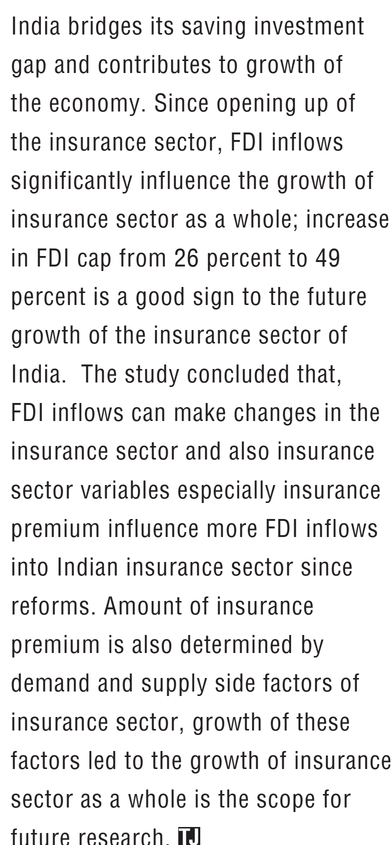
Table 7:Test between subjective efects

Source	Dependent Variable	df	Mean Square	F	Sig.	Partial Eta Squared	Observed Power[d]
Corrected Model	premium	1	3.84E+11	767.312	0	0.981	1
	Investment	1	1.39E+13	393.507	0	0.963	1
	Equity Share Capital	1	3.09E+09	240.415	0	0.941	1
Intercept	Premium	1	2.02E+10	40.401	0	0.729	1
	Investment	1	6.85E+09	0.194	0.666	0.013	0.07
	Equity Share Capital	1	73748451	5.739	0.03	0.277	0.611
FDI_In-surance	Premium	1	3.84E+11	767.312	0	0.981	1
	Investment	1	1.39E+13	393.507	0	0.963	1
	Equity Share Capital	1	3.09E+09	240.415	0	0.941	1
Error	Premium	15	5E+08				
	Investment	15	3.53E+10				
	Equity Share Capital	15	12850707				

Conclusions

Economic rationale for granting special incentives for attracting foreign direct investment is based on the belief that it bridges the 'idea gaps' between rich and the poor nations in addition to the generation of technological transfers and spillovers. India is one of the developing economies with great demand for goods and services and has attracted foreign direct investment over the years started its flows since economic reforms. Foreign direct investment inflow into

India bridges its saving investment gap and contributes to growth of the economy. Since opening up of the insurance sector, FDI inflows significantly influence the growth of insurance sector as a whole; increase in FDI cap from 26 percent to 49 percent is a good sign to the future growth of the insurance sector of India. The study concluded that, FDI inflows can make changes in the insurance sector and also insurance sector variables especially insurance premium influence more FDI inflows into Indian insurance sector since reforms.



India bridges its saving investment gap and contributes to growth of the economy. Since opening up of the insurance sector, FDI inflows significantly influence the growth of insurance sector as a whole; increase in FDI cap from 26 percent to 49 percent is a good sign to the future growth of the insurance sector of India. The study concluded that, FDI inflows can make changes in the insurance sector and also insurance sector variables especially insurance premium influence more FDI inflows into Indian insurance sector since reforms. Amount of insurance premium is also determined by demand and supply side factors of insurance sector, growth of these factors led to the growth of insurance sector as a whole is the scope for future research. TJ

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Workplace Spirituality and Stress Management in Indian Insurance Industry

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Abstract

Acute competition, increasing cases of corruption, consumer awareness, legal strictness and stiff battle for market share have exponentially enhanced the level of stress among employees of Indian insurance companies. Companies are exploring various methods to deal with stress. The present paper investigates the role of Workplace Spirituality in stress management for employees of both public and private insurance companies. Spirituality at workplace is measured with the help of six Indian construct namely Swadharama, Lokasangraha, Karma capital, Authenticity, Sense of community, Kritagayata. The present paper reported negative correlation between constructs of Indian spirituality and work stress. Lastly, implication for industry, limitation and direction of future researchers are discussed.

Keywords: Workplace spirituality, stress, correlation.

Introduction

Organizational restructuring accompanied with external environment pressures and challenges have resultant into a workforce that is devoid of energy and have no internal connection with the organization (Laabs, 1995). Insurance companies have relatively higher levels of stress among their employees as employees of insurance industry are subjected to scrutiny from all stakeholders i.e. management, consumer, courts, regulator, competitors etc. According to Nayakand Jayashree (2008), every employee experiences stress either knowingly or unknowingly. Drastic changes individual lifestyles and priorities, have also changed the needs of the younger workforce who work today in a volatile, complex, and

uncertain business environment. The employees of modern organizations are under more stress than their counterparts in previous centuries. Stress affects their performance, productivity and ultimately the efficiency and profitability of the firm. Thus, it has become imperative to manage stress in an effective way for enhancing efficacy of the employees, to achieve the overall objectives of the organization. Accordingly, managers have experimented with several policies, practices, interventions and activities to deal with the issue of stress among employees. One such intervention is the institutionalization of spirituality at workplace.

WSP is a multidimensional concept which is in the early stages of its development and has no commonly agreed definition (Kinjerski and Skrypnek, 2006). Any single definition of this complex construct is unlikely to satisfy everyone. (Karakas, 2009), the "fuzziness, ambiguity, and the complexity of the construct makes spirituality a difficult research topic to investigate". Karakas (2010) reported that there are more than 70 different definitions of workplace spirituality in his meta-analysis study. There is no concurrence over definitions of workplace spirituality (Kinjerski and Skrypnek, 2004), but there is a common thread that connects all of them with an agreement on the fact that the spirituality is a multidimensional issue that aspires one to search something meaningful and purposeful in life (Dehler and Welsh, 2003; George et al., 2004; Tepper, 2003). Workplace spirituality being culture specific (Garg, 2017), its dimensions are driven by cultural values and ethos of the respondents. The present research gauged workplace spirituality through the angle of Indian spiritual values and ethos.

Although there has been rapid growth in WSP research in the past decade, it has been noted that there is dearth in empirical research with respect to the relationship between WSP and work attitudes (Garcia-Zamor, 2003; Rego et al., 2007; Daniel, 2015). Stress is considered as the pivotal work attitude as it has direct impact on productivity of the employees (Ganster and Schaubroeck, 1991). This study aims to lessen this gap through exploring the relationship between WSP and work stress specifically among offshore and onshore employees working in India's oil and gas industry.

Literature Review

Defining Workplace Spirituality

There is no general agreement over the widely accepted definition of workplace spirituality (Kinjerski and Skrypnek, 2004).Giacalone and Jurkiewicz (2003) defined workplace spirituality as *"a framework of organizational values that is evidenced in the culture that promotes employees experience of transcendence through work processesfacilitating their sense of being connected to others in a way that provides feelings of completeness and joy"* (p.137). Covey (2011) defined spirituality as: "The word spiritual has its roots in spirit, for which dictionaries provide many definitions, most of which are nonreligious in nature, such as *"disposition of mind or outlook' or 'a mental disposition characterized by firmness or assertiveness. Thesauruses likewise put forward many synonyms for spirit including disposition, courage, determination, vigor, will, moral fiber, heart, enthusiasm, inner self, fortitude, and strength. Combine the dictionary definitions with these synonyms, and that is what I am referring to here when speaking of young people's spirits, or spiritual needs."* Workplace spirituality can be defined as the *"recognition that employees have an inner life which nourishes and is nourished by meaningful work taking place in the context of a community"* (Ashmos and Duchon, 2000, p. 137).. The Present paper is based on six fundamental constructs of Indian workplace spirituality: swadharma, lokasangraha, authenticity, sense

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of community, karma capital and kritagayata, which are selected after a synthesis of modern empirical researches and ancient Indian epics like Ramayana, Shrimad Bhagwad Gita, and Upanisads etc.

Constructs of Indian Spiritualism

Swadharma comprises of two terms- *swa* (self) and *dharma* (uphold). It has been defined in terms of meaningful and meditative work (Pandey et al., 2009). Meaningful work demands a job design that allots a valuable and significant work profile. Meditative work means a state of being totally absorbed in the work and thus losing the sense of self and becoming one with the work (McCormick, 1994). Sense of community is about 'developing interconnectedness and interdependence among employees'. It manifests in the form of team spirit, group building and sense of common purpose. Lokasangraha comprises of two terms: *loka* (world) and *sangraha* coming together). It means encourage employees to come together for the welfare of the society (Sharma, 1999). Authenticity refers to synchronization of employees' actions and behaviors with their core and internalized values and beliefs system. Authentic employees lead to organizational culture that promotes openness and collaborative workplace without challenges of office politics, favoritism, exploitation, harassment and discrimination. Karma Capital theory promotes efforts without expectations of the result *(Gita, Shloka 2, verse 47)*, actions free from any impression of pleasure–sorrow, profit–loss and win–loss (Gita, *Shloka 2, verse 38*). Kritagayata refers to felling of gratitude to divine. It is an immense felling of gratefulness for whatever one possess. Indian spiritualism represents pinnacle and most advanced and extended version of gratefulness. Hindu tradition honors every living and non- living aspect of life. Natural figures (fire, water, sun, Earth, rain, river, mountain etc) and animals (like lion, cow, snake etc) are treated akin to God. One must be thankful for whatever one possesses (Shrimad Bhagwad Gita, 18.2).

Research Framework

Data Collection and Sample

The study is based upon andescriptive research design and convenience sampling has been used to collect data from 197 employees of insurance companies. Out of 197 employees, 102 employees belongs to public sector insurance companies namely Oriental Insurance, New India Insurance, Life Insurance, United India Insurance and 95 employee belongs to private companies namely ICICI Lombard, Star Health, HDFC Ergo, Baja Alliance. Structured questionnaire is used in the present study. Part A of the questionnaire captured demographic information like gender, experience, age and academic qualifications of the employees. Part B measured workplace spirituality with the help of a scale comprised of Swadharma, Authenticity, Lokasangraha, Sense of community, Karma capital and Kritagayata (Pandey et al, 2016; Garg (2017).All questions were answered on 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Stress was measured with the help of 7-items rated on 5-point rating scale.

Results

Table-1: Descriptive Statistics (Workplace Spirituality and Stress)

Independent Variables	Mean	Standard Deviation	Cronbach's Alpha
Swadharma	3.21	1.23	0.71
Sense of community	3.02	1.45	0.77
Authenticity	2.98	0.95	0.89
Lokasangraha	3.10	0.99	0.91
Karma capital	3.76	1.74	0.79
Kritagayata	2.74	0.93	0.81
Overall	3.30	0.79	0.88
Dependent Variable			
Stress	4.12	1.29	0.82

Table-1 depicts mean value, standard deviation and cronbach's alpha (reliability test) of the variables included in the study. All values of cronbach's alpha are greater than 0.70 which means that data is reliable. Karma capital with mean value of 3.76 is most experienced construct of workplace spirituality. Kritagayata (mean= 2.74) is least favored dimension of workplace spirituality. Job stress has mean value of only 4.12 which is a matter of grave concern for employer of insurance companies. Researchers suggest that the insurance companies should try to explore the reasons of high level of stress among employees. Corrective measures could help management in better utilizing of human resources.

Table-2: Comparison of WSP and Stress among Public and Private Insurance Companies

Variable	Company	N	Mean	t-value	Sig.
Stress	Public	102	3.88	4.63	0.049*
	Private	95	4.36		
Swadharama	Public	102	3.37	3.79	0.00*
	Private	95	3.02		
Lokasangraha	Public	102	3.45	2.78	0.015*
	Private	95	2.83		
Authenticity	Public	102	3.23	5.40	0.032*
	Private	95	2.74		
Sense of Community	Public	102	3.22	5.82	0.011*
	Private	95	2.86		
Karma Capital	Public	102	3.80	3.49	0.23
	Private	95	3.74		
Kritagayata	Public	102	3.23	4.83	0.03*
	Private	95	2.27		

Table-2 compares stress level and workplace spirituality amongst employees working in public and private insurance companies. It has been reported that the employees working in private insurance companies (mean= 4.36) experiences significantly higher level of stress than employees working in public sector insurance companies (mean=3.88). The finding is quite understandable given the hardship and pressure experienced by private sector employees. Five out of six constructs of workplace spirituality also reported statistically significant variations among employees of government and private insurance companies. It is interesting to note that the mean value for these five dimensions of WSP is higher for employees employed in public companies. It signifies that the public insurance companies provide greater chances to experience spirituality at workplace.

Table-3: Correlation Matrix

	S	A	SC	L	KC	K	WS	JS
S	1	.43	.67*	.77*	.64*	.78*	.56*	-.59**
A		1	.39	.59**	.66*	.66*	.89*	-.81*
SC			1	.24	.64*	.43	.81*	-.71*
L				1	.28	.24	.78*	-.59*
KC					1	.53**	.92*	-.24
K						1	.88*	-.73*
WS							1	-.80*
JS								1

WS-Workplace Spirituality, S-Swadharma, A- Authenticity, L- Lokasangraha, S- Sense of Community, KC- Karma Capital, K- Kritagayata, JS- Job Stress

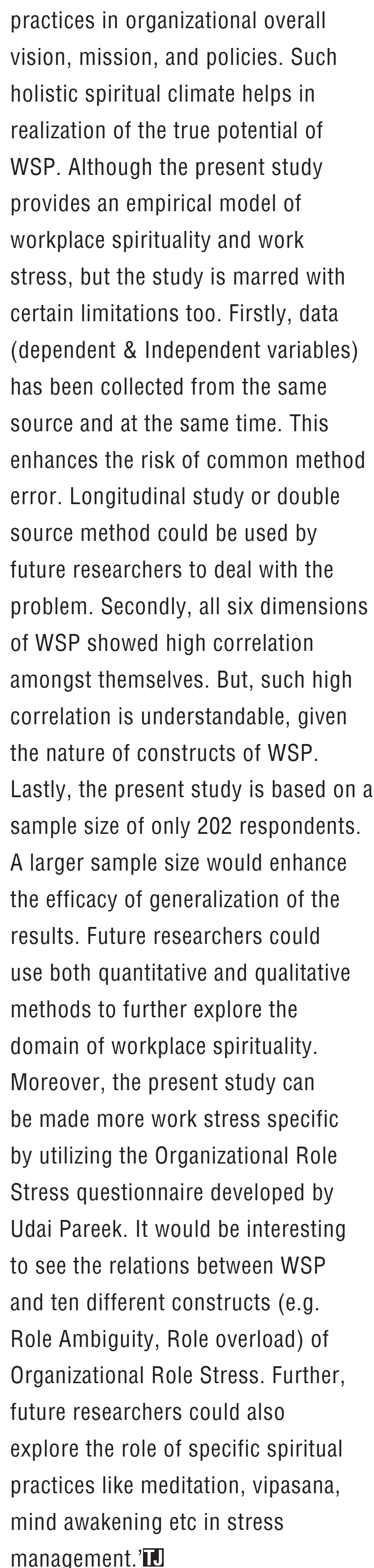
* p< .05, ** p < .01, Data: Primary Data

Table-3 represents correlation among all the variables (constructs of workplace spirituality and job stress) of the study. Five out of six dimensions of Workplace Spirituality (Swadharma, Lokasangraha, Authenticity, Sense of Community and Kritagayata) were reported to have significant negative correlation with job stress. It means that any significant change in any dimension of workplace spirituality could lead to significant decrease in stress level of the employees. Overall workplace spirituality is also found to have significant negative correlation with job stress.

Discussion And Conclusion

'Acknowledging the benefits of workplace spirituality, organizations around the world are adopting various mechanisms to institutionalize spirituality at workplace. World's most renowned organizations like World Bank, Hewlett-Packard, AT&T, Ford Motors, Apple computers etc. have implemented programs designed specifically to promote spiritual climate at workplace. Google has founded Google's school of personal growth for its employees. The school also focuses on spiritual growth of the employees. Mediation classes and workshops have become a permanent characteristic of many firm's routine, namely Apple, Microsoft, Google, Yahoo, IBM, etc. Sri Lankan cricket team relied on mediation and other spiritual practices to come out of the trauma of terrorist attack in which they narrowly escaped. Modern HR managers have started to measure Spiritual Quotient (SQ) in addition to Emotional Quotient (EQ) and Intelligence Quotient (IQ).

Further, it is suggested that higher management should try to develop a holistic and comprehensive spiritual climate through institutionalizing diverse spiritual values and


practices in organizational overall vision, mission, and policies. Such holistic spiritual climate helps in realization of the true potential of WSP. Although the present study provides an empirical model of workplace spirituality and work stress, but the study is marred with certain limitations too. Firstly, data (dependent & Independent variables) has been collected from the same source and at the same time. This enhances the risk of common method error. Longitudinal study or double source method could be used by future researchers to deal with the problem. Secondly, all six dimensions of WSP showed high correlation amongst themselves. But, such high correlation is understandable, given the nature of constructs of WSP. Lastly, the present study is based on a sample size of only 202 respondents. A larger sample size would enhance the efficacy of generalization of the results. Future researchers could use both quantitative and qualitative methods to further explore the domain of workplace spirituality. Moreover, the present study can be made more work stress specific by utilizing the Organizational Role Stress questionnaire developed by Udai Pareek. It would be interesting to see the relations between WSP and ten different constructs (e.g. Role Ambiguity, Role overload) of Organizational Role Stress. Further, future researchers could also explore the role of specific spiritual practices like meditation, vipasana, mind awakening etc in stress management.'

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A transformative agenda for the Indian insurance industry and its policy framework

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Introduction

India is both under-penetrated and inadequately penetrated. Insurance penetration in India is ranked amongst the lowest in the world. India's insurance penetration rate of 3.42% (2.7% of GDP for life insurance and 0.72% of GDP for non-life insurance) is far below the global average of 6.2%. Similarly, the insurance density is ranked amongst the lowest in the world.

The reasons attributed are: Lack of awareness and Low level of financial inclusion, as also a lack of trust in the system.

The support system is over-regulated and cost of compliance is high. The regulations are about input policing rather than being outcome based. The essential and pre-requisite 'Ease of Doing Insurance Business' framework has not been installed with vigor that could spawn a credible, responsible, proportionate and friendly regulatory regime. The approach to public accountability is hesitant and tentative, and the Level playing field imperative do not prevent a government entity from getting preferential treatment.

The Regulations are less focused on outcomes; the adherence is to the prescribed checklists. The regulatory surfeit with attendant micromanagement results in "the big picture" taking a back seat. This is quite opposite to what Jose Manuel Barroso, the former President, European Commission once said in his annual 'State of the Union' speech

to the European Parliament, ***"We need to be bigger on big things and smaller on small things"***. The Indian insurance market has never seen a ***ONE Insurance Vision*** document – with near / long term goals that weave insurance imperative to improve penetration and density in India with the ***'Ease of Doing insurance Business'*** framework. The regulatory stance seems to hover around capital infusion for increasing the insurance penetration in India whereas reports from FICCI, CII and McKinsey, suggest that enabling policy actions to become "inclusive, progressive and high performing" will mean much less additional capital requirement.

Mumbai is India's leading insurance center and has the largest concentration of insurance suppliers in India. Yet, the Indian insurance regulatory office operates from Hyderabad, and the 'industry' goes to Hyderabad rather than the regulator being part of the 'market' entailing millions every single year. Mumbai is also logically and logistically well placed to develop as ***the Indian International (re) insurance Centre*** to compete with London and Singapore but does not have complementing synergies with the International Financial Services Center (IFSC) at GIFT which is the only Financial Special Economic Zone, with tax, legal, regulatory and other incentives on offer.

The Indian insurance industry too has contributed and strengthened the current intrusive 'check based' regulatory mechanisms: Life insurance Industry has not been very successful in creating value, delivering returns below the cost of capital for years: The Non-life insurance industry has the highest CoR across developed and emerging countries, almost for the last 15 years. What one observes is that the 'poor market conduct' leads to even more intrusive regulations – with the one feeding the other in a circular movement.

The Indian insurance market though feels redeemed with the top lines and the gross premium increases, the growing number of policies across Life/ Non-life sector, and the investment led rather than underwriting led profits. The market short-termism is however not getting corrected by the Indian insurance regulator in spite of occasional attempts. Subliminally thus, the following text has a logical corollary:

1. Despite being the second highly populous country in the world, the Indian insurance market accounts for less than 1.5% of the world's total insurance premium.
2. In India the sum insured to GDP ratio (a measure of protection) is very low: it stands at 55% which is much lower than the developed markets where it is anywhere between 150 to 250%. Worse, there are not enough motivators for encouraging higher sum insured.
3. The pension assets are around 8% of the GDP in India whereas in advance countries these are anywhere 90% and more than the GDP of the country. As a measure of the enormity of the challenge that India faces, the 2011 Census showed that only 12% of the Indian working population (i.e. about 58 million) were covered under any pension plan.
4. The Indian insurance penetration of 3.42% of the GDP is pitted against the global average of 6.2%, and the Indian insurance density of USD 55 is staggeringly low compared to the world average of USD 595.

The lack of profitability and the underwriting disciplines means that the risk mitigation is not attended to, right talent is not attracted and worse there is no research spend into lowering the risk thresholds – both for the traditional and emerging risks. The capital accumulation is not enough to fund more growth. Paradoxically, the below par performance of the insurance firms means that the fresh capital is not easy to get – either internal accruals, public listing or external borrowing or equity - all of which demand greater control and improved performance. This becomes a vicious cycle. India continues to be poorly and inadequately penetrated.

Besides, the external risks' contours are constantly changing e.g. climate changes, cyber security (it is complicated when corporations improve security 20% each year, and the hackers improve 300% each year) and human pandemics. Besides, the current demographics dividends will not last forever, and there are insurance risks in both - dying young and living long.

Converting all of the above into a virtuous cycle is both a challenge and opportunity. The systemic inadequacies require systemic change, and the architectural design needs fixing. Insurance is part of the solution - Insurance de-risks governments, business and communities. A 1% rise in insurance penetration translates into a 13% reduction in uninsured losses - a 22% reduction in the taxpayers' contribution following a disaster – and increased investment equivalent to of 2% of national GDP. Sustained efforts are required how to improve the resilience of infrastructure and institutions.

ONE Insurance Vision is the answer that partakes of an aligned insurance philosophy across the government, the regulator, the insurance industry and the market. In principle, about half of total GDP at risk can be protected by improving aspects of cities' infrastructure and crisis management, with insurance playing a key role in this process. India therefore needs a modern, transparent and progressive framework and a global (re) insurance platform through an integrated, globally competitive and entrepreneurial ecosystem. A globally competitive (re) insurance industry in India will deepen insurance penetration in India and will help unlock the full potential for the Indian economy besides, becoming a regional centre of excellence for the markets across Asia and Africa.

Any idea of inclusion must have ***inclusion for all***!

a) For the policy holders' - when the risks and covers are aligned, done inventively

b) For the Shareholders' (including government shareholders) when they get the right ROE

c) For the larger body of stakeholders' (public at large) when they participate in the growth story of insurers via equity participation especially retail investors, and above all

d) For India when the Assets under Management grow such that they power the Indian economy.

The monograph provides a transformative roadmap for the development and progress of the Indian insurance sector. It focuses on the key areas that need to be addressed from a policy, regulatory and market development perspective.

Technical advances such as mobile technology, app based transactions, cloud, internet based business, artificial intelligence and big data analytics must be allowed to enable India to the path of complete digitization. The emergence of new internet or blockchain protocol must be adopted early for inclusive insurance. Agricultural sector must be served by trusted data feeds to pay claims. The emergence of INSURECH companies is the new allies for innovation.

Current market and catastrophe risks will need to be correlated with cyber and other operational risks as digitization opens the doors to such risks. The insurance industry, including its clients, need to realise that cyber is not IT risk but a governance and compliance issue for the Board of Directors to cater to data integrity.

IRDAI must quickly move capital solvency rules from standard formula to risk based capital, and the volatility on the balance sheets will have to be correlated such as correlation of catastrophe and cyber models to underwriting, credit and market risks. This needs to be mandated along with risk based pricing and assets & liabilities management.

Increased impetus must come from AADHAAR linked biometric authentication to ease the burden of fulfilling KYC requirements. With a view to serve underserved and uninsured, digital distribution and integration with ecosystems and partners will make insurance bite-sized and affordable. New data sources such as partnerships, IoT – wearables, big data analytics will put insurers in a great position to bridge the 'data divide' and produce and price products accordingly.

> The support system is over-regulated and cost of compliance is high. The regulations are about input policing rather than being outcome based. The essential and pre-requisite 'Ease of Doing Insurance Business' framework has not been installed with vigor that could spawn a credible, responsible, proportionate and friendly regulatory regime. The approach to public accountability is hesitant and tentative, and the Level playing field imperative do not prevent a government entity from getting preferential treatment.

Impetus must also come from the creation of smart cities. Estonia and other nations are taking the same approach which is scalable to the size of India. Data is an asset and a currency even if it is intangible at this point of time and provenance of data must be part of the grand strategy.

The Insurance Regulator must ensure competition that drives efficiency and efficiency that drives growth. An open and well-regulated market – with light touch and effective regulations, where required - in a level playing field stimulates competition. By contrast, protectionism and heavily regulated market makes firms less competitive besides stifling the market

and retarding the growth, which is the current currency.

A Transformative Agenda begins with an enabling, independent and friendly Insurance Regulator.

Global Best Standards

The Law Commission of India in its 190th report stated, "the regulation of insurance required a paradigm shift from just a supervisory and monitoring role to a development role so that the insurance business promotes economic growth". This requires a ***Credible, Responsible and Proportionate Regulatory*** regime which is in line with global best practices, duly localized.

The global best practices, now getting codified through IAIS, include principles and risk-based approach linked to outcomes. They are essentially led by prudential and conduct regulations that are minimally intrusive, ensuring transparency and development orientation with accountability at all levels, well supported by empowered self-regulatory bodies. This is emanating out of Primary legislation clearly defining the objectives of insurance supervision and the mandate of the supervisor and gives the supervisor adequate powers to conduct insurance supervision. The supervisor, in the exercise of its functions and powers is operationally independent, accountable and transparent.

The above is the essence of ***ONE Insurance Vision,*** offered by best global standards, and the evolved/ evolving markets. The global centers of excellence for (re) insurance services such as London, Singapore and now China as well and others, share certain key characteristics:

a) A robust, proficient and transparent legal, regulatory and tax environment as well as modern Dispute Resolution Mechanisms.

b) The ability to attract and develop talent, and build a strong infrastructure of supporting services.

c) A commercial and entrepreneurial business environment.

Established in 1994, the **International Association of Insurance Supervisors (IAIS)** represents insurance regulators and supervisors of more than 200 jurisdictions in nearly 140 countries, constituting 97% of the world's insurance premiums. Its mission is to:

(a) Promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders;

(b) Contribute to global financial stability

The IAIS is the international standard setting body responsible for developing principles, standards and other supporting material for the supervision of the insurance sector and assisting in their implementation.

The IAIS is a member of the Financial Stability Board (FSB), member of the Standards Advisory Council of the International Accounting Standards Board (IASB) and partner in the Access to Insurance Initiative (A2ii). In recognition of its collective expertise, the IAIS also is routinely called upon by the G20 leaders and other international standard setting bodies for input on insurance issues as well as on issues related to the regulation and supervision of the global financial sector.

The Insurance Core Principles (ICPs), Standards, Guidance and Assessment Methodology from International Association of Insurance Supervisors provide a globally accepted framework for the supervision of the insurance sector. All leading insurance markets largely follow the IAIS framework.

London: The Leading International Financial Center

London is ranked as the top financial Centre. It is the top insurance center as well. A majority of the companies underwriting in the London Market are foreign or foreign-owned. The 'London Market' is a distinct, separate part of the UK insurance and reinsurance industry centered in the City of London.

The UK government has no direct involvement in regulation of the (re) insurance industry and the Financial Policy Committee (FPC) of the Bank of England is responsible only for macro-prudential supervision in order to maintain financial stability, with no direct powers over individual institutions. The regulation of insurers and reinsurers (including other financial services providers) is divided between two authorities: the Prudential Regulation Authority (PRA); and the Financial Conduct Authority (FCA).

1. Prudential Regulation Authority (United Kingdom)

The Prudential Regulation Authority (PRA) is a United Kingdom financial services regulatory body, formed as one of the successors to the Financial Services Authority (FSA). The authority is structured as a limited company wholly owned by the Bank of England and is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. It sets standards and supervises financial institutions at the level of the individual firm.

The PRA was created by the Financial Services Act 2012 and formally began operating alongside the new Financial Conduct Authority on 1 April 2013. As the Bank of England is operationally independent of the Government of the United Kingdom, the PRA is a quasi-governmental regulator, rather than an arm of the government per se.

The PRA's role is defined in terms of two statutory objectives: to promote the safety and soundness of the firms it regulates and, specifically for insurers, to contribute to the securing of an appropriate degree of protection for policyholders. In promoting safety and soundness, the PRA focuses primarily on the harm that firms can cause to the stability of the UK financial system. A stable financial system is one in which firms continue to provide critical financial services – a precondition for a healthy and successful economy.

The PRA approach to supervision ***will not seek to operate a "zero-failure" regime.*** Rather, the PRA will seek to ensure that a financial firm which fails does so in a way that avoids significant disruption to the supply of critical financial services.

2. Financial Conduct Authority

The Financial Conduct Authority (FCA) is a financial regulatory body in the United Kingdom, but operates independently of the UK government, and ***is financed by charging fees to members of the financial services industry.*** The FCA regulates financial firms providing services to consumers and maintains the integrity of the UK's financial markets. It focuses on the regulation of conduct by both retail and wholesale financial services firms. Like its predecessor the FSA, the FCA is structured as a company limited by guarantee.

The establishment of the FCA has had a greater impact on the market because the creation of a dedicated conduct regulator resulted in a much more intensive focus on conduct regulation. Under the FCA, the approach to oversight has evolved a step further to a risk-based approach. By focusing on risk rather than compliance, firms are required to take a forward-looking approach. Firms are required to understand what impact their actions may have. If their actions could mean that customers are not treated fairly then the firm will need to find a way to address that before proceeding. In this regard, the FCA has made clear that, if firms are to be able to manage conduct risk in an appropriate way they need to ensure that the firm's governance, culture and strategy are fit for purpose.

3. The 'London Market' as a 'Hub' for global commercial (re) insurance

London's global success is founded in its openness to international business.

The 'London Market' is a distinct, separate part of the UK insurance and reinsurance industry centered in the City of London. Contributing £30bn to UK GDP in 2013, it comprises insurance and reinsurance companies, Lloyd's, P&I clubs, and brokers. It is the largest global hub for commercial and specialty risk writing £60 billion of gross written premium in 2013, bigger than Bermuda, Zurich and Singapore combined. In reinsurance, London is one of the largest hubs in the world (£14.6bn), but is smaller than Germany (£27.6bn), Bermuda and Switzerland (both £16.1bn).

a) Professional Intermediary Function - London is principally a broker-driven market. Brokers play an important role as intermediaries by facilitating the flow of business, but also as expert service providers, delivering research, analytics and modeling, and by driving innovation in the market. In addition, in markets where the role of professional intermediaries has been developed, they may also act as part of the distribution function for reinsurers.

b) Clustering of expertise - The geographical concentration of insurers and intermediaries and professional services providers, such as law firms, accountancy and audit firms, IT support, surveyors, professional bodies and many others, all located in close vicinity within the City of London promotes a 'clustering effect'. A majority of the companies underwriting in the London Market are foreign or foreign-owned and it is still the only Centre in which all of the world's 20 largest reinsurance groups are represented. The London Market is the Centre for UK's invisible export business of which insurance is the single largest component.

c) ***London Market Mechanisms, such as International Underwriting Association, Lloyd's Market Association, London Engineering Group*** and ***London Market Group*** carry out many a market regulatory function.

d) ***UK's new Insurance Act,*** hailed as the biggest shake-up of insurance law in the UK since 1766, came into force on August 12, 2016. It is also described as a once-in-a-generation reform of insurance law in the UK and is heralded as being crucial to keeping the London insurance market at the very Centre of the global stage.

Singapore: Maintaining pole position, among the new entrants

Singapore is arguably the world's biggest (re) insurance hub success stories of the 21st century. It is rooted

in an unwavering political commitment from the highest levels of government, rigorous yet responsive and highly professional regulators, attractive and constantly improving hard and soft infrastructure systems, including cosmopolitan lifestyle options and, last but not least, rapidly growing regional reinsurance markets.

The (re)insurance hub of Singapore offers a common, nation-wide legal and regulatory framework for both onshore and offshore business (including retail lines of business). Its roots go back to the 1960s when its Insurance Act was enacted and the General Insurance Association was established. In 1970, the Monetary Authority of Singapore (MAS), one of the world's most respected regulators was formed.

Since then, the MAS has deployed significant efforts to promote the country as a financial hub, based on its English common law system, sophisticated regulatory environment, competitive tax rules (such as a favourable 10% corporate tax rate for offshore businesses), a superior quality of living and a deep domestic talent pool. The years 2000 and 2003 saw further milestones, with the removal of foreign ownership limits and the introduction of a Risk-Based Capital Framework, respectively. In the country's relatively short history of less than 50 years, Singapore has moved steadily up the World Economic Forum's Global Competitive Index to become, as of 2014, the world's second most competitive economy, for the fourth year running.

Almost all international insurers, reinsurers and brokers have established a presence in Singapore and primarily use it as a hub for the Asia Pacific.

From a global best practices perspective the model adopted by the Monetary Authority of Singapore (MAS), and itsmission *"to promote sustained non-inflationary economic growth, and a sound and progressive financial Centre"* has been a game changer for the financial services in Singapore. MAS have brought this historic change by:

- *Aligning with the best international standards ensuring that is appropriate to the risks prevalent in the domestic markets.*
- *Regulations are complemented with intensive supervision that calibrates responses according to the risk profile and impact on individual institutions.*
- *Regulations are focused on outcomes rather than adhering to prescribed checklists and are implemented in a way that seek to minimize compliance burden*

Monetary Authority of Singapore (MAS) is very supportive of the development of the insurance industry and its approach is indicative of the country's fair regulatory environment. Various financial incentives have been made available to global insurers considering setting up regional headquarters in Singapore.

1. The attraction of Singapore for many foreign insurers is less the market itself than the opportunities it offers as an insurance hub as a whole, a role that the Monetary Authority of Singapore (MAS) is keen to promote and, faced with an increasingly competitive local market, companies are likely to look more and more to offshore business.
2. The MAS continues to refine its hands-off approach to market supervision, relying increasingly on self-regulation through the General Insurance Association (GIA) and by means of legislative instruments such as risk based capital and corporate governance.
3. The GIA of Singapore has a self-regulatory function that is enforced through market agreements.
4. The legal system in Singapore is based on English common law and well-established judicial system. There is a principles-based regulatory framework which is transparent and consultative and commercially minded. Singapore is considered an arbitration "friendly" environment and a leading international Centre for arbitration services.
5. The MAS has representative offices in London, Beijing and New York to promote Singapore, manage relationships with prospective international companies and assist in applications. The MAS offers financial incentives to financial institutions with plans to establish or expand operations in Singapore, through the Financial Sector Development Fund and tax incentives.

China: the upcoming global insurance Super power

Not yet an insurance superpower but getting there, and the targets seem achievable for the following reasons:

1. International experience shows that when per capita GDP ranges between $5,000 and $10,000 in a country, its insurance sector grows fast and China, whose per capita GDP was $8,016, is right in this group.

2. There is huge demand as people have higher needs for better health, life quality and security when their income and wealth increase.

3. China has several fiscal incentives, including tax deductions for commercial health insurance policy buyers, to aid the insurance sector and will introduce more incentives in the future. The authorities have also allowed insurance companies to invest in more areas, including elderly care facilities and housing, widening the room for the development of insurance companies.

4. The Internet has transformed insurance sales channels, product design, business models and service. Technology such as big data, cloud computing, Internet of things and block chain, will usher in the next round of innovation.

5. China has enhanced its insurance industry to be *a strategic industry,* for the development of the Chinese economy and society. What is means is relentless push to penetrate insurance, grow China as an insurance center of excellence and support China's economy 'go global' initiatives.

6. China has drawn up reforms for the insurance industry with a new solvency regime that prompts an overhaul of investment strategies and promote comprehensive risk management across the industry. China's insurance landscape is changing and the transformation is just unfolding.

7. The One Belt One Road thrust, which promotes China's economic cooperation with around 60 countries from Asia to East Africa, focuses on building infrastructure and broadening trade. Most of the economic partners' insurance penetration rate is currently less than 1%. In order to better serve Chinese interests abroad, and in One Belt One Road countries, Chinese insurance companies will provide comprehensive insurance solutions.

8. The Chinese government is supporting the development of Shanghai as the marine insurance hub in China, by providing tax benefit incentives on marine cargo, air cargo, marine hull, and marine liabilities. This encourages large marine insurers to centralize their marine business in the city over the long run.

9. China has opened its markets to about 45 countries – the iconic Lloyd's, London building now belongs to Ping An – a Chinese Life Insurer. In July 2016, the CIRC revised its rules on infrastructure investments in a bid to diversify investment channels and to support economic development. The relaxation is part of the market-oriented reform in China, supported by prudent risk management and corporate governance. The CIRC has also allowed insurers to invest in Hong Kong listed shares through the Shanghai-Hong Kong stock connect shares in a bid to help boost insurers' investment yields. Chinese insurers may boost outbound investments by about US$100 billion over the next three years, as they seek to diversify risks through buying more overseas securities, private equity and real estate. This reflects insurers' long-term strategy, and is driven mainly by a desire to deliver stable and sustainable returns, rather than a response to a weakening yuan. Chinese insurers are allowed to invest up to 15% of their assets overseas, but currently, just 2% has been allocated abroad, suggesting "it's a long-term trend". The Chinese insurers, which have "a long-term mindset", are still in the early stages of foreign investing, and such an aspiration is unlikely to be deterred by short-term factors.

10. According to research from the International Cooperative and Mutual Insurance Federation (ICMIF) more than 950 million people worldwide are served by mutual or cooperative insurers. However, that it is people in low-income countries around the world that have the least access to mutual/cooperative insurance, as 63% of low-income countries have no mutual/cooperative law to write insurance. In a bid to catch up, China granted licences in June 2016 to the first three mutual insurers in the country with ICMIF and member organisation the MGEN Group (France) acting as advisors to CIRC on mutual insurance and regulation.

11. CIRC has formed a strategy advisory committee, comprising of experts in areas such as economics, finance, insurance and disaster management. It consolidates wisdom both within and outside the industry, and gives theoretical and intellectual support to build a strong insurance market.

Key Recommendations

The key recommendations to build a modern and progressive (re) insurance industry in India are summarised below:

1. Ease of Doing Insurance Business in India

The Indian insurance regulator must become the change agent to enable the market transition to an inclusive insurance growth: The Indian insurance regulator scripting a new working culture to invoke the 'D' in IR'D'AI to let the market leapfrog:

- The Regulatory set-up and the framework for the insurance regulations must metamorphose to help infuse the collaborative culture focused on ***Ease of Doing insurance Business and principles and outcome-based framework.***

- The Indian insurance Regulator must draw up ***ONE Insurance Vision,*** on the lines offered by best global standards, and create better ecosystem than the global centres of excellence for (re) insurance services.

- Inclusive insurance requires ***ONE Insurance Vision*** – that partakes of ***an aligned insurance industry*** that has the legislative, executive, and regulatory and the Self-Regulatory market bodies, including the insurance industry and its markets, working with a common objective to raise the insurance penetration & density levels in the country with every one collaborating and winning in the process.

2. A transformative Executive agenda

In a society which needs rapid penetration and inclusive insurance, the role of the executive wing is almost angelic – intervene where necessary but stay away where it is prudent.

2.1. ***Government as the Ultimate Trustee -*** The Indian Executive has to improve the legislative framework, ***create an independent and globally benchmarked regulatory Authority,*** mandate it to ensure fair and outcome-based framework that drives efficiency and efficiency that drives growth.

2.2. ***Government as a market player –*** The government must ensure that its role, as a super regulator, does not conflict with Government controlled market entities which must be autonomous Board run companies. The improved performances from the Government insurance companies, on level playing conditions, will have a salutary impact on the rest of the Indian insurance market since these companies dominate the market across life, non-life and reinsurance segments.

2.3. ***Government as a significant buyer of insurance –***

The Indian Government has set in motion a transformative agenda to have fully insured and fully pensioned India. This must have effective regulatory ownership: from ensuring actuarial pricing to technological back-ups to efficient scientific data management to effective service deliveries.

3. A transformative framework for Primary & Secondary law reforms in India

The leading global insurance markets deploy significant efforts to promote their countries as financial hubs, based on its English common law system, sophisticated regulatory environment, and competitive tax rules.

3.1. ***The suggested Indian Policy Framework, underpinned by modern and best global practices and in line with IAIS principles -*** With a view to create a modern, transparent and progressive framework and a global (re) insurance platform in India, it is fundamentally important that the primary legislation is progressive and directional, providing the autonomy to the regulator to develop, grow and supervise the insurance market effectively.

- ***Mutual and cooperative insurance* -** The Insurance Act in India does not recognize mutual concept of Insurance which is in vogue globally. The mutual and cooperative sector is one sector that can change the face of deprived and destitute in India by putting people before profit, especially in healthcare sector.

- ***Innovative products*** bring about both quantitative and qualitative changes to the insurance market through 'better supply' mechanisms. ***Takaful products*** fall in this category.

- ***Agenda for allied laws*** – The allied legislative framework e.g. MV Act (to tackle large and ageing pendency of cases at the MACT/Court), Grievance redressal (to improve insurance Ombudsman for better redressal for retail policy holders), Public Liability Act (to tackle post Bhopal scenario), Competition Commission (to have uniform standards), Marine Acts (to build India as the Marine Hub) and the Taxation Framework (for consistent, stable and simple tax environment is essential for developing a modern insurance set up, and for setting up an internationally competitive insurance market place in India) etc. require alignment with ***ONE Insurance Vision.***

3.2. ***The Indian market following Insurance (amendment) Act 2015*** - The Insurance (Amendment) Act, 2015 introduced far reaching changes in the management of insurance and reinsurance disciplines in India. However, a few regulations have fallen out of script:

a) ***Regulations have not helped India become an "Reinsurance hub for the Asian R/I Region"***

b) ***Building a modern & progressive global (re) insurance platform in India*** – As opposed to successful global hubs' practices, cluster synergies are a challenge between Hyderabad (the seat of the regulatory office), Mumbai (the seat of insurance market ecosystem) and GIFT Center (the seat of insurance IFSC).

4. **A transformative agenda for the Insurance Regulatory Authority in India**

The supervision of insurance in India requires a transformative vision: The regulatory agenda needs to be development oriented led by prudential regulations with conduct regulations pitching in as bulwarks with Global Best Practices serving as useful bench marks that need to be internalized and localized.

4.1. ***The transformative agenda for the IRDAI***

a) Thought leadership – There are three fundamental tasks under the thought leadership agenda:

- ***First, is to create a modern, transparent and progressive (re) insurance policy framework in India***

- ***Second, is to adequately protect Policy Holders' interests*** where contract certainty and effective dispute resolution are the two fundamental pillars to developing a modern insurance set up in India

- ***Third, is to ensure uninterrupted flow of quality insurance services' supply*** to respond to Government's call for a fully insured and fully pensioned India

b) ***Developing minimum and spreading best standards*** - Creating a disciplined market place where standards of the best businesses become the standard for the whole market. This needs to be coupled with minimum standards that need to be adhered to by each operating unit.

c) ***IRDAI administrative set-up*** – The current hierarchies should give way to flatter structures, with more specialism. The best qualified and globally exposed minds must vie, with agnostic backgrounds, with the current set of government / public sector backgrounds, in a meritocratic set up.

IRDAI undertaking and improving its own operational parameters will foster a paradigm change in the Indian insurance ecosystem. Besides, it requires its own principles of corporate governance where its decisions are examined in the light of basic covenants of fairness, neutrality and accountability such that it believes that it is part of the wider stakeholders' group.

d) ***Development of a country risk management agenda*** – India is extremely vulnerable to natural disasters: evolving risk transfer mechanisms ex-ante forms part of a comprehensive disaster management strategy.

The insurance regulator must also hasten linkages with the Indian capital markets as the Insurance Linked Securities, as part of an alternative capital is now worth USD 78 billion (part of the USD 585 billion global reinsurance capital), that especially addresses natural catastrophes.

4.2. ***The transformative agenda for the insurance regulations: The Priority Framework*** - Given the under penetration in India, the regulatory agenda is required to be disruptive, and development oriented.

a) ***The prudential regulatory regime*** must start with implementing a risk-based capital supervisory framework that achieves Solvency II equivalence. (the new Indian solvency regime can have linkages with the credit scores around: Protection products, Persistency, Lapsation, Agents' attritions, KYC and the Integrated Grievance Management System) and moving on to cover Licensing, Enterprise Risk Management, Corporate Governance and Protection of Policy Holders' Interests etc.

b) ***The conduct regulation*** should evolve straight from a principle-based concept to a risk-based approach. By focusing on risk rather than compliance, insurers are required to take a forward-looking approach. If insurers' actions could mean that customers are not treated fairly via IGMS (though its efficacy is still not known, as an Industry standard), Consumer Courts cases and the Mis-selling (with an allowance for Mis-buying) then the insurer will need to find a way to address that before proceeding. In this regard, the Regulator should make clear that, if insurers are to be able to manage conduct risk in an appropriate way they need to ensure that the firm's governance, culture and strategy are fit for purpose. Thematic audits would reveal these, and could be ploughed back into RBC norms.

c) ***The Customer grievances*** need to be managed through modern tools – internal grievance redressal mechanisms, improving Ombudsmen services for all personal lines' claims and significantly promoting Alternative Dispute Resolution mechanisms.

5. A transformative agenda for the empowered Self-regulatory Organizations (SRO)

A self-regulatory organization (SRO) exercises some degree of regulatory authority over an industry or profession. As the term suggests, it is responsible for regulating itself. The concept of SRO requires a regulatory commitment to allow it to be independent, yet accountable – requiring occasional friendly nudges and philosophical guidance. The UK and the Singapore Self-regulatory organizations serve as very useful examples. These lend depth and gravitas to the whole market, thus making it easy for the harnessing of 'markets' technical expertise'. In India, these could include Surveyors, Brokers, IIB, Insurance associations and Educational bodies. The regulator can prioritize his time/resources better.

6. The transformative impact on the Indian Life Insurance market

Life insurance industry, freed from the rigors of regulatory micro management, has the potential in reducing the protection gaps and also helps the Indian economy in a big way. For

instance, the life industry can fund the entire real estate and infra-structure boom in India and can deliver much better returns by 2025 e.g. Cost to APE (from the current 88% to below 55%), ROE (from the current 0-1 to 3-4%), Penetration of up to 5%, and the conservation ratio touching 80%.

7. **The transformative impact on the Indian insurance market – Non-Life**

Non-Life insurance industry, freed from the rigors of regulatory micro management, has the potential in reducing the low penetration and under insurance gaps. The industry can deliver much better returns by 2025 e.g. CoR (from over 110% to 99-101%), ROE (from the current 6-8% to 21-23%) at a much lesser additional capital requirements of USD 7.00 billion to anywhere between USD 1.5-2.5 billion.

Conclusion

There is a strong view that domestic consumption, not exports, will drive India's growth. The economy will be services-led and not manufacturing-led - housing, education and health etc. – all services. The only place where India can achieve economy of scale is in services.

Financial services, including insurance, exert a major impact on the long term economic growth of a country. Several research studies and empirical evidence shows that countries with well-developed financial systems tend to grow faster. The single biggest change in the financial services industry is demographics; though this dividend in India will not last forever.

India has a single market for insurance. However the existing regulatory framework has been proved insufficient to promote insurance penetration and density significantly despite Government of India's clear policy objectives: to have a fully insured India and a fully pensioned India. This is also despite insurance regulator having a mandate to both develop and supervise the market.

We need insurance framework in India made more robust with Global Best Practices serving as bench marks, with due localization. Fortunately, insurance has always been global – in precepts, practices; and has originated and works with global partnerships. The regulator must, however, reach out to Government of India's initiatives to create an inclusive insurance and a digital economy, and must become an enabler – through the regulatory set up and forward-looking regulations - for the Indian insurance market to tap technology led disruptive changes.

The essential leitmotif must be to prepare and promote Ease of Doing Insurance Business in India, and the regulatory agenda needs to be development oriented led by prudential regulations with conduct regulations pitching in as bulwarks. The regulator and the market should benchmark with the best of insurance markets and their practices, globally.

It is the Regulators who have to step up to the plate. It is time to transform – in thoughts and actions. This also means outcomes need building coalitions, creating specialized knowledge, less hierarchy, more collaboration, and flatter professional structures. The regulator also has to be the change agent for full vertical alignment – from the fundamental philosophy of insurance to modern regulatory practices and finally with the insurance industry delivering efficient services to the Indian insurance market.

The change, both in context and content, cannot be held up longer as India's share of the global economy is set to increase. There is also a debate how to keep ourselves fairly equal with rapid economic development and protected as well. Robust insurance spread across the Indian society is the definitive answer. India also needs to prepare to become a regional center of excellence on (re) insurance for the markets across Asia and Africa – as the balance of economic power is moving from West to East.

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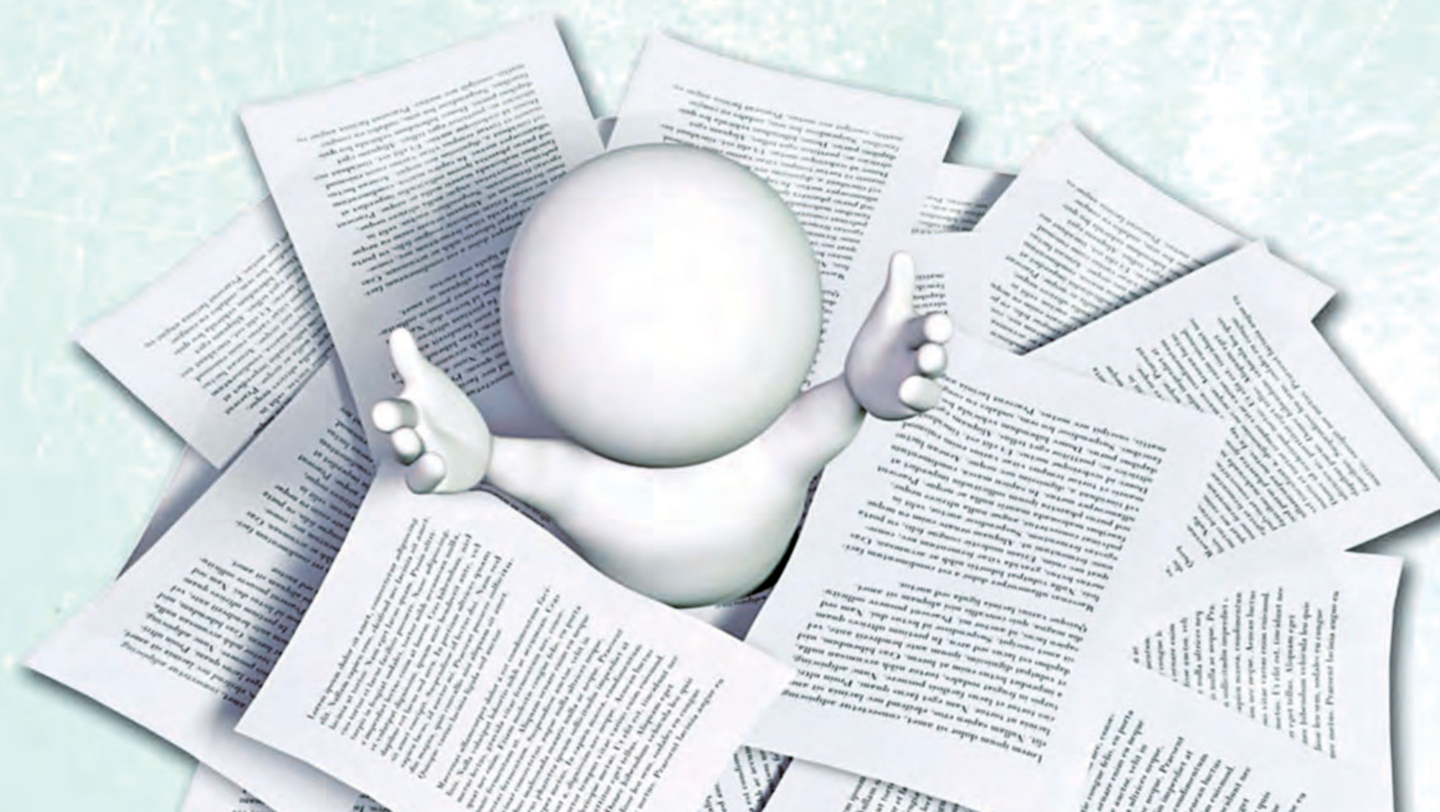

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"The Journal" is quarterly publication of Insurance Institute of India, Mumbai. It is published in the month of Jan/April/ July/Oct every year. "The Journal" covers wide range of issues related to insurance and allied areas. The Journal welcomes original contributions from both academicians and practitioners in the form of articles, research papers, case studies, special commentary and book reviews. Authors whose papers are published will be given honorarium and two copies of the Journal.

Guidelines to the Contributors:

1. Manuscript submitted to the Editor must be typed in MS-Word. The Length of the articles and case studies should not exceed 5000 words. Research papers length can be upto 10,000 words. For book reviews and commentaries the word limit may be upto 1500-2000 words.

2. General rules for formatting text:

   i. Page size : A4 (8.27" X 11.69")

   ii. Font: Times New Roman – Normal, black

   iii. Line spacing: Double

   iv. Font size: Title-14, Sub-titles– 12, Body- 11 Normal, Diagrams/ Tables/Charts– 11 or 10.

3. The first page of the Manuscript should contain the following information: (i) Title of the paper; (ii) The name(s) and institutional affiliation(s) of the Author(s); (iii) email address for correspondence. Other details for correspondence such as full postal address, telephone and fax number of the corresponding author must be clearly indicated. The category of submission should be specified either as a research paper, article, review, case study etc.

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4. **Abstract:** A concise abstract of maximum 150 words is required. The abstract should adequately highlight the key aspects or state the objectives, methodology and the results/major conclusions of analysis. The abstract should include only text.

5. **Keywords:** Immediately after the abstract, provide around 3-6 keywords or phrases.

6. **Tables and Figures:** Diagrams, Tables and Charts cited in the text must be serially numbered and source of the same should be mentioned clearly wherever necessary. All such tables and figures should be titled accurately and all titles should be placed on the top after the number. Example: Table 1: Growth Rate of Insurance Premium in India (1997-2010).

7. **References:** all the referred material (including those from authors own publication) in the text must be appropriately cited. All references must be listed in alphabetical order and sorted chronologically and must be placed at the end of the manuscript. The authors are advised to follow American Psychological Association (APA) style in referencing.

   Reference to a Book: Author. (Year). *Title of book*. Location: Publisher.

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   Example: Landsberger, J. (n.d.). Citing Websites. In *Study Guides and Strategies*. Retrieved May 13, 2005, from http://www.studygs.net/ citation.htm.

8. Usage of abbreviations in the text should be avoided as far as possible and if used should be appropriately expanded.

9. The papers and articles submitted must be original work and it should not have been published or submitted for publication elsewhere. The author(s) are required to submit a declaration to this extent in the format specified in Appendix 1, while submitting their articles.

10. All the submissions would be first evaluated by the editor and then by the editorial Committee. Editorial committee may require the author to revise the manuscript as per the guidelines and policy of the Journal. The final draft is subject to editorial changes to suit the journals requirements. Editorial Committee also reserves its right to refer the article for review/ delete objectionable content/ edit without changing the main idea/ make language corrections/ not to publish/ publish with caveats as per its discretion. The Author would be duly communicated with such decisions.

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12. Please send your manuscripts to

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    Electronically Mail to <journal@iii.org.in> with subject line as "Contribution for "The Journal" – January/April/July/October (Mention Year) issue.

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Specific Guidelines for Book Reviews:

1. The book review should be of a book published in recent years (current year or previous year).

2. The review should not be more than 2000 words; word limit can be more/less depending on the scope of the book.

3. The reviewer should clearly mention the details of the book reviewed such as Title, Author(s) name, publishers detail, year of publication, place of publication, number of pages and listed price as mentioned on the cover page of the book. If the ISBN number is provided, it should be specified. Beside the above, the components of the book review should be brief summary of the intended objective/ purpose, description of the approach, logical and objective evaluation.

4. The references should be kept to the minimum or completely avoided in a book review.

5. Avoid replicating tables and figures from the book, or directly quoting from the book.

6. The review should not be just a summary of the book, but it should bring out the essence of the book and focus on the objective, theme, scope of coverage, etc. The book review should put forward an objective and fair opinion about the significance, strengths and weaknesses. The review should be about the books contribution to the subject rather than what the reviewer feels about the book.

7. The reviewer should try to make the review insightful and informative.

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1. Cases usually describe complex issues and readers are forced to take optimum decisions/action in a dilemmatic situation. Cases are meant to create challenges of decision making in the mind of readers regarding conflicting situations, insufficient information, dynamic environment and the like.

2. The authors of the case studies can take organization specific or industry specific issues and present the facts of the case in a logical way.

3. The case study should be well documented and well researched and must be realistic in its context and relevance.

4. Sufficient data (primary or secondary) should be incorporated within a case study for discussion and generating alternative solutions and identifying the best possible alternative. Prior approval for disclosure of information (company specific) must be taken by the author wherever applicable.

5. The issues that are raised in the case should be focused and must be effectively presented without any ambiguity or contradictions.

6. All the referenced material should be adequately and accurately cited at the end of the case.

7. Discussion questions can be provided at the end of case (optional).

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I/We (Full Name of the Author(s))..

.., hereby declare that I/We are the author(s) of the paper titled

"..."

(Title of the paper), which is our original work and not the intellectual property of any one else. I/we further declare that this paper has been submitted only to the Journal of the Insurance Institute of India and that it has not been previously published nor submitted for publication elsewhere. I/we have duly acknowledged and referenced all the sources used for this paper. I/we further authorize the editors to make necessary changes in this paper to make it suitable for publication.

I/we undertake to accept full responsibility for any misstatement regarding ownership of this article.

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(Signature Author I)	**(Signature Author II)**
Name:	**Name:**

Date:

Place:

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TRAINING PROGRAMS

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
September 2018							
1	CP	G16	Motor Insurance Fraud	4-5 Sept., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance officials working in Motor, Audit and Fraud control departments with a fair awareness of motor insurance.
2	CP	G17	Actuarial Science for Non-Life Insurance	4-6 Sept., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Middle Level Executives of General Insurance Companies, Broking firms, III Associates / Fellows.
3	CP	S2	One Day Technical Worksop On The Subject Of Renewable Energy	08 Sept., 2018	₹ 4300+ G.S.T.	₹ 3100+ G.S.T.	Executives in General Insurance companies / Brokers / Customers having some awareness about the subject.
4	CP	G18	Management of Property Insurance - Fire (Underwriting)	10-11 Sept., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Middle Level Executives from the underwriting department of Insurance Companies
5	CP	G19	Marine Hull Insurance	24-27 Sept., 2018	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Middle Level Executives working in the marine hull departments of Insurance companies / Brokers / Loss Adjuster / Customers.
October 2018							
6	CP	B3	Bancassurance for Life Insurers	3-4 Oct., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Managers/ Executives dealing with Bancassurance in Life insurance companies and banks
7	CP	G20	Reinsurance Treaty issues and Challenges (Focus - Reinsurance treaty designing)	08-10 Oct., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Participants are expected to have exposure to Reinsurance related areas

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
8	CP	G21	Liability Insurance Focus - Financial Lines	15-16 Oct., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior Middle Level executives of Insurance Companies, Brokers, Surveyors, Customers.
9	CP	S3	Advanced Workshop on Oil and Energy	22-24 Oct., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Insurance buyers, Risk Managers, Agents, Brokers, Underwriters, Adjusters, Attorneys, and professionals from the oil and gas sector, drilling contractors/ companies.
10	IP	L5	International Life Insurance Program	22-27 Oct., 2018	$ 600 USD	-	Middle Level officials of Life Insurance Companies / Brokers.
11	CP	S4	Risk Assessment in Chemical Industries	29-30 Oct., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance buyers, Risk Managers, Agents, Brokers, Underwriters, Adjusters and Professionals from Chemical Manufacturing Industry
November 2018							
12	CP	G22	Risk Management and PML - Significance	12-14 Nov., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Managers working for General Insurance Companies and Brokers in U/W and Risk Assessment
13	CP	C3	Compliance Governance and Risk Management in Insurance	12-14 Nov., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Exclusive Program for those registered for the Insurance Regulatory Compliance Governance course.
14	CP	G23	Handling of Marine Cargo Claims	19- 20 Nov., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior & Middle Level Executives from Insurance Companies, Brokers, Surveyors and Customers.
15	CP	G24	Management of Property Insurance - Engineering Project (Underwriting)	26-28 Nov., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Middle Level Executives from the underwriting department of Insurance Companies Brokers / Customers.
16	CP	G25	Motor Insurance (Own Damage) Workshop	26-29 Nov., 2018	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Executives from Insurance Companies, Broking firms and Surveyors dealing with Motor Insurance.
17	IP	G26	International General Insurance Program	26 Nov. - 08 Dec., 2018	$ 1200 USD	-	Middle level officials of General Insurance Companies / Broking firms.
18	CP	S5	Two Days Workshop On The Insurance Needs Of Construction Industry	30 Nov. - 01 Dec., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Officials working in General Insurance company, intermediaries Bankers & Professionals from construction industry.

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
December 2018							
19	CP	G27	Engineering Claims (Non-Project)	3-4 Dec., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior / Middle Level Executives of General Insurance Companies / Brokers / Surveyors / Customers.
20	CP	G28	Business Interruption	10-11 Dec., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior Middle Level Executives of General Insurance Companies / Brokers / Surveyors / Customers and Buyers of Business interruption policies.
21	CP	L6	Advanced Program for Young Leaders : Life	17-21 Dec., 2018	₹ 21500 + G.S.T.	₹ 15500 + G.S.T.	Young Managers / Executives Life Insurance Companies.
22	CP	C4	Certified Insurance Anti Fraud Professionals	20-22 Dec., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Exclusive program for those registered for Certified Insurance Anti-Fruad professionals course.
January 2019							
23	CP	G29	Marine Cargo Insurance	7-10 Jan., 2019	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Junior and Middle Level Executives dealing with Marine Cargo Insurance Companies, Brokers and Surveyors.
24	CP	G30	Claims Management of Property Insurance	14-15 Jan., 2019	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior Middle Level Executives of General Insurance Companies / Brokers / Surveyors / Customers
February 2019							
25	IP	G31	Excellence in Insurance - Technical	04-16 Feb, 2019	$ 1200 USD	-	Junior and Middle level executives of the International Insurance Industry

NB :- Fees quoted are exclusive of mandatory Goods Services Taxes, which will be payble over and above Tuition Fees mentioned in each Program.

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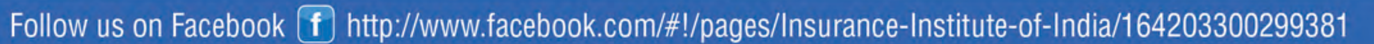

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