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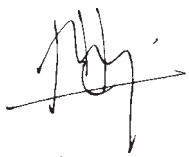
From the Publisher

For a business entity, the most important aim, in order to be successful in the long run, should be to ensure that all its customers are left without any sense of ill-will towards any service that has been rendered. Considering the various complexities of business and the wide network of customers; the task, no doubt, is of a tall order but by no means impossible. It only presupposes the involvement of the top management; and the deployment of the right people to ensure successful implementation of the firm's strategic plans. In order to achieve this, it is very important that the gap between what is promised and what is delivered eventually, is reduced to the barest minimum.

In a domain where the awareness levels of the general public are not very high, the priorities for the management would be more challenging as there is need for enabling the clients to take an informed decision. Treating the Customer Fairly is a new management initiative that looks beyond mere customer satisfaction. It is possible that a customer is totally satisfied with the services but still not treated fairly, on account of his ignorance of what was actually due to him. Insurers should ensure that this aspect is kept uppermost in their priorities; and that it percolates down various levels of staff hierarchy.

Some areas where there is urgent need for treating the insurance customer fairly are transparency with regard to the policy conditions and clauses - exclusions in particular - mis-selling of products where the market performance is directly linked to benefits payable etc. It should be realized at every stage that what is capable of being delivered only is being promised, which is not very often the case. Business houses should attach the greatest importance to treating their customers fairly, ahead of their business results.

'Treating Customers Fairly' is the focus of this issue of the **Journal**. Considering the lopsided growth of insurance business in terms of demographic segments, thrust has been placed on business requirements from rural and social sectors. 'Rural and Social Sector Commitments of Insurers' will be the focus of the next issue of the **Journal**.



J. Hari Narayan

INSIDE

ISSUE FOCUS

Transparency and Openness – Building Blocks of TCF

Customer service is one area which has hogged the limelight in corporate corridors over the last few decades. We have been witness to several initiatives being taken by business houses to improve their performance in this area; and in the process, to ensure that the customer complaints and grievances are reduced to the minimum possible extent. The thrust in this area has certainly improved the customer service levels across the entire spectrum of business. It has also increased the awareness levels of customers as regards their rights by virtue of their being a part of the business relationship.

Financial services industry has been one domain where the real test of performance for a service rendered has not been achieved. Depending upon the exact area of operation and the understanding of the client, various degrees of customer service efficiency have been defined by corporate houses. Treating Customers Fairly (TCF) is a new management initiative that looks beyond mere customer service and thereby ensures that firms raise their standards in dealing with their customers fairly. It is of particular significance in a domain that is still nascent in its development. TCF is a process that helps customers to understand the various aspects of the products they buy; and thus greatly reduces the gap between what they desire and what they get.

Transparency in dealing with its customers is the prime object of TCF. It enables customers to gain the confidence that the firm they are dealing with is one that treats its customers fairly; and that the products and services they offer meet the client's requirements. It is important to note that the transparency in their dealings is not limited to only the time of buying but spreads throughout the period of business relationship. All these aspects ensure that the customer is enabled to make an informed decision – a factor that is so vital where the awareness levels of the buyers are pretty low. In due course, it is expected that TCF becomes an integral part of the corporate culture; and percolates down to the lowest levels of its employees.

'TCF in the Insurance Industry' is the focus of this issue of the **Journal** and we have several articles from various authors that talk about the different aspects of this very important management initiative. To begin with, we have an article from Mr. G.V. Rao that throws light on the importance of policyholder protection. The benefits of TCF are many; and this fact is brought home succinctly by Mr. T.R. Ramachandran who takes a look at the customer services in banking and insurance. Businesses are often caught in making a decision between profit and fairness. Mr. Rajesh Relan discusses the issue threadbare in his article. The insurance market place has often been in the news for wrong reasons – like mis-selling and mis-representation, unfortunately. Mr. Arup Chatterjee takes up the case, giving global inputs.

In the next article, Mr. Suresh talks about the importance of the distributor playing the role of the first level professional in life insurance business. If the market is to be assured of customer fairness, there is no substitute to the consumer himself being educated. Mr. Arman Oza takes up the cause of consumer education, in his article. The best way in ensuring customer fairness is to be transparent in business dealings. Mr. Rajiv Jamkhedkar talks about the importance of simple and plain language. In the end, we have an article by Mr. Rajesh Khandelwal in which he argues that there is need for review in the process of incentivising the distributor in insurance. Apart from the regular monthly business figures, we also have for you the quarterly segment-wise classification of life and non-life insurers' performance for the December 2008 quarter.

Apart from the backwardness in formal education, the rural and social sectors in India also suffer from the reach of such services as insurance, for several reasons. 'Rural and Social Sector Commitments of Insurers' will be the focus of the next issue of the **Journal.**

U. Jawaharlal

Report Card:LIFE

First Year Premium of Life Insurers for the Period Ended January, 2009

Sl No.	Insurer	Premium u/w (Rs. in Crores)			No. of Policies / Schemes			No. of lives covered under Group Schemes		
		January, 09	Up to January, 09	Up to January, 08	January, 09	Up to January, 09	Up to January, 08	January, 09	Up to January, 09	Up to January, 08
1	**Bajaj Allianz**									
	Individual Single Premium	55.75	324.82	509.08	11544	80807	70066			
	Individual Non-Single Premium	267.72	2920.36	3903.45	194141	1932899	2648502			
	Group Single Premium	0.92	3.93	8.30	3	5	0	2274	4542	6177
	Group Non-Single Premium	19.02	97.26	41.47	86	558	246	718946	5558528	870858
2	**ING Vysya**									
	Individual Single Premium	0.93	20.55	19.08	121	2524	1862			
	Individual Non-Single Premium	46.57	477.46	449.59	30780	270112	256120			
	Group Single Premium	0.56	12.04	3.05	0	1	1	335	5008	627
	Group Non-Single Premium	0.32	17.82	2.51	5	95	18	3613	56564	91908
3	**Reliance Life**									
	Individual Single Premium	30.08	306.90	197.97	6132	73885	44431			
	Individual Non-Single Premium	288.73	2215.85	1283.32	266143	1553224	660922			
	Group Single Premium	2.13	79.66	205.72	0	20	47	151	46586	69553
	Group Non-Single Premium	3.27	24.79	21.06	32	277	217	37080	585417	317412
4	**SBI Life**									
	Individual Single Premium	38.44	421.30	916.89	7421	74079	126514			
	Individual Non-Single Premium	203.70	2042.20	1532.75	70138	601345	465952			
	Group Single Premium	22.43	219.20	177.12	0	5	0	35321	157575	89362
	Group Non-Single Premium	47.23	1319.46	247.70	6	95	48	685993	4828926	527163
5	**Tata AIG**									
	Individual Single Premium	1.86	32.68	32.04	428	6782	5448			
	Individual Non-Single Premium	75.22	666.37	555.34	64578	537318	354040			
	Group Single Premium	1.87	27.96	51.69	0	7	4	2913	77704	307813
	Group Non-Single Premium	31.92	86.91	50.49	8	63	60	27111	282081	182428
6	**HDFC Standard**									
	Individual Single Premium	27.83	119.57	103.83	1982	38202	210775			
	Individual Non-Single Premium	137.16	1798.75	1591.61	83229	690246	529952			
	Group Single Premium	21.12	86.14	75.61	15	121	108	22944	176900	141062
	Group Non-Single Premium	1.78	23.13	51.68	1	9	40	192	15810	33467
7	**ICICI Prudential**									
	Individual Single Premium	18.98	174.37	300.37	2605	30145	47359			
	Individual Non-Single Premium	472.19	4102.91	4800.95	274016	2128522	2087810			
	Group Single Premium	2.44	181.91	216.93	4	188	136	44857	567361	409902
	Group Non-Single Premium	133.31	844.30	474.17	10	319	291	17185	537534	377126
8	**Birla Sunlife**									
	Individual Single Premium	3.12	28.86	20.02	14941	129952	72526			
	Individual Non-Single Premium	196.27	1799.78	1147.20	98764	795382	346737			
	Group Single Premium	0.97	16.22	4.47	0	1	3	2265	41633	5131
	Group Non-Single Premium	14.23	158.44	87.53	8	154	102	12535	214617	131962
9	**Aviva**									
	Individual Single Premium	1.01	34.40	17.11	179	4106	2588			
	Individual Non-Single Premium	50.93	510.11	697.24	28390	281560	268683			
	Group Single Premium	0.00	0.05	1.73	0	0	0	1	66	984
	Group Non-Single Premium	0.82	15.62	22.33	4	60	93	90995	901109	536146
10	**Kotak Mahindra Old Mutual**									
	Individual Single Premium	0.89	15.87	22.94	142	2017	3066			
	Individual Non-Single Premium	76.93	863.38	582.28	25892	417595	199657			
	Group Single Premium	2.15	29.02	20.09	2	10	2	9669	110784	149333
	Group Non-Single Premium	8.77	52.69	50.54	37	319	206	39354	441562	381628

11	**Max New York**									
	Individual Single Premium	10.00	195.80	208.95	647	13398	13683			
	Individual Non-Single Premium	88.30	1254.27	885.50	68284	955234	595231			
	Group Single Premium	0.14	7.61	0.00	0	10	0	-38	206659	0
	Group Non-Single Premium	0.91	15.77	36.01	7	296	263	8784	204846	457349
12	**Met Life**									
	Individual Single Premium	0.65	5.39	17.37	119	1786	2726			
	Individual Non-Single Premium	92.83	754.95	475.35	30860	220216	157974			
	Group Single Premium	6.59	31.86	9.75	28	129	53	29184	268187	152744
	Group Non-Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
13	**Sahara Life**									
	Individual Single Premium	5.07	37.62	30.22	1647	10304	7819			
	Individual Non-Single Premium	7.52	57.87	48.44	9197	68109	67279			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	0.00	0.02	0.00	0	9	6	0	770	271
14	**Shriram Life**									
	Individual Single Premium	1.25	126.15	135.21	246	20015	24466			
	Individual Non-Single Premium	4.46	142.04	90.93	3478	75618	56495			
	Group Single Premium	0.00	0.00	0.04	0	0	2	0	0	4633
	Group Non-Single Premium	0.02	0.40	0.00	0	3	2	2196	25744	623
15	**Bharti Axa Life**									
	Individual Single Premium	0.31	4.53	2.36	41	985	367			
	Individual Non-Single Premium	25.83	207.67	63.88	17778	142718	50222			
	Group Single Premium	0.73	6.13	0.69	1	2	1	1076	27699	371
	Group Non-Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
16	**Future Generali Life**									
	Individual Single Premium	0.74	2.90	0.00	165	606	0			
	Individual Non-Single Premium	18.01	43.93	0.12	14046	41396	6			
	Group Single Premium	0.02	0.07	0.00	0	1	0	64	420	0
	Group Non-Single Premium	3.17	11.61	1.79	13	54	6	19737	242460	66213
17	**IDBI Fortis Life**									
	Individual Single Premium	9.34	84.48		1673	13472				
	Individual Non-Single Premium	12.20	112.88		4319	39028				
	Group Single Premium	0.00	0.00		0	0		0	0	
	Group Non-Single Premium	0.00	0.02		0	1		2955	16308	
18	**Canara HSBC OBC Life**									
	Individual Single Premium	1.83	4.07		147	285				
	Individual Non-Single Premium	34.68	180.01		4216	19862				
	Group Single Premium	0.00	0.00		0	0		0	0	
	Group Non-Single Premium	0.00	0.00		0	0		0	0	
19	**Aegon Religare**									
	Individual Single Premium	0.93	1.63		109	203				
	Individual Non-Single Premium	7.15	15.67		3041	14166				
	Group Single Premium	0.00	0.00		0	0		0	0	
	Group Non-Single Premium	0.00	0.00		0	0		0	0	
20	**DLF Pramerica#**									
	Individual Single Premium	0.00	0.00		0	0				
	Individual Non-Single Premium	0.31	0.79		467	1068				
	Group Single Premium	0.00	0.00		0	0		0	0	
	Group Non-Single Premium	0.00	0.00		0	0		0	0	
	Private Total									
	Individual Single Premium	**209.03**	**1941.89**	**2533.46**	**50289**	**503553**	**633696**			
	Individual Non-Single Premium	**2106.70**	**20167.25**	**18107.95**	**1291757**	**10785618**	**8745582**			
	Group Single Premium	**62.08**	**701.80**	**775.18**	**53**	**500**	**357**	**151016**	**1691124**	**1337692**
	Group Non-Single Premium	**264.77**	**2668.26**	**1087.28**	**217**	**2312**	**1598**	**1666676**	**13912276**	**3974554**
21	**LIC**									
	Individual Single Premium	8189.60	18608.49	15965.85	1648611	4538003	4330794			
	Individual Non-Single Premium	1607.29	12631.80	18076.25	2713141	20370473	22061778			
	Group Single Premium	604.24	8617.97	6581.94	1669	15564	17675	5033985	26200359	17548930
	Group Non-Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Grand Total									
	Individual Single Premium	**8398.63**	**20550.38**	**18499.31**	**1698900**	**5041556**	**4964490**			
	Individual Non-Single Premium	**3714.00**	**32799.06**	**36184.20**	**4004898**	**31156091**	**30807360**			
	Group Single Premium	**666.32**	**9319.78**	**7357.13**	**1722**	**16064**	**18032**	**5185001**	**27891483**	**18886622**
	Group Non-Single Premium	**264.77**	**2668.26**	**1087.28**	**217**	**2312**	**1598**	**1666676**	**13912276**	**3974554**

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

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED DECEMBER, 2008

INDIVIDUAL SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008
	*Non linked**						
1	*Life*						
	with profit	124.10	1730.24	12987	307318	195.98	8516.91
	without profit	150.56	105.85	290579	195463	2050.34	3356.83
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	8.46	10.50	836	1033	0.17	1.25
3	Pension						
	with profit	78.60	16.56	9876	3422	14.95	4.06
	without profit	0.51	108.26	49	3427	0.00	0.00
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
A.	Sub total	362.24	1971.41	314327	510663	2261.44	11879.04
	*Linked**						
1	*Life*						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	3902.26	3191.21	896360	701710	7092.47	5861.17
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.01	0.00
3	Pension						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	11110.20	6984.03	2938458	2130290	39.65	56.65
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
B.	Sub total	15012.47	10175.25	3834818	2832000	7132.13	5917.83
C.	Total (A+B)	15374.70	12146.65	4149145	3342663	9393.57	17796.87
	Riders:						
	Non linked						
1	Health#	0.01	0.01	19	0	0.02	0.10
2	Accident##	0.02	0.01	110	1	0.89	0.41
3	Term	0.00	0.00	7	0	0.08	0.00
4	Others	0.00	4.74	0	0	0.00	0.00
D.	Sub total	0.03	4.75	136	1	1.00	0.51
	Linked						
1	Health#	0.02	0.02	14	1	0.17	0.64
2	Accident##	0.27	0.33	17246	147	207.61	262.67
3	Term	0.00	0.00	0	0	0.00	0.02
4	Others	0.00	0.00	0	0	0.00	0.00
E.	Sub total	0.29	0.35	17260	148	207.78	263.33
F.	Total (D+E)	0.31	5.10	17396	149	208.78	263.84
G.	**Grand Total (C+F)	15375.02	12151.75	4149145	3342663	9602.36	18060.71

* Excluding rider figures.
** for policies Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED DECEMBER, 2008

INDIVIDUAL NON - SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008
	*Non linked**						
1	*Life*						
	with profit	6420.28	8047.67	10824982	15418578	103487.03	158958.19
	without profit	174.66	134.73	720788	1130292	15057.95	23894.01
2	General Annuity						
	with profit	0.05	0.00	84	0	1.29	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
3	Pension						
	with profit	20.68	43.53	26083	47967	237.49	623.52
	without profit	14.33	10.61	4990	6886	0.00	1.55
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	55.64	128.61	234033	487050	19860.94	32997.66
A.	Sub total	6685.64	8365.16	11810960	17090773	138644.69	216474.92
	*Linked**						
1	*Life*						
	with profit	0.00	-0.04	6	0	0.21	0.00
	without profit	20014.49	15405.61	13842771	8377381	200708.45	149633.02
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
3	Pension						
	with profit	0.01	0.01	7	0	0.00	0.00
	without profit	3990.98	5191.46	1376877	1598022	2771.26	3795.92
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	88.62	0	85024	0.00	501.58
B.	Sub total	24005.48	20685.67	15219661	10060427	203479.92	153930.52
C.	Total (A+B)	30691.12	29050.83	27030621	27151200	342124.61	370405.44
	Riders:						
	Non linked						
1	Health#	1.60	2.14	8380	110	112.92	1516.32
2	Accident##	2.92	4.50	153118	1265	2422.66	4659.31
3	Term	0.15	0.95	2685	28	28.16	274.95
4	Others	9.65	1.35	1007	7	1338.07	26.85
D.	Sub total	14.32	8.95	165190	1410	3901.81	6477.42
	Linked						
1	Health#	2.51	4.17	6872	384	280.77	1346.74
2	Accident##	16.02	21.79	139851	1959	7845.29	8172.38
3	Term	0.27	0.42	5263	86	87.69	133.70
4	Others	0.85	2.21	3030	10	1879.46	486.24
E.	Sub total	19.65	28.58	155016	2440	10093.22	10139.06
F.	Total (D+E)	33.97	37.53	320206	3850	13995.02	16616.49
G.	**Grand Total (C+F)	30725.10	29088.36	27030621	27151200	356119.63	387021.93

* Excluding rider figures.
** for policies Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED DECEMBER, 2008

GROUP SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED	
		Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008
	Non linked*								
1	***Life***								
a)	*Group Gratuity Schemes*								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	1087.61	2369.70	1259	1407	573746	810675	8358.80	5007.10
b)	*Group Savings Linked Schemes*								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	7.35	6.45	416	474	74391	132110	798.21	579.36
c)	*EDLI*								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	4.26	4.75	672	596	642626	890352	14134.39	3099.30
d)	*Others*								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	1970.74	1118.96	13196	11334	14859071	20562806	260298.48	89043.42
2	**General Annuity**								
	with profit	587.72	585.58	4	4	965	380	0.00	0.00
	without profit	1352.89	2792.68	57	81	6502	6044	0.00	0.00
3	**Pension**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	1358.34	1601.17	313	376	202968	214203	0.00	0.00
4	**Health**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
A.	**Sub total**	**6368.93**	**8479.28**	**15917**	**14272**	**16360269**	**22616570**	**283589.88**	**97729.18**
	Linked*								
1	***Life***								
a)	*Group Gratuity Schemes*								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	148.42	152.30	71	55	54909	101786	242.14	167.08
b)	*Group Savings Linked Schemes*								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
c)	*EDLI*								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
d)	*Others*								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	7.73	0.57	1	4	435	1103	0.04	0.11
2	**General Annuity**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
3	**Pension**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	92.65	20.87	18	13	48137	376	0.00	0.00
4	**Health**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
B.	**Sub total**	**248.81**	**173.74**	**90**	**72**	**103481**	**103265**	**242.19**	**167.19**
C.	**Total (A+B)**	**6617.73**	**8653.02**	**16007**	**14344**	**16463750**	**22719835**	**283832.06**	**97896.37**
	Riders:								
	Non linked								
1	Health#	0.15	0.11	12	12	6980	6760	379.88	203.62
2	Accident##	0.13	0.33	30	15	26778	4815	460.89	684.99
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
D.	**Sub total**	0.29	0.45	42	27	33758	11575	840.77	888.60
	Linked								
1	Health#	0.00	0.00	0	0	0	0	0.00	0.00
2	Accident##	0.00	0.00	0	0	0	0	0.00	0.00
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
E.	**Sub total**	**0.00**	**0.00**	**0**	**0**	**0**	**0**	**0.00**	**0.00**
F.	**Total (D+E)**	**0.29**	**0.45**	**42**	**27**	**33758**	**11575**	**840.77**	**888.60**
G.	****Grand Total (C+F)**	6618.02	8653.47	16007	14344	16463750	22719835	284672.83	98784.97

* Excluding rider figures.
** for no.of schemes & lives covered Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS FOR THE QUARTER ENDED DECEMBER, 2008

GROUP NEW BUSINESS – NON-SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PVEMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED		
		Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Jun 2008 (Revised)
	*Non linked**									
1	*Life*									
a)	*Group Gratuity Schemes*									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	72.97	430.55	40	98	53959	333599	281.64	885.12	185.9320846
b)	*Group Savings Linked Schemes*									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	50.39	72.23	2	1	334494	908403	3262.51	2182.36	358.14
c)	*EDLI*									
	with profit	1.04	0.26	97	91	107448	68427	963.15	798.04	610.749
	without profit	1.74	3.01	142	157	165185	286961	1543.01	2479.65	985.0928385
d)	*Others*									
	with profit	28.34	3.31	134	148	325588	109123	8445.85	6509.61	3761.187538
	without profit	120.16	1000.51	601	1083	1942586	9862038	41685.79	75090.48	14073.56169
2	**General Annuity**									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	0.00	0.00	0	0	0	0	0.00	0.00	0
3	**Pension**									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	8.79	3.51	2	1	86	5	0.00	0.00	0
4	**Health**									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	0.00	0.21	0	1	0	14490	0.00	44.88	0
A.	**Sub total**	**283.42**	**1513.60**	**1018**	**1580**	**2929346**	**11583046**	**56181.95**	**87990.13**	**19974.66315**
	*Linked**									
1	*Life*									
a)	*Group Gratuity Schemes*									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	281.48	283.32	255	318	417711	612007	2660.87	3181.40	2501.962425
b)	*Group Savings Linked Schemes*									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	2.26	10.63	19	47	5351	19111	74.51	247.28	152.508847
c)	*EDLI*									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	0.00	0.00	0	0	0	0	0.00	0.00	0
d)	*Others*									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	25.78	19.44	13	13	2725	3541	9.60	1.24	-0.32890471
2	**General Annuity**									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	14.99	3.54	8	5	1090	139	14.99	3.54	0.7341648
3	**Pension**									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	248.38	571.29	126	131	53405	44955	0.00	0.00	0
4	**Health**									
	with profit	0.00	0.00	0	0	0	0	0.00	0.00	0
	without profit	0.00	0.00	0	0	0	0	0.00	0.00	0
B.	**Sub total**	**572.88**	**888.22**	**421**	**514**	**480282**	**679753**	**2759.97**	**3433.46**	**2654.876532**
C.	**Total (A+B)**	**856.30**	**2401.82**	**1439**	**2094**	**3409628**	**12262799**	**58941.92**	**91423.59**	**22629.53968**
	Riders:									
	Non linked									
1	Health#	1.38	2.08	22	28	13775	25231	953.65	1636.56	518.5918737
2	Accident##	0.57	1.36	29	71	43921	48262	1738.36	3377.82	452.1439438
3	Term	0.01	0.02	1	1	61	38	0.63	11.47	0.04
4	Others	0.01	0.01	6	8	1774	1596	252.17	516.56	367.1464989
D.	**Sub total**	**1.97**	**3.46**	**58**	**108**	**59531**	**75127**	**2944.81**	**5542.41**	**1337.922316**
	Linked									
1	Health#	0.00	0.00	0	0	0	0	0.00	0.00	0
2	Accident##	0.31	0.00	35	2	20788	202	568.11	3.46	0
3	Term	0.00	0.00	0	0	0	0	0.00	0.00	0
4	Others	0.00	0.00	0	0	0	0	0.00	0.00	0
E.	**Sub total**	0.31	0.00	35	2	20788	202	568.11	3.46	0
F.	**Total (D+E)**	2.28	3.46	93	110	80319	75329	3512.92	5545.88	1337.922316
G.	**Grand Total (C+F)	858.58	2405.28	1439	2094	3409628	12262799	62454.84	96969.47	23967.462

* Excluding rider figures.
** for no.of schemes & lives covered Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.
$ Revised figures for June, 2008.

Opportunities Unlimited

Rural and Social Sector

U. JAWAHARLAL OBSERVES THAT IT IS NOT ENTIRELY ON ACCOUNT OF POVERTY IN THE RURAL AREAS THAT THERE IS A LOPSIDED GROWTH OF INSURANCE BUSINESS. HE FURTHER SAYS THAT IF TACKLED PROPERLY, THERE IS A VAST POTENTIAL TO BE TAPPED.

It is often said that India lives in its villages. Despite the boom seen in several areas of business and services, a major part of the population still lives in the rural side. Some of these villages still do not have access to regular modes of conveyance. While there has been tremendous progress in the development of the rural areas over the years, the village folk have not had the benefit of several services that reach the others. During the recent times, it has been amply demonstrated by the consumer durables industry that tackled properly; there is excellent potential for business in these regions.

Insurance has remained a grossly less-understood concept, especially in the country side and aided by the fact that even physical access was also very difficult; the growth of insurance has remained mostly to the urban pockets of the country for long. It is beginning to be realized that there is tremendous potential waiting to be tapped in these parts. Poverty has often been quoted to be the prime reason for this lopsided development. Although the fact cannot be totally discounted, there has not been sufficient motivation for the distributors to tap the potential. If properly taken up, there are several people in the rural parts of the country who are capable of affording insurance; and also at the same time, willing to insure themselves and their assets. There is dire need for taking up the cause of improving the awareness levels so that the heavy tilt towards the urban population is minimized.

At the time of opening up of the insurance industry for private participation, the regulator has been endowed with the additional task of development of the industry as well. This made it incumbent for the regulator to keep an eye on the expansion of business from all parts of the country; as also to ensure that the services reach every segment of the population. With this task, the insurers have been mandated with the task of procuring business from the rural and social sectors up to a certain percentage of the total new business transacted during the year. It is gratifying to note that as at end 2008, all the life insurers and most of the non-life insurers have over-reached their targets. However, rather than looking at it as a mandated requirement, insurers should exploit the opportunities of business expansion from the hitherto neglected areas.

'Rural and Social Sector Commitments of Insurers' will be the focus of the next issue of the **Journal.** We will have the opportunity of getting to know some success stories as well as the business plans of insurers and the way forward.

Insurance Industry
- Rural and Social Sectors

in the next issue...

A New Mindset and A New Perception

Need of The Hour

G V RAO ASSERTS THAT INSURERS SHOULD CREATE INDEPENDENT GRIEVANCE CELLS OF THEIR OWN AND PACK THEM WITH EXPERTS OF THEIR CHOICE TO RESOLVE COMPLAINTS. HE FURTHER ADDS THAT THEY SHOULD EVEN ENCOURAGE CLAIMANTS TO COMPLAIN, IN ORDER TO DEMONSTRATE PUBLICLY THEIR GOOD INTENTIONS AND HONESTY OF PURPOSE.

George Bernard Shaw once reportedly observed that all progress depends on the unreasonable man. His argument was that the reasonable man adapts himself to the world, while the unreasonable persists in trying to adapt the world to himself; therefore for any change of consequence, we must look to the unreasonable man. Thinking the unlikely, and doing the unreasonable, is the age we have entered upon.

The private sector players have copied the public sector business practices, and even its business culture in the handling of claims, meaning the way the customer-claimants are treated.

But the non-life insurance industry has not witnessed the kind of progress, which even reasonable men have come to expect from it. Much was hoped for, from the insurers, as a result of the dismantling of tariff structures: that it would lead to a change in their mindset on how they would look at the problems their customers have with them.

What are these problems? When and how do they occur? Why are many customer-claimants grumbling to the point, where the insurers have come to just ignore them, as mere whiners? Is it an issue of their moral hazard, which clouds their relationship? Or is it an issue of the customer-claimants' perception of a lack of a fair process by insurers in deciding on their claim-related issues?

Customers to blame for poor service

It is no truism to say that many customer-claimants have lost their goodwill, their credibility, their integrity and are unable to win even a cursory sympathy of their insurers. Why have customers messed up their case for fair dealings? In the current market environment, there seems to be an institutional bias against them.

Insurers have enormous powers to delay or deny claims on any pretext, right or wrong. Even if someone intervened, the insurer's view is final, till the courts overturn them. The private sector players have copied the public sector business practices, and even its business culture in the handling of claims, meaning the way the customer-claimants are treated.

This writer wants to take the perspective of an unreasonable man in writing on this topic.

Have insurers anything to lose?

Insurers, instead of accepting and analyzing the symptoms of customer dissatisfaction, should be attempting to better understand its causes and sources. Most problems between them arise only when claims are reported. As less than 8% of the policyholders put in claims, 92% of the rest, therefore, do not have any major issues with their insurers. But the reason why all the 100% people have originally

There is probably no incentive for insurers to review their systems, but only a likely disincentive of losing renewals, and their reputations getting bashed about in courts.

bought insurance is because of the likely experience of the 8% in having had claims, which strengthens their trust in the insurance system to mitigate their financial losses. The 8% claimants, therefore, represent the expectations of the 100% on how they perceive their insurers, inducing them to buy insurance.

Instead of taking in this view, if insurers were to take a view that 92% of their insured are happy with their services, and that it is only a substantial minority of the 8% minority, which are the ignorant grumblers, as is the case now; it can distort insurers' perception of their customer-performance.

But if insurers were to take a view that this 8% segment is equivalent to100% of their claimant base, and if substantial minority of them was not satisfied with them, surely, there is a need for concern to think anew. The ultimate purpose of buying insurance is to realize claims, if they occurred: and insurers do understand that their basic commercial aim is to satisfy claimants, in a fair manner, for promoting insurance, as a risk transfer mechanism.

The writer makes the argument that insurers are now looking more at the 92% non-claim making segment to feel comfortable with themselves. They, however, need to find out why substantial minority of 8% feels aggrieved. Or do they already know and have no solutions to offer them? What is their mindset towards the problems of the 8% that would define the business purpose and reputations of insurers?

Approach to claims handling

Insurers, instead of looking at the big picture of strengthening the faith of the insurable public in the system they operate, use their management tools, even more sharply, and perhaps unwittingly, to undo that faith; by being generally un-empathetic and remaining unresponsive to customer calls for help, and by being less communicative. Such an unconscious attitude is not displayed either by choice or by design; as then it would mean that the actions are deliberate and are pointed. It just instinctively happens.

It is essentially an issue of the mindset of the insurers. A mindset, which is neither influenced by logic nor by feelings or empathy; it has only (often wrong) perceptions and hard-held views. Only independent, impartial and clear thinking can cause them to change their perceptions.

The unreasonable man would fight back, rebelling against perceived neglect and indifference to his pleas, for a fair process, based on logic and facts. He wants a contest based on facts, evidence and arguments and an open mind. But instead he finds that he is dealt with summarily.

There is probably no incentive for insurers to review their systems, but only a likely disincentive of losing renewals, and their reputations getting bashed about in courts. Even these have not influenced the behavior of insurers, as they have largely concluded that they are the victims of a prejudiced few, including the courts. So far, they have remained unaccountable for their claims' behavior except to courts. That is a long haul for customers to travel to get redressal of their concerns.

At war is the mindset

This current mindset has been probably shaped due to the practice of tariffs; the rating structures did not figure to consider the moral hazard aspect of the insured. For decades the moral hazard was, therefore, underwritten only at the time of claim occurrence. The tariffs had also inculcated a habit in the insured to look up to insurers for guidance and for advice. They expected that when it was sought, and it was provided, there would be no more problems for them. This is the mindset of the customer. Neither had any choice to alter the equation in the transaction, even if they wanted to, because of tariffs. With liberalization, and the setting up of IRDA, as a focal point for protecting customer interests; customers have become emboldened to take on what they perceive as injustices committed by insurers.

Both the contracting parties have always been wary of each other; and their mindset has continued to work with a mutual suspicion that one is out to get the other, at the slightest opportunity, if one were not sharp enough. Hence nothing much has changed in their relationship, nor is it likely to in the future. This ideological power play will continue to play on, with insurers as the more dominant party. Customers will continue to want third party mediation to settle their differences, till insurers modernize their customer-handling

systems to ensure fair play, transparency and openness of mind.

Peculiar problems of non-life insurance

Every claim payment is riddled with the likely potential to create barriers between the contracting parties, on issues of fairness, equity, empathy and faster responses, adding to insured's misgivings and misapprehensions, and for insurers having to repeatedly assure them of their reasonableness and equity at all times.

The exercise of judicial functions by insurers is almost total in claim settlements, and is unlike any seen in any other business or trade. The claim staff of insurers must, therefore, possess a judicial bent of mind. And they must also posses the requisite legal knowledge for appreciation of subtle legal distinctions, in addition to insurance expertise, in deciding on claims. This is indeed a serious question, affecting the insuring public and calls for an honest answer from the insurers. How good is their current 'claim staff' in terms of the above expectations?

The question, if insurers can ever be fair in determining the admissibility of a claim and its quantum can never be honestly answered, as the interested party, the insurer, becomes the sole Judge to decide the issue. That the insurers are aware of this heavy burden placed on them of ensuring the play of principles of equity and fairness is critical for the functioning of the system and the conduct of insurers.

In addition, the problems for insurers are those that emanate from their rigid mindset of past practices, disregarding the changed scenario. Several new management tools are now available to them to tackle all kinds of problems, with innovation and creativity. The developed markets also have had their problems; but they are taking action to find solutions.

Lloyd's want to rely on e-commerce for claim settlement; no paper work from their customers; they have reached 80% compliance on it, but it wants 100%. And it is unhappy that it was not achieved in the time span planned for it. It has segregated claims into 'simple' and 'complicated' and has allocated separate staff to handle them, based on the technical expertise required for the two categories. Things are happening there, good or bad. But what about our market? The response for further responsibility has to be sought from the beneficiaries too and not just from the providers, who always have a good opinion of themselves, as the bar they have kept for themselves is too low.

The response for further responsibility has to be sought from the beneficiaries too and not just from the providers, who always have a good opinion of themselves, as the bar they have kept for themselves is too low.

Insurers to take the lead

The present grievance redressal mechanisms are non-functional, being only in name and with no teeth. Customers need a new mechanism that would inspire faith and trust in it, assuring them of fair play, equity and speed. If insurers are honest in their purpose, they would create such independent grievance cells of their own and pack them with experts of their choice to resolve complaints.

Insurers should even advertise encouraging claimants to complain, if only to demonstrate publicly their good intentions and honesty of purpose. In the process insurers would be creating a superb standard for their public image and reputation, on their own initiative. It is also a good business practice of honesty of intention and purpose. Insurers should take the lead to set up such standards of ethics, which would assure the fence-sitting uninsured customers to jump into their net. Insurers should play their game for future stakes, as they are in it, for the long haul. An unreasonable man would consider this as the best option between two contracting parties, who signed the contract, as consenting adults.

Regulatory safeguards

Customers now have the statutory support of the Regulator, against possible unfair exploitation by insurers. The IRDA Act 1999 places the onus on the IRDA to protect the interests of holders of insurance policies, as its primary objective. In turn the IRDA has issued PPI regulations in 2002 specifying its mandate. It has also created an internal cell to receive customer complaints to follow them up with the insurers. In addition the General Insurance Council under section 64 L (2) has the function 'to aid and advise insurers…in the

matter of setting up of standards of conduct and sound practice and in the matter of rendering efficient service to holders of policies".

The necessary architecture has thus been created to assure policyholders of fair and speedy service from their insurers. The PPI regulations are even quite detailed in specifying the time schedules for compliance by insurers on customer related issues. What more could the IRDA do to improve the market behavior of insurers?

The regulations issued are more in the nature of exhortation by the Authority of insurers to stick to a code it has prescribed. It can intervene and pursue their implementation; but it has no specific provisions how alleged breaches would be indentified and the kinds of punishments they would attract. It is for the Authority, to whom claimants rush to, to decide on the extent of compliance of the regulations till now. But if the situation, after review, is found less than satisfactory, then there is no doubt, it should initiate a fresh dialogue with the surveyors, insurers and customers to develop an acceptable procedure of grievance handling mechanisms. Even otherwise a dialogue contributes to better understanding among them. IRDA can be a catalyst in this objective.

A few other points

The Insurance Act 1938, or its amended versions, has not mentioned even once about the protection of policyholders' interests. The basic objective of the enactment, of course, is the spread of insurance across the country, and in particular the spread in rural and social sectors. It is only in the IRDA Act 1999 that it is stated that its primacy of purpose is the protection of policyholders. The responsibility accorded to the IRDA by the nation in that sense is enormous.

The unreasonable man would see it odd that we, in India, persist paying more attention to the service providers and other issues connected with them, with little attention paid to the protection of the beneficiaries of their output.

In the US State legislatures, the objectives of the introduction of a Bill are detailed in full, in holistic terms that would provide broad guidance to the Regulator of its intent. They become a sort of constitutional provisions to guide the courts and the regulatory authorities. Such helpful guidance is not provided in the aims and objectives of the Insurance Act or even in the proposed amendments.

Barack Obama, prior to becoming the President of the US, had stated that financial regulations should be designed to verify and regulate what insurers do; and not only for what they are, or what they should be.

The unreasonable man would see it odd that we, in India, persist paying more attention to the service providers and other issues connected with them, with little attention paid to the protection of the beneficiaries of their output. The business activities of the insurers, which do impinge on the needs of the insuring public, require equal attention, as the purpose of enactment of laws is done in the interests of the citizenry.

One does not expect many takers for many of the views expressed herein; but the points are raised for further discussion, which may eventually lead to an insurance system, wherein all the stakeholders combine together to give a feeling of trust to customers they deal with, with an acceptable framework for resolution of conflicts, in a manner that is fair and empathetic and speedy to both the contracting parties.

The author is ex-CMD, Oriental Insurance Company Ltd.

Indian Banking and Insurance Industry

Treating Customers Fairly

T.R. RAMACHANDRAN EMPHASIZES THAT A CUSTOMER WHO HAS BEEN TREATED FAIRLY IS THE STRONGEST BRAND AMBASSADOR THAT A COMPANY CAN HAVE IN TODAY'S INTENSELY DYNAMIC AND COMPETITIVE ENVIRONMENT.

Customer Fairness has many connotations depending upon an individual's values, experience and expectations. The concept of Treating Customers Fairly (TCF) is an attempt to align the company's interest with that of its customers through various cultural and procedural initiatives. TCF is important for a number of reasons but the most compelling reason for pursuing the concept is that it is based on the core business principle of putting customer first by understanding his needs and expectations.

If the customer needs to complain with respect to a product or service, the way in which the store handles his complaint would also determine whether or not the customer has been treated fairly.

The commercial benefits of treating the customer fairly are not only unequivocal but also exponential. A customer who has been treated fairly is the strongest brand ambassador that a company can have in today's intensely dynamic and competitive environment.

TCF provides benefits that are compelling for any organization and are in the form of:

- Improved customer loyalty
- Increased customer satisfaction
- Improved customer trust and confidence
- Improved reputation in a highly competitive market
- Improved goodwill
- Increased cross sales
- Positive brand recall

All of the above have a direct and material impact on the well being of an organization through improved profitability, increased shareholder return and reduced risk of regulatory non-compliance.

To understand the concept of TCF a bit more, let us take an example of what would TCF mean, for say, an apparel store?

- Well trained, courteous and knowledgeable staff
- Well displayed and tagged merchandise
- Prompt response to queries related to merchandise
- Get what you ordered and to the standard expected
- Correct billing
- No defects or complaints after usage

Further, if the customer needs to complain with respect to a product or service, the way in which the store handles his complaint would also determine whether or not the customer has been treated fairly. If all these things are taken care of, the customer will have every reason to revisit the same store as he would believe that he has been treated fairly by the store.

Though TCF is applicable and relevant in all service industries, its relevance in the financial services industry is unmatched.

TCF has long been embedded in the corporate environs of the financial industry in many countries. In UK for example, the Financial Services Authority (FSA), which is the Regulator of the financial services industry, has defined six consumer outcomes, which articulate the concept of TCF. The aim of this initiative is to promote efficient, orderly and fair financial markets which would help customers get a fair deal.

The banks are required to place a complaint form, along with the name of the nodal officer for complaint redressal, in the homepage itself to facilitate complaint submission by customers.

Though not formally branded TCF, the Indian banking industry, pro-actively guided by the Reserve Bank of India, has been an early adopter of principles of TCF. All six TCF outcomes (as implemented by FSA in UK) are already in place in the banking industry in India, as detailed below:

TCF Outcome 1: Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture

RBI has guidelines covering the entire ambit of banking services, financial instruments and the eligibility criterion for not just banks but also all the intermediaries involved in providing various services to the customer.

TCF Outcome 2: Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly

TCF Outcome 3: Where consumers receive advice, the advice is suitable and takes account of their circumstances.

Most banks undertake a robust financial planning for their customers, particularly for the high net worth individuals. It is on the basis of these, appropriate banking products and investments portfolios are designed and solicited.

TCF Outcome 4: Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.

The Reserve Bank constituted a Working Group to formulate a scheme for ensuring reasonableness of bank charges, and to incorporate the Fair Practices Code, the compliance of which would be monitored by the Banking Codes and Standards Board of India (BCSBI).

The banks are required to display and update, as required, service charges and fees on the homepage of their websites at a prominent place under the title of 'Service Charges and Fees' so as to facilitate easy access to the bank's customers. Most important terms and conditions (printed in a minimum prescribed font size) for relevant banking products are shared on a periodic basis with customers.

TCF Outcome 5: Consumers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and as they have been led to expect.

RBI has laid down various guidelines for the banking industry such as the Fair Practices Code. Additionally, to bring together all activities relating to customer service in banks and Reserve Bank of India in a single department, the Reserve Bank of India has constituted a department called "Customer Service Department (CSD)", the functions of which include:

- Dissemination of instructions/ information relating to customer service and grievance redressal by banks and Reserve Bank of India.
- Overseeing the grievance redressal mechanism in respect of services rendered by various RBI offices/ departments.
- Administering the Banking Ombudsman (BO) Scheme.
- Acting as a nodal department for the Banking Codes and Standards Board of India (BCSBI).
- Ensuring redressal of complaints received directly by RBI on customer service in banks.
- Liaison between banks, Indian Banks Association, BCSBI, BO offices and RBI regulatory departments on matters relating to customer services and grievance redressal.

TCF Outcome 6: Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

The banks are required to place a complaint form, along with the name of the nodal officer for complaint redressal, in the homepage itself to facilitate complaint submission by customers. The complaint form indicates that the first point for redressal of complaints is the bank itself and that complainants may approach the Banking Ombudsman if the complaint is not resolved at the bank level within a month.

Banks are also required to place a statement of complaints before their Boards / Customer Service Committees along with an analysis of the complaints received. The complaints should be analyzed (i) to identify customer service areas in which the complaints are frequently received; (ii) to identify frequent sources of complaint; (iii) to identify systemic deficiencies; and (iv) for initiating appropriate action to make the

grievance redressal mechanism more effective. Further, banks are also advised to disclose details of customer complaints and awards passed by the Banking Ombudsman along with their financial results.

The Indian insurance industry is relatively nascent when compared to the banking services industry. Nevertheless it too has been an early adopter of TCF as is evident from the governing statute as well as the guidelines issued by the Regulator, Insurance Regulatory and Development Authority (IRDA). Most of these principles of treating the customer fairly are already enshrined in the Indian Insurance industry and are being followed by several players. Some illustrations of the same are:

TCF Outcome 1: Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.

Insurers have to proactively ensure that a 'one size fits all' approach is not being adopted for product development and that customized products are being developed for specific segments.

Examples

As part of the licensing process, IRDA conducts a detailed review of performance of promoters in the fields of business/ profession they are engaged in, record of performance of the directors and persons in management of the promoters and the applicant company, governance standards, standards of customer service proposed by applicant.

To ensure fair treatment of customers, IRDA has issued Protections of Policyholders' Interest Regulations, which provides for certain minimum standards vis-à-vis product design, disclosures in product brochures, advertisements and policy documents, disclosures at the point of sale, post sale service.

TCF Outcome 2: Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.

Examples

As per the IRDA Guidelines relating to product approval, insurers are required to file a detailed application (File and Use Application) before launch of a new product. The File and Use application (among other things) requires an insurer to identify the target segment, such as Group Insurance, loan cover, micro insurance, rural or urban sector, etc. along with geographical locations to be targeted.

Insurers too have to proactively ensure that a 'one size fits all' approach is not being adopted for product development and that customized products are being developed for specific segments.

TCF Outcome 3: Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.

Examples

In case of Unit Linked Products, IRDA has directed all insurers to show the amount available for investment in each policy year in the benefit illustration, which is also required to be signed by the policyholder at the time of signing the proposal form. A copy of the sales illustration and proposal form is sent to the customer along with the policy docket.

Regulation 6 of the IRDA (Protection of Policyholder) Regulations provides mandatory disclosure of certain things in the policy documents like contingencies covered and excluded, premium payable long with frequency, risk commencement date and the date of maturity, date of last installment of premium, documents required for claim, etc.

Further, a 15-day policy review period is available to policyholders to review the terms and conditions which an option of cancellation in case of disagreement with any of the terms of the policy.

Additionally, many companies are planning to proactively adopt additional documents for their customers which would carry details, benefits and charges of the policy in a very simplified manner. This document would be mandated at the point of sale and a copy of the same will be shared with customer in order to drive transparency in the transaction.

TCF Outcome 4: Where consumers receive advice, the advice is suitable and takes account of their circumstances.

Examples

The advisors are required to disseminate the requisite information in respect of insurance products offered for sale by insurer and take into account the needs of the prospect while recommending a specific insurance plan.

It is the duty of an insurance advisor to provide all material information in respect of a proposed cover to the prospect to enable him/her to decide on the best product and requires the advisor to advice the prospect dispassionately.

Insurers have to ensure that the practice of "Need Based selling" in the insurance

industry in India is implemented in toto and make it mandatory for all the agents to undertake the same before closing a sale.

TCF Outcome 5: Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.

Examples
IRDA requires insurers to follow certain minimum standard for policyholders' servicing vis-à-vis processing of various requests.

The IRDA Guidelines for Unit Linked Products stipulate that policyholders have to be provided with the unit account statement on every policy anniversary and each time there is a change in units holding position except when it is on account of deduction of mortality and other charges.

The Regulations also provide for investment norms for each category of products along exposure norms and also require insurers to submit quarterly investment returns, which highlight the investment performance, portfolio, exposure to various sectors etc.

Additionally, there is also need for planning to proactively redesign the unit statements which will contain additional useful information for the customers over and beyond what the regulations require.

TCF Outcome 6: Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

Examples
IRDA requires every insurer to have proper procedures and effective mechanism in place to address complaints and grievances of policyholders. Insurers are required to appoint a Customer Redressal Officer. The Life Insurance Council also appoints Insurance Ombudsman to resolve complaints relating to settlement of claim on the part of insurers in cost-effective, efficient and impartial manner.

IRDA requires every insurer to have proper procedures and effective mechanism in place to address complaints and grievances of policyholders.

Some life insurers have adopted several pioneering measures to address these. Further, root cause analysis is done for process improvements to prevent any recurrence of similar types of complaints in future.

Treating customers fairly is primarily a cultural issue. The culture of a company is driven by its leadership, the strategy it follows, controls and governance framework and its performance management process. Effective leadership is a key enabler in driving the right behavior and the quality of decision, strategy sets the direction and priorities of business, controls ensure that the agreed processes are embedded in the business and lastly, the performance management process promotes the TCF culture by duly rewarding the appropriate behavior. Embedding the right culture converts good intention of an organization into actual fair outcomes for the customer.

TCF is not about taking "one-off" customer centric decisions but about consistently treating them fairly and establishing a culture of fair treatment of customers throughout the business. TCF needs to be an integral part of the DNA of the business as it is a continuous process – it is not something that companies can implement and then forget about. Embedding TCF is the recognition of the fact that the company is engaged in a continuous process of improvement through customer engagement.

Conclusion

In the present scenario, where the insurance industry in India has experienced an unprecedented decline in persistency, wherein the persistency ratios for private life insurance companies have declined from 95% in FY 03 to 75% in FY08, there is a need to review growth strategies. One certain way forward is to provide delightful customer experience by proactively adopting TCF - through need based selling, aligning the product portfolio with customer's needs, increasing customer education as well as transparency and providing high quality customer service and robust redressal mechanism.

By, adopting TCF, the insurance companies would be able to ensure long term sustainable growth of the Indian insurance industry.

The author is CEO & MD, Aviva Life Insurance India Ltd.

Does One Size Fit All?

Treating Your Customers Fairly

RAJESH RELAN WRITES THAT RESORTING TO UNFAIR PRACTICES TO WIN A CUSTOMER CAN BACKFIRE – WHICH COULD LEAD NOT ONLY TO BUSINESS LOSS – BUT MORE IMPORTANTLY TO LOSS OF FAITH – WHICH IS OF UTMOST IMPORTANCE IN LIFE INSURANCE BUSINESS.

Mahatma Gandhi once said 'A customer is the most important visitor on our premises. He is not dependent on us, we are dependent on him. He is not an interruption in our work, he is the purpose of it. He is not an ousider in our business, he is a part. We are not doing him a favour by serving him, he is doing us a favour by giving us an opportunity to do so."

I think this captures the essence of it all. Mahatma Gandhi understood the need to treat the customers fairly – years ago; and with extreme clarity, at that. Treating customers fairly is deep rooted into the statement he made above.

So what does "Treating the Customer Fairly" exactly mean?

To define the above, we first need to get an understanding into who the customer is and what the word fairly means.

The way I look at the customer; it includes the prospect, a buyer and a user. In case of insurance, the beneficiaries, also become a part of this universe. The word fairly has two aspects to it – one is in a proper and legal manner and the second is without bias or distortion. The first aspect is largely taken care of by the law, wherein organisations like IRDA play a very significant and a proactive role. The second aspect which is not mandated by law, therefore makes a huge difference in assessing fair treatment.

Treating customers fairly is not the same as treating customers nicely. Even where customers are delighted with the service they have received, they may not have been treated fairly. Customer satisfaction may not be a true indication of fair treatment.

From a customer perspective, fair treatment would translate into an experience whereby the "seller" is able to honour his/her commitments commensurate with the value of the business transaction.

From a business standpoint, treating customers fairly is often easier said than done. In an ultra-competitive environment, business managers, at times, may be required to take decisions which may be fair to the customer but may result in adverse financial impact for the organisation. The corporate values and culture must be conducive enough for this to occur. For instance, businesses should reward managers who are willing to take fair and ethical decisions. This culminates into long term trust – where the customers are confident that they are dealing with an organistion which holds a "customer centric" view of the world.

Talking particularly about the life insurance sector, the ethically questionable practice of a salesperson misrepresenting or

In an ultra-competitive environment, business managers, at times, may be required to take decisions which may be fair to the customer but may result in adverse financial impact for the organisation.

Life insurance organisations need to showcase 'fair practices' as an inherent part of the processes and strategy, going forward.

misleading the customer about the characteristics of a product or service is an easy example of an unfair transaction. In an effort to make a sale to a potential customer, a financial products salesperson could leave out certain information or describe a financial product as something the investor urgently needs, even though sound financial judgment would come to the opposite conclusion. All this constitutes an unfair treatment.

Life insurance, which is a long-term business, is primarily relationship-based. The relationship between a life insurance company and a policyholder can last several decades. For the customer to stay loyal, he has to believe in the product or service he has invested in. He has to have faith in the company he is associated with. With fair practices, we can just ensure / guarantee that for the business.

Life insurance products are more complex and it is not easy for an average customer to fully understand the product and its features. In any life insurance transaction, a customer, therefore, has to greatly rely on the service provider. The whole focus should be on generating confidence amongst the customers that the life insurers are committed to honesty, fairness and integrity. The basic principles that the life insurers should follow for giving the fair deal to the customers could be:

- high standards of honesty and fairness
- competent and customer focused sales and service
- advertising and sales material to be clear to the purpose and honest in its content
- fair and expeditious resolution of complaints and disputes
- efficient system of supervision and review.

For a life insurance organisation, treating the customers fairly should be complemented by the capability, which is designed to increase consumer understanding and awareness. This is particularly relevant for a market like India, where the awareness as well as the penetration levels for life insurance are very low. We need to begin right – not only for our organisation, but for the whole industry. The endeavour here is broader. The consumer should be allowed to engage effectively with the financial services market, make informed decisions and then eventually go about to shop.

We as responsible life insurance industry players need to tread carefully and make the foundation of our industry stronger. This can happen only when we indulge in fair practices. Life insurance organisations must understand that this is not a short-term project. They need to showcase 'fair practices' as an inherent part of the processes and strategy, going forward. As I said at the outset, not only is Treating Customers Fairly an important business principle to help us achieve efficient marke share but if it is to have any real meaning, it must lead to a real change in the behaviour of the organisation.

Organisations need to take a long, hard look at the obligations that they have to their customers; and arrive at their own individual view on what it means to be fair to them. For every process and policy that a firm has, it must ask itself 'Is it fair?'. Once a firm has formed a 'corporate' view of fairness, it must decide how these principles, values and beliefs apply to its business, and to its target customers. They must then be reflected in its operating policies, business strategy, decision-making and investment priorities.

Treating Customers Fairly needs to be embedded into the culture of a firm at all levels, so that over time it becomes BAU - Business As Usual. Treating customers fairly must be adopted by firms' senior management and embedded into each firm's individual corporate culture. It cannot be entirely delegated to a compliance or risk department. It is too central to a firm's activities and is a key senior management responsibility. The senior management should ensure that they have the right management information and other data to help them guage the 'fair practice' levels of their organisation.

Fair treatment of customers should be implemented across all stages in an organisation: product design, products pricing, product promotion, identifying target markets, sales processes, remuneration of sales forces and advisers,

post sales service, complaints handling and governance.

Treating Customers Fairly is not only about systems and controls, but about all aspects of the business culture. This includes people issues such as training and competence; remuneration; and performance management.

Presently, India is seeing an upsurge in consumer awareness in the financial services sector. The profile of the Indian consumer is continuously evolving. They are more aware and are actively managing their financial affairs. In such a situation, resorting to unfair practices to win a customer can backfire - which could lead not only to business loss - but more importantly to loss of faith - which is of utmost importance in our business. Once our customer entrusts us with his hard earned money, we are obligated to do full justice to the same. One bad customer experience can spread like wild fire, and even before we realise, the damage would have been done.

To summarise, "Treating Customer Fairly' in itself is not a new obligation. It just needs to get a renewed emphasis to encourage everyone into customer service to deliver fair treatment to their customers. The endeavour here is to make a difference to our customers, the consumers of our financial services and products. Taking into view the starting point and the progress, organisations need to continue to focus on fair practices, by inculcating the same in the organisational culture.

Life insurance companies need to make an effort to identify the real 'value' that customers expect; and deliver that. In the Indian scenario, the factor that will create a real differentiation between players is not 'what' but 'how' you deliver a promise to your customer. Service capabilities are easy to replicate. The need of the hour is to make relevant changes and move to the next level.

One bad customer experience can spread like wild fire, and even before we realise, the damage would have been done.

'A one size fits all approach' does not work.

The author is Managing Director, MetLife India Insurance Company Limited.

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Treating Customers Fairly

"Yes! We Can"

ARUP CHATTERJEE LAMENTS THAT WHILE SEVERAL FIRMS TALK ABOUT RAISING STANDARDS IN TREATING THEIR CUSTOMERS FAIRLY, THE CHANGE IS HARDLY DISCERNIBLE AT THE OPERATIONAL LEVEL.

Introduction

Time and again, concerns have been expressed that there are still too many cases of mis-selling and misrepresentation in the insurance market place. On the top of this, today, market volatility has created conditions in which it is not always clear what is 'fair'. At the heart of the debate on current financial crises is the relative role of the state, the industry, and the consumer in meeting the policyholders' reasonable expectations. In times of crisis, insurers and insurance intermediaries should be especially aware that all customers be treated fairly.

What is Treating Customers Fairly (TCF)?

The *mantra* 'Treating Customers Fairly' (TCF) has been around in the statutes of all financial market regulators and remains a key strand of any consumer protection agenda. The TCF initiative is aimed at helping customers fully understand the features, benefits, risks and costs of financial products. It's designed to minimise the sale of unsuitable products by encouraging best practice before, during and after a sale. The FSA, UK has outlined six key outcomes that it wants to see as a result of its Treating Customers Fairly initiative and this seems applicable to other jurisdictions around the world as well.

A prime motivation behind TCF is that the traditional focus on rules has failed to

The TCF initiative is aimed at helping customers fully understand the features, benefits, risks and costs of financial products.

The six TCF consumer outcomes

1	Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture
2	Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly
3	Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale
4	Where consumers receive advice, the advice is suitable and takes account of their circumstances
5	Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect
6	Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint

Source: "Treating Customers Fairly -measuring outcomes", Financial Services Authority UK, November 2007

> Many insurance players have taken steps to improve their focus on consumers. It is in the industry's interests to define and establish good practice.

protect consumers. TCF is a principle-based approach.

The implication of a principle-based approach, as opposed to a rules-based one, is that the onus of interpretation is left to senior management. Each insurer needs to determine what TCF means for itself. For example, one general insurer may determine that moving to pure risk-based pricing is fair to its customers as each customer is paying an amount based on the risk he poses. Another general insurer may decide that this is not fair, as some of their policyholders would be priced out of the market.

'Treating customers fairly' vs. 'treating customers well'

'Treating customers fairly' is not to be confused with 'treating customers well'. For example a 'low-cost no-frills' airline, which promises transport from point A to point B, can be said to treat customers fairly, since they are provided with what they have paid for and receive what they had expected. However, as a few frequent flyers on these airlines may question these claims that the customers are indeed treated 'well'. On the other hand, an insurer offering personal accident compensation by quoting a standard compensation package to all claimants without investigation may be treating its customers well but not necessarily fairly, since no account is being taken about the details of the claim.

It is evident from the above examples, that under the TCF approach, the regulator would normally expect the senior management to incorporate its approach to 'treating customers fairly' into the insurer's or intermediaries corporate and marketing strategy. As a general rule, TCF should be business as usual in the organisation.

Putting flesh on the bones - Challenges throughout product life-cycle

Given the scale of this task, insurers are encouraged to think of TCF using the product lifecycle framework, i.e. considering TCF implications for the insurance product through the six stages, with most prominence given to the first and last stage:

- Product design and governance
- Identifying target markets
- Marketing and promoting the product
- Sales and advice processes
- After sales information
- Complaint handling

Of course, management information is vital in order to demonstrate that firms are meeting their TCF obligations.

Many insurance players have taken steps to improve their focus on consumers. It is in the industry's interests to define and establish good practice. Given that the emphasis should be on the prevention of problems, a focus on what insurers should not do is helpful in closing the door on specific bad practices, but to avoid perpetuating the cycle of crisis followed by clean-up, it is important to look at what good practice should be, perhaps in the context of new developments. Here are some ideas on how things could be improved besides making a serious impact on improving insurance services for consumers, and ultimately for the industry itself.

Change in culture

No amount of generic advice will overcome the lack of confidence consumers have in the market unless insurance market players change their culture and develop strategies to treat customers fairly that are not only talked about in head office, but implemented in the market. Whilst firms talk about raising standards, there is little change in the way that some firms treat their customers on a day to day basis. The commitment in the boardroom must embrace every aspect of the service chain - a company's operations, from the way it presents itself through symbols and logos, through to its day-to-day working practices.

The sense of consumer disappointment is enhanced by the continuing tendency to stress performance at the expense of less exciting factors such as cost and flexibility. Insurers appear to rate themselves on short-term factors such as sales, funds under management and distribution deals. If they can develop a set of values that

recognises how closely consumer confidence is bound up with customer service, and instill these values throughout their workforce, then treating customers fairly should be a natural consequence.

Product design

An insurer should be able to show that its products have been designed to meet the needs of its selected target market. For example, consider a new unitised with-profits contract designed to offer investors the benefits of a smoothed return on a pool of assets, to meet the savings needs of certain policyholders. Suppose, in line with recent trends, the new with-profits product does not offer any significant guarantees and the investment policy is biased towards higher risk assets such as equities. Through *stress testing*, which involves modeling how the product performs in different situations, the in house actuaries should be in the best position to ascertain the risks inherent in the product structure and help assess for which groups of customers the product is most suited. *Stress testing* may also indicate if the product is suitable for customers who are willing to risk losing part of their initial investment in the short term in order to seek better returns. In the longer term, it is important for developing this understanding and should ideally form part of the product-development process.

An insurer should also assess whether the policy conditions are unnecessarily complex and hence difficult for consumers to understand. Moreover, changes to the policy design, such as the addition of a particular exclusion, may change the target customer base. Hence, there might be knock-on effects for pricing assumptions such as average propensity to claim; decline and fraud rates; and adverse selection.

Identifying target markets

The industry needs to look for new markets and new ways of distribution which reflect consumer diversity. Insurers should be given an incentive to introduce socially responsive product innovations and alternate distribution channels that reduce costs overall. The aim of increasing saving cannot be met alone if firms continue to concentrate on 'high net worth individuals'. Commissions are only part of the cost. Insofar as target-setting is concerned, past experience has shown, pure sales targets can backfire if they lead to low quality sales, complaints and compensation claims. How can quality, rather than quantity, be rewarded? Are companies setting the right targets?

Incentives and costs

Getting the incentives right is part of the process. Currently, the culture is sales-based where the most prominent figure is the rate of commission. This is a form of market distortion that tars the reputation of those advisers who truly put their clients' interests first. It can directly affect the quality of products offered to consumers, not to mention the effect on company costs.

Commission rebating is also not the answer: it benefits the well-informed at the expense of the less savvy, and may actually inflate commissions in order to allow the extra to be rebated. One needs to find ways of rewarding continuing service. Can mystery-shopping be used to reward good practice?

The financial rewards that senior managers get should reflect the rewards received by policyholders, not just shareholder value. Policyholders find it galling to see bonuses awarded to management when the value of their investments has declined.

Policyholders find it galling to see bonuses awarded to management when the value of their investments has declined.

Marketing and sales literature

Consumers need both clarity and frankness. The drive towards plain language and issuance of documents in local languages can make some documents more attractive and easier to read. However, some important information may still be hidden away in small print and technical language. Improvements in consumer education, if achieved, imply that insurers should be prepared for a more knowledgeable market, asking more difficult questions. Better communication cannot be solved purely by regulators telling companies what to do. Necessary steps also need to be taken to develop a common terminology. This is an area where some common industry approach might help consumers.

Insurers should provide clear information, which will instill consumers with the

> Firms need to be more sensitive to the differing information and advice needs of different groups of consumers, especially those entering the long-term saving market for the first time.

confidence to make appropriate decisions and give them the ability to question the information and advice they receive. For example, the marketing material used to promote the product will need to be reviewed to ensure that risks are clearly stated. Many policyholders and their advisers naturally associate the word 'with-profits' with 'guarantees' and should be clearly highlighted to the marketing and sales personnel as well as in the product literature.

Consumer education should not just teach consumers how to understand the industry. The IRDA and others must improve the way that insurers communicate. They should be asking what customers find easy or difficult and using this information to improve their practices. Some may be doing this already, but it would improve the industry's standing if it were carried out in a more transparent, industry-wide basis. Although firms could have a role in ensuring the provision of generic advice, this needs to be separate from the sales process. Further work may be needed to ensure the introduction of consistent, acceptable standards and monitoring.

Often the problem is not the language, but the concepts. As an absolute minimum, consumers need to understand all the factors that limit performance of an investment, even if they do not need to know exactly how it is engineered.

Sales and advice process

Too often consumers are seen as a homogenous mass, and this is reflected in a standardised approach. Firms need to be more sensitive to the differing information and advice needs of different groups of consumers, especially those entering the long-term saving market for the first time.

Also, disclosure does not appear to be acting as a brake on costs. This is partly because consumers looking at a product in isolation do not know whether a charge is high or low. Comparative tables are not publicised enough to fill this gap. The introduction of a summary box which should include a 'benchmark' charge, showing the industry norm can be considered.

While regulation has brought some welcome progress on the disclosure of charges, this is loaded towards the purchase end. Consumers need to be reminded of the annual charges during the life of their contract. There is no requirement to disclose each year with the annual valuation statement the cash amount of charges deducted during the year. That makes it difficult for consumers to judge whether they are getting value for money and whether they might be getting a better return on their investment if they took it somewhere else. Customers need to know if they are paying out more than an investment is actually earning.

Claims

For most insurers and insurance intermediaries, the main point of contact with the policyholders after the sale is at the point of claim. TCF in a claims department will entail ensuring that genuine claims are paid and handled promptly. It is important that the level of evidence requested from the policyholder is reasonable and not perceived to be putting off claimants. Fraud detection approaches need to balance fair treatment of customers, particularly the elderly who may be caught out by more aggressive questioning techniques. Where elements of the process are outsourced, it is important to ensure that any outsource providers adhere to the same TCF standards as the insurer.

Complaint handling

Avoidance of double standards, such as following complaints-handling procedures to the letter but having a policy for turning down as many complaints as possible is part of the process. Insurers need to be straight with their customers to gain their trust in the long term. Despite regulatory standards for the handling of complaints, the rhetoric often undermines this. There is even a tendency in the industry to ascribe complaints to a 'compensation culture' that encourages people with weak cases to complain. The industry as a whole should conduct research on how they can promote confidence without encouraging false expectations.

Duration specific lapse rates will enable identification as to whether the product met the needs of the policyholders.

'Consumer audits' are used as management tools in some service-oriented organisations. They provide a customer's perspective of the organisation by using, for example, customer surveys of key indicators (not just 'satisfaction') and analysis of outcomes, including complaints volumes and trend data. Such initiatives should be championed at Board level, perhaps through the non-executive directors or through some consumer representation. Insurers could be required to demonstrate publicly – perhaps through the annual report – what they have done to satisfy the TCF principle.

Management Information

Appropriate key performance indicators are important to enable senior management to monitor TCF and whether the product is being sold to the appropriate target market and meets the needs of the customer. For example, on a life policy, the age of policyholders at entry, duration-specific lapse rates, and numbers of complaints. The distribution of the age of the policyholders can be compared with the target market identified during the product-development process. Duration specific lapse rates will enable identification as to whether the product met the needs of the policyholders. A similar array of management information tools including retention rates, loss ratios, claims decline rates, etc, is available for general insurance. Loss ratios and claims decline rates can provide an early indication that the product may have TCF-related issues.

Consumer panel

The insurance industry needs to engage in serious dialogue on a regular basis with consumer bodies and other interested parties on issues such as access for the less affluent and general consumer confidence. There is a need for the industry, the regulator and consumers to establish a collective, forward-looking joint agenda. This should particularly focus on how the industry can better serve its customers. The IRDA may consider establishing a broad ranging forum, including representatives from all parts of the industry, consumer groups, the IRDA and Government. This should meet regularly with the aim of agreeing priorities, monitoring progress, giving early warning of problems that might be arising and putting pressure on laggards in the industry to catch up with best practice.

Conclusion

Fair treatment of customers is a continuous learning process so feedback on the organisation's TCF performance should be communicated across all parts of the insurer. This last step intuitively follows back through to the first, making the whole process a continuous feedback loop. It's not just something a company can implement and then forget about. It's not a 'bolt-on' solution either – it has to be at the heart of the business and it has to keep moving.

Consumer confidence in the financial services industry depends in large part both on the actions of individual insurers and insurance intermediaries; and on the measures the industry takes collectively. The IRDA has already proved to be a regulator facilitating reform; and the extent and the pace of reform will become increasingly evident with the re-energised concept of treating customers fairly.

YES, WE CAN Treat Customers Fairly if we all resolve to work towards it.

The author is Principal Administrator, International Association of Insurance Supervisors, Basel, Switzerland.

Recipe for Successful Life Insurance Business

Treat Your Customers Fairly

M. SURESH ASSERTS THAT STRONG TRAINING IS THE BEDROCK OF LONG-RUN SUCCESS FOR LIFE INSURANCE COMPANIES. HE FURTHER ADDS THAT IT IS ESSENTIAL TO IDENTIFY A CUSTOMER'S NEEDS AND FULFILL THE NEED-GAPS ON AN ON-GOING BASIS.

Mahatma Gandhi's words that a customer is the most important visitor on our premises; and that he is the very purpose of our work have proved to be prophetic for the corporate world and even more so for the insurance industry, given the high involvement nature of the category and the length of relationship between the client and the insurance provider. Not infrequently, we have the 'moments of truth' which is the claims experience for the policyholder or the beneficiary.

As the industry transforms and new service paradigms come in, various facets of customer experience come from departments in the organization that are not directly in the business of servicing them.

Customer Service in Life Insurance

Customer service typically cuts across all the steps of an insurance purchase – right from policy acquisition to maturity. Hence it becomes important to constantly measure, monitor and improve customer satisfaction to evolve into a customer centric organization.

As the industry transforms and new service paradigms come in, various facets of customer experience come from departments in the organization that are not directly in the business of servicing them. It is thus important for a life insurance organization to realize that responsibility for good customer experience lies across all its departments.

Part of this customer-centricity results from the ability to anticipate the needs of people and design insurance solutions to answer those needs. This calls for insightful research into various life-stages and finding latent need-gaps that may exist. This provides the platform for developing products which are truly anticipatory. The pressure for product innovation often de-links it from what customers are actually looking for. Consumer research bridges this gap by aligning product development to lifestyle patterns, market conditions and demographics. Followed over a period of time, this process helps in developing a product mix which provides customers with a rich and relevant suite of options to select the right solutions based on their needs.

In addition to the investment in product innovations, substantial efforts are required in building excellent distribution channels. It is imperative to have strong distribution channels by providing channel partners the training to reinforce the company's business ethics as much as the product benefits. Strong training is the bedrock of long-run success for life insurance companies. It helps protect the interest of the customer by ensuring that accurate information on product features and attributes is provided and there is no

> The recent fall in the stock market accentuates the importance of educating our customers on the benefits of making long term decisions over short term decisions.

miscommunication at the time of sale. It is essential that the customer understands each product feature and takes a completely informed decision to ensure that the product offered meets his / her requirements and does not cause any post purchase dissonance.

However, despite making investments in this area, the possibility of malpractices in the market place cannot be eliminated. Therefore it is important to put key management controls in place for prompt and independent servicing of customer grievance that may arise from time to time.

Insurance contracts, being long term in nature, it becomes imperative to have continuous communication with customers for greater traction. With many customers experiencing insurance for the first time, more as a mode of investment rather than protection, it is the responsibility of all insurers to highlight the rights and obligations of the customers and help the customers to take more informed decisions. The recent fall in the stock market accentuates the importance of educating our customers on the benefits of making long term decisions over short term decisions. This will assist in managing the customer expectations better and increase their trust and credibility in the organizations.

The diversity of culture and life-styles of people in India creates varied customer needs and expectations which a life insurance company has to live up to. While personal interactions and home visits are considered to be customer friendly in some parts of the country, technology based self-servicing is the expectation benchmark elsewhere. It is important for insurers to understand these choices and customize service accordingly.

Increased touch points and distribution capabilities makes it necessary to train all customer facing staff in key aspects of customer services. Integration across all customer touch-points - sales force, branches, chat rooms, e-mail interactions, call centers (in-house and outsourced), grievance cells - is important for a consistent and seamless service experience. One of the key performance areas for these touch points is to provide the correct information to the customers the first time. Focus on other key customer aspects like empathy and responsiveness are also important. Continuous training and reinforcement in these areas will build a strong customer service culture for the organization.

Role of Technology

The onset of technology and availability of newer servicing avenues calls for insurance companies to look at enablers that increase customer convenience. These could be given as value-adds or as specific need-based services to customers. Multiple payment options available to the customers is one of the value-add services being offered in the insurance industry. Tie-up with government agencies with deep distribution like India Post for renewal premium payment is another example of service innovation. The use of mobile vans for collecting renewal premiums or the use of handheld devices for instant generation of premium payment receipt in rural India redefine the service benchmarks for the industry.

With use of technology as an enabler, more and more services can be provided to our customers. Significant investments from technology perspective enhance our ability to remain customer centric. These facilities provide customers for self-service capability and the convenience of any-time access to information. Tracking NAVs or investment portfolios is an example of how technology differentiates through ease and security of access to information.

Claims Philosophy

In addition to all of the above, it is also important to have a clearly defined claims philosophy in place. The claims mission should be to settle all genuine claims within the shortest period of time and ensure that client is satisfied with the experience. It also has to keep an eye on non-genuine, fraudulent claims or inappropriate claims. Post investigation such claims are repudiated within established regulations, laws of the land and company practices.

Service excellence rests on continuous learning and improvement. Two key means of identification of improvement areas are feedback and benchmarking.

Feedback and Measurement Mechanisms

It is imperative to capture customer feedback through various 'moments of truth' with the customer. Every 'voice of

customer' obtained through various channels needs to be treated with utmost importance and if there is any opportunity for improvement identified, it needs to be implemented in a time-bound manner. Care should be taken to ensure that the feedback system covers customer touch points and also feedback platforms that lie in the public domain. The popularity of blogs, online forums and such platforms on the Internet calls for a sensitive feedback system to track customer reactions comprehensively. Some of the main customer touch-points from where customer feedback and hence, knowledge of customer preferences can be obtained are as follows:

- Our customers – The feedback mechanism should allow the customers to provide direct feedback of their experiences to the management team. While enforcing such a mechanism, care needs to be taken that the process to transfer the information from touch points to the management team does not dilute the information itself. The information presented to the management needs to be unbiased to enable appropriate decision making on the basis of feedback received.

  Again, feedback captured needs to be both touch-point specific, i.e. for branches, call centers, e-mails, etc, as well as for the company overall, to distinguish between the performance of these touch points and take corrective actions, if any.

- Our distributors – After the customers, our distributors are the most important source of honest feedback. By creating structured forums that allow collection of feedback from our distributors, key information can be gathered to further improve the current service experience of both our distributors and customers.

  An in-depth analysis into the reasons of customer contacts with the company, both for resolution of queries, and registration of grievances, reveals surprising amounts of information about the areas that the company requires to improve its services in. The focus of this analysis is to identify the hitherto untapped pain-points for the customer and eliminate the root cause of his/her grievances.

- Visits by the senior management team to any of the customer touch points provide opportunity to understand the actual situation at the ground level and take appropriate actions in this regard. Surprise visits often tend to give a more representative picture.

The information presented to the management needs to be unbiased to enable appropriate decision making on the basis of feedback received.

It is also important to either implement the feedback of the customer promptly or clearly communicate with the customer with the reasons for non-implementation of the feedback. These steps are important to build credibility with the customers and provide further opportunity to convert customers into collaborators who are working for the betterment of the organization.

Besides capturing and implementing the key aspects of customer feedback, it is also important to benchmark the organization against the best practices followed within and outside the industry as well as in the international markets, and implement the same. A highly competitive industry like life insurance also provides the opportunity for improving customer service by adopting best-practices some of which may be from the competition. In such a case, the case for better customer experience over-rides the case for differentiation. While it is desirable to innovate for continuous differentiation, the early adoption of industry best practices is for the benefit of the customer as also the industry.

Summing up

Instilling a customer centric credo and creating customer friendly practices will define the success of customer experience for a life insurance company. As service providers, we should remember that we are ourselves customers elsewhere. The way we would like to be treated as customers is exactly the way we should be providing service to our customers.

The author is Chief Operating Officer - Tata AIG Life Insurance Co. Ltd.

Consumer Education in Insurance

Towards Correct Risk Perception

ARMAN OZA MENTIONS THAT MASS-MEDIA CAMPAIGNS THAT THROW LIGHT ON THE IMPACT OF VARIOUS RISKS ON THE LIVES OF A FAMILY AS WELL AS THE BASICS OF INSURANCE CONCEPT WILL GO A LONG WAY IN BRINGING THE LAYMAN CONSUMER TO A LEVEL WHERE HE CAN UNDERSTAND HIS NEED VIVIDLY.

Insurance as a risk management tool offers an ex-ante risk transfer option to the consumer in consideration of the premium. Risk transfer decision is largely prompted by the way in which the risk being insured, is perceived by the potential buyer. A risk transfer will take place only if the underlying risk is perceived to be grave enough in comparison to the cost (premium) of transfer. Risk perception again is influenced by a number of factors like risk appetite, level of information, awareness about risk transfer options and credibility of the risk transfer mechanism. Moreover, in order to be able to build a perception, at least a bare understanding about the possibility (probability) of a loss producing event taking place as well as its financial impact (severity), is very much required. Regardless of this, some covert or overt process of identifying and quantifying the risk does take place before a buy decision is made on insurance. Generally speaking, a risk-averse person will buy more insurance than a risk taker. Insurance products usually offer protection against low frequency events only. On the other hand, insurance consumers prefer coverage against more probable, immediate risks, notwithstanding their probable impact. Hence, lower the frequency of a loss prone event, higher is the perception required to trigger an insurance purchase. All these factors make insurance purchase a much more complex transaction. Building up of the right risk perception in the public psyche is thus fundamental to the emergence of a demand driven, healthy and sustainable insurance market. The whole issue of consumer education in insurance should be viewed from this perspective.

India is a country of highly diverse population mix in terms of social, economic, religious and cultural conditions. These attributes contribute towards equally diverse risk behaviour. A large section of the population is obsessed by a fatalist bias that deters them from being risk-sensitive. Awareness levels about variety and complexity of risks confronting them is relatively low. Financial planning is more often resorted to as an ad-hoc exercise rather than as a habit. All this has resulted in a low overall risk consciousness among the population. Again the risk appetite tends to change in different situations. Thus a person who is averse to stock market risks may become a risk taker while considering life insurance. On the other hand, someone who meticulously buys life and health insurance may become a risk taker by driving rashly on roads. While a fund of information on insurance "products" is available, fundamental aspects of risk management neither from

Insurance products usually offer protection against low frequency events only. On the other hand, insurance consumers prefer coverage against more probable, immediate risks, notwithstanding their probable impact.

The benefits from insurance, being distant as well as contingent, always remain under a cloud of suspicion for the masses.

part of our formal education system nor are they propagated well enough in the public domain. The benefits from insurance, being distant as well as contingent, always remain under a cloud of suspicion for the masses. Again affordability is an issue for a large section of the population. Life insurance is being projected more as a tax savings and investment instrument rather than a risk mitigation tool. Non-motor personal line products still constitute a negligible portion of the non-life portfolio. All this has resulted in an under-insured nation with low levels of insurance density and penetration. Real demand for insurance is largely absent and whatever business that is being transacted is more supply driven. Insurance is often sold but is seldom bought.

It is thus pretty clear creating a sustainable demand for insurance would require the building up of right risk perception among the consumers. Unlike other products or services, the benefits of insurance are not immediately felt and hence unless the consumer is fully convinced about buying insurance per se, it will be very difficult to ensure continued purchase. Insurance is a long term business for insurers as well as intermediaries. Unless the concept is sold in the right earnest, issues like adverse selection and moral hazard will keep bothering the industry and a sustainable as well as profitable portfolio of risks will never emerge. In this context the role of supply side in educating the customer becomes critical. Unfortunately very little effort has gone in on this front - both at the micro as well as macro levels. Substantial investment is being made in peripheral marketing activities like celebrity endorsements and brand building that hardly convey any fundamental message to the consumer. At the same time, precious little is being done. To offer right inputs and tools on the concept to the customer at the point of sale is also a rare sight.

At the micro level, point of sale is an ideal occasion for imparting consumer education since the consumer is fully attentive at this point. Intermediaries and salespersons need to be trained in an effective manner to achieve this end. Rather than mere product detailing they should be assessing the risk appetite of the insured and suggesting products accordingly. Even while detailing the product, rather than just painting a rosy picture about the coverage and services offered, it will be in the interest of everybody to explain the limitations (or exclusions) of the product and also explain the precept underlying these limitations. For example, instead of just saying that outpatient treatment is excluded in a health insurance policy, it would be helpful to explain that insurance as a mechanism cannot cover high frequency risks, or that such risks are best to retain rather than transfer. A well informed consumer would bear a bigger business potential and should not be considered a threat.

The supply side needs to understand that insurance selling is much more than pushing a product in the market or more crudely just 'closing a deal.' Insurance caters to only one area of the risk quadrant and in order to optimize the benefits of insurance, the consumer needs to understand risk handling techniques for non-insurable risks as well. In other words apart from transferring the risks, an individual has to learn about retaining, controlling as well as avoiding certain risks. Only then the benefits will flow in a perceptible manner. Being a vital player of the game, an insurance salesperson should be giving vital tips on these areas as well. Enabling the customer in taking informed decisions is not only a matter of ethics but also makes better business sense. A customer with the right risk perception is always likely to buy more insurance and more importantly continue buying insurance over a period of time. Customer dissonance, which is a major issue in insurance, arises mostly because of lack of proper clarity (if not mis-selling) at the point of sale. Utmost good faith is a reciprocal obligation. Just as we expect the consumer to take a long term view on insurance, intermediaries and insurers also need to go beyond short term goals of bracing big volumes quickly.

The efforts to convey the right message at the micro level also need to be complemented at the macro level. Again the focus has to be on building the right risk perception rather than merely parroting words like "insurance", "security" and "guarantee". Well designed mass-media campaigns that throw light on the impact of various risks on the lives of a family as

well as the basics of insurance concept will go a long way in bringing the layman consumer to a level where he can understand his need vividly. Rather than being sporadic in nature these campaigns have to be carried out for long periods and preferably in a phased manner. Separate strategies for rural and urban consumers have to be devised. Media like television and internet can be extensively used in this regard. Cues can be taken from social marketing campaigns like "pulse polio". In the recent past, many insurance schemes have been launched by the government. The Rashtriya Swasthya Bima Yojna (RSBY) is one such example. Insurance awareness campaigns can be clubbed with such schemes to ensure better outreach as well as increased risk consciousness among the population. As a nation, the returns generated by such campaigns in terms of increased insurance penetration will be much more than the costs involved.

The concept of risk and risk management and thereby insurance, needs to be the part of school curriculum right from the primary school level. As of now, insurance is not taught even at the post-graduate level in the management discipline by most universities. This is the major reason why even educated people fail to comprehend the concept fully. Introducing suitably drafted curricula at the school level will at least ensure that the upcoming generation understands the importance of risk management through insurance in the right earnest. To start with insurance companies can bee encouraged to approach schools and colleges for short duration lectures and presentations explaining the basics of insurance. Long back, a similar effort was made by Petroleum Conservation and Research Association whereby the PSU oil companies were encouraged to organize lectures in schools on the importance of petroleum conservation.

Appropriate regulations are already in place for ensuring that the consumer gets a fair deal. Consumer education however, is not an issue that can be dealt with through regulation alone. Neither is it something that can be taken up as a project and finished once for all. It calls for a mature behaviour and affirmative action on the part of the industry. It has to become a part of the culture that is driven by a conviction that a risk literate consumer is in the interest of one and all in the industry. Fair play is not a one way process - neither is foul play.

Introducing suitably drafted curricula at the school level will at least ensure that the upcoming generation understands the importance of risk management through insurance in the right earnest.

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Simple and Plain Language

Bedrock of Transparency

RAJIV JAMKHEDKAR OPINES THAT PEOPLE PREFER A BRAND BECAUSE OF THE INHERENT GOODWILL BUILT OVER TIME; AND ALSO SHOW GREATER LOYALTY.

Insurance is a business built on the principles of faith and good intent. The basic premise of the proposer giving information to insure life or property is that it must be bona fide. The promise to pay, should an unfortunate event occur, is a matter of implicit faith of the customer in the insurer. Reputation and trust are the pillars on which the credentials of the industry stand. How have we earned this trust and faith of millions of customers? It is by treating customers fairly and dealing with the negative events in the customer's life thereby providing security and peace of mind.

A cynical person may ask why it is necessary to treat customers fairly. After all, it is such an obvious statement. How can this aspect be more paramount than say satisfaction of the customer with the product, insurer's profit margin or distributor's production efficiency? Those are more important, critical and worthy of management attention, isn't it? The answer is 'No'. The reason, as mentioned above, is that insurance is a subject matter of trust, future promise, good intent, reputation and track record. If those crucial aspects are breached in the customer's mind, then future growth and profits of the insurer are threatened. Treating customers fairly adds to the goodwill account and unfair and negligent practices deplete the insurer's goodwill, even if it doesn't show in the account book!

Today, the customer has enough choice to take her business elsewhere if she is not given acceptable and fair products and service. Companies must realize that profit comes in two types – good profits and bad profits. One can profit by taking undue advantage of the customer at the time of sale and not being transparent about the product/ pricing. The same customer may unknowingly buy the product, but later will not return to the company for another policy. She may also create poor word-of-mouth leading to more potential customers getting driven away. Good profits, on the other hand are sustainable, fair and have the potential to grow in the future. A good brand is built in this way over a period of time. People prefer a brand because of this inherent goodwill built over time and also show greater loyalty.

The critical question is – How do we measure and quantify the Treat your Customer Fairly policy? Firstly, it starts form the top. The top management of the company has to create the culture where treating customers fairly is instilled in the day-to-day working of the company. This is valid for product design, customer service, claims, and sales practice. The intent, policy and culture of the organization should translate into outcomes that the customer can experience. Let us now discuss what outcomes would demonstrate that customers are getting treated fairly. First and foremost, the customers should be confident that they are buying products from companies that keep treating customers fairly at the heart of everything they do.

Treat your customers fairly policy can be tested in the following four measured outcomes.

Desired Outcomes

Outcome #1: Is the Insurer's products suited to the needs to the targeted customer?

This is central to the theme of fair treatment of customers and critical in reducing mis-selling and mis-buying of insurance products. Too often, products are designed and sold because of competitor and market trends rather than an understanding and analysis of customer needs that the product will solve. Three concrete ways to ensure and measure whether the company is selling products meeting their target customer needs are:

- Product design process incorporating market research and voice of customer,
- Need-based sales training
- Effective, simple, relevant self-diagnostic tools for customers.

In the last few years, given the equity boom in India, many customers have been sold equity related products that do not suit their needs. Instead of long-term savings needs, customers have bought short-term investment return products. Undergoing a needs-analysis with customers or a simple risk profiler can easily check this. These are fairly easy to administer as well.

XYZ Life Insurance Company has a range of products from protection to savings and traditional to unit linked. One of its agents approaches an individual who has studied till 6th standard, aged 35, earns Rs. 7,000 a month on average, has a family of four including two children, drives a taxi for living, can't read English and is a financial illiterate. The agent proposes a unit linked product, guides the customer to put money in equity fund, makes him sign on a benefit illustration that is in English and does not explain the risks of a market linked product. Is the agent fair in his advice? Is the insurer's product suited to the needs of this customer?

The insurance agent is an advisor to the customer. It is important that the advice is in line with the customer's unique life-stage situation, financial circumstances and future requirements. This aspect of providing advice usually has not received adequate attention from the Industry to measure and improve. But I believe this is a critical aspect for the progress of our industry.

Outcome #2: Is the customer being presented clear and accurate information before, during and after the point of sale?

Clear information is the bedrock of transparency and adds greatly to treating your customers fairly. Marketing literature, retail promotions material, product brochure and proposal are all contributors to the above. Additionally, insurers need to use simple formats and language. Among all the products information that the customer is inundated with, financial services products use the most jargon. There is merit in using simple language and common man's terms. In India, emphasis should move to greater use of the local vernacular, if required. This greatly enhances the customer's understanding of insurance products.

At this point it is important to note that treating customers fairly is not a factor of, or to be confused with customer satisfaction. Many companies may show good satisfaction scores but their customers actually may not have the correct understanding of the product terms and how it suits/not suited to their needs. This may be a matter of nuance but an important one.

Outcome # 3: Is the customer provided with acceptable level of after sales service?

ABC Life Insurance Company has a protection product that pays lump sums on death or specific illnesses or specific disability conditions. The product is attractively priced but has exclusions and clauses on rate reviewability. These are not explained completely in the product brochures but are included in the policy contract which is written in legal English. This product is made available to the Company's entire sales force, a vast majority of which has no understanding of intricacies of health conditions. A home loan borrower wants to protect his asset (i.e. the home) in the event of anything unforeseen happening to his health. He has suffered a mild heart attack in the past. During the sales process, he discloses this to the agent but the agent brushes it aside saying it is not worth noting in the proposal form.

After sales service includes a whole gamut of departments – New business, Customer service, Claims, Refunds. The IRDA has strived to implement policies like free-look period that have brought big improvements in this outcome. Companies and regulators together have to measure and improve the levels and standards of service set for the benefit of policyholders. Every company Management Information (MI) must have these benchmarks and actual performance as key company performance indicators.

The role of MI can hardly be overstated here. Accurate, timely and actionable MI can be an invaluable management tool to improve service, reduce customer grievance and improve business processes. The outcomes regarding treating customers fairly should be quantitatively measured and captured in MI and qualitative research and feedback, commentary may be added.

Outcome # 4: Are there any unreasonable barriers post sale imposed by companies to switch funds, carry out transactions, submit a claim or make a complaint?

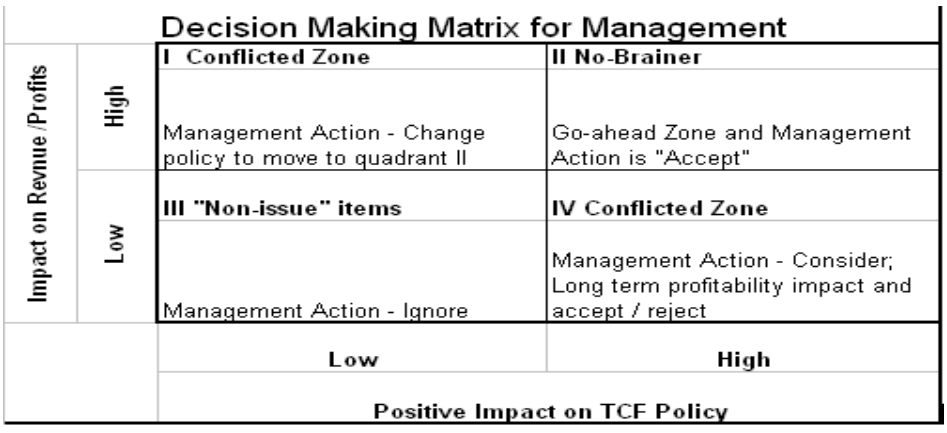
One of the aspects of treating customer fairly is that the customer has right to be having his complaints redressed freely and conveniently. Similarly, the claims process should be simple; paperwork must be relatively hassle-free and quick. Standards have to be established by companies and communicated to customers regarding the time taken to resolve queries, complaints and to settle claims. With access to modern technology, these requests of the customers can be seamlessly handled by use of phone/ IVR, internet, and wireless media apart from the traditional methods.

The Golden Rule

In the ultimate analysis, as we mentioned in the beginning, the consistent demonstration of the four outcomes depends on the culture and practice of management.

How can management ultimately decide in the day-to-day decision-making, that involves several challenges and trade-offs, whether they are treating customers fairly? It is to ultimately put themselves in customer's shoes. The word is Empathy. It literally means active listening. To paraphrase the Golden Rule – " Do unto customers what you would like to be done to you". The moment management is empathic to the customer, answers automatically appear to resolve the quandary managers may find themselves in.

The golden rule applied practically is the best encapsulation of the treat your customers fairly philosophy. Apply this test in tough situations to get the best and fair results.



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Fairness and Transparency

Through CSR Approach

RAJESH KHANDELWAL **SUGGESTS THAT INSURERS COULD CONSIDER REWARDING THOSE AGENTS WHO PERFORM WELL IN THE FIELD OF CUSTOMER SATISFACTION IN THE LONG RUN, WHICH CAN ACT AS A STRONG MOTIVATOR FOR PERFORMING BETTER.**

Insurers shall embed and deepen the responsibility dimension into all aspects of their management, and should to be well advanced on the path to sustainability with respect to the best standards of conduct in the insurance sector. I shall thus highlight and as well make a few suggestions to enrich the range of potential responses to further improve the reputation of insurance industry through Corporate Social Responsibility (CSR) approach. Three paths can be followed here:

Fair and Standardized commercial practices, enhancing employees' competency and ethical awareness;

To address behavioral, transparency and responsibility issues; and

To act as lever for change in society

There are legitimate concerns about mis-selling practices and problems linked to insurance agents' remuneration model, which cast an enduring slur on the industry's image. There is a pressing need to simplify and standardize the system, in order to reach a greater transparency and to enhance customer confidence. There should be a change in the sales systems of the long-term savings business, and a greater transparency on fees and commissions. Insurers must bring fairness in its selling practices and in remuneration system, especially - but not only – in the long-term savings business. The commission structure for any given product should provide advisers the incentive to give the right advice and to review product suitability and performance over time on behalf of the customer. The cost of initial advice should be - if legally possible – separated from the cost of on-going advice; and customers should not be forced to pay up-front for financial advice, or if they decide not to purchase a product. Hence, there is need for insurers to incorporate behavioral control measures, such as incentives to encourage customer-oriented attitudes, into their agents' compensation system. It seems that a balance of outcome-based and behavioral-based control measures would be the best approach.

An over-emphasis on end results may lead to a culture that focuses on short term sales and neglects after-sales, long-term customer care.

Sales force control systems can be classified into those that monitor the final outcomes of a process (i.e. outcome-based control), and those that monitor individual stages in the process (i.e. behavior based control). In an outcome based control system, salespeople are assessed and rewarded based on end results, such as their sales volume, number of new accounts gained, and whether they meet sales quotas or targets. On the other hand, in a behavior – based control system, sales people are evaluated and compensated based on their behavioral performance (i.e. their activities, knowledge and skills); taking into account the methods they use to achieve sales results and whether they maintain good relationships with customers.

When a salesperson's performance is assessed based on end results, he bears performance risk because he will be penalized if he does not succeed in bringing in sales. Hence, he is more likely to behave unethically to achieve sales results. An over-emphasis on end results may lead to a culture that focuses on short term sales and neglects after-sales, long-term customer care. Hence, insurers should not

To deepen the incorporation of CSR into the business as a whole, insurers must continue to mobilize its employees in this regard, by including this dimension into internal company training programmes.

rely only on sales-based assessments in rewarding their agents. Instead, they should also incorporate further behavioral-based control measures into its reward system. This will reduce undue pressure on agents to meet short-term sales targets. At the same time, it will encourage them to act in an ethical way to establish long-term relationships with customers.

One way of assessing agents' behavioral performance is to look at the number of complaints and compliments that insurers receive on each agent. The insurance industry's common practice is to hand out awards to agents based on their sales results. Perhaps, insurers could consider rewarding those agents who perform well according to the complaints and compliments received, and who deliver long-term customer satisfaction. Such awards would act as strong incentives for agents to devote their efforts to building good, long-lasting relationships with policyholders. Conversely, insurers could stop working with agents who generate a high level of complaints. Insurers should make such a policy highly visible to its agents, so that it will act as an effective deterrent to unethical behavior and unfriendly attitudes toward customers.

Cultivation of buyer's trust is particularly important in a relational sales contest, where the customer needs to have a confident belief that the salesperson can be relied upon to behave in such a manner that his/her long-term interest will be served. Therefore, insurance companies and their agents must win customers' confidence and build long-term relationships with them. Customers' trust in the insurance industry is not only dependent on the quality of the products' design, but very importantly, on the insurers' and their sales forces' level of integrity and professionalism when dealing with the public. To improve public confidence, insurers in many ways must make sure that all their commercial practices are fair and customer-focused.

Besides, policyholders should be able to see that channels are readily available for them to voice their dissatisfaction or file complaints, if this becomes necessary. Insurers must commit to dealing with customers' complaints fairly and swiftly. The awareness that a customer advocate exists may reduce feelings of helplessness, dissatisfaction, or resentment that consumers may ordinarily have when dealing with a large insurance company. I can perhaps make the following prediction: if insurance companies make customers aware that besides being able to seek recourse with the regulator, they also have a right to complain to their insurer and to the industry's associations, and that their complaints will be fairly dealt with, this is likely to also reduce consumers' feeling of helplessness, dissatisfaction, or resentment with their insurer. In fact, every complaint should be considered as a business opportunity, since this form of consumer feedback can help the company avoid future errors.

Surveys conducted on insurance professionals have highlighted the existence of serious concerns regarding their competencies. Insurers must set high expectations in both the technical competence and ethical behavior of its agents. This involves adopting stringent requirements for the selection of affiliated sales agencies and individual agents. At the same time, there is need to pay close attention to staff training, so as to make sure that the sales force is technically competent to make the correct product recommendations to customers. This will minimize the incidence of mis-selling. The financial services industry has undergone rapid transformation. Financial institutions like insurance companies and banks are offering more sophisticated products in their bid to uphold their market share in an increasingly competitive environment. Hence, insurers must make sure that their sales force has the technical skills to handle the enhanced complexity of such products, by stepping up on staff training. Improving – on a continuous basis – the competence and professional standards of their agents helps insurers win the public's trust and confidence. To deepen the incorporation of CSR into the business as a whole, insurers must continue to mobilize its employees in this regard, by including this dimension into internal company training programmes. The board and senior management must clearly support and fully commit to the CSR program as well as be conscious of the need to lead by example.

Insurers need to improve the transparency of their business practices in order to win the trust of policyholders. There should be better disclosure of information about products in sales materials. Before consumers sign up for the products, they should be informed about all charges that would be incurred for the product, the projected returns that they would be getting, as well as the assumptions that

the projections are based on. The projections should be credible, not unachievable. If returns are not guaranteed, the company should be very clear about that. The terms and provisions of policies should be accurate, truthful, upfront, and written in a language that policyholders can easily understand as consumers frequently find insurance products complex and difficult to comprehend. Conditions and risks that are excluded from the insurance coverage should be clearly highlighted and explained to customers' at the point when policies are sold. This will avoid unhappiness later on when customers file for claims. When it comes to selling insurance policies, the old saying "Honesty is the best policy" can't be more true.

By the policies they define, the products they design, the methods they promote to sell them; by the way they manage and reward their employees; or by the level of transparency they are able to reach, insurance companies influence significantly the way individuals and organizations behave.

Insurers must encourage the incorporation of CSR-related issues by all the industry's businesses and stakeholders. Insurance companies have repeated interactions with almost all economic sectors, with all kinds of organizations, and with the citizens of the countries in which they operate, through the myriad insurance contracts that are signed every year. Therefore, the insurance industry can bring an essential contribution to raise the awareness of its business stakeholders on societal and environmental concerns, and to promote sound practices on their part of its customers and suppliers. A pro-active attitude is essential to foster significant progress, which implies to create and market insurance product and services that encourage responsible organizational and individual behavior.

Conclusion

To conclude, for the financial services and insurance industry, it is only by demonstrating that it understands its responsibilities and operates with fairness, transparency and integrity that the industry will be able to build the trust of all stakeholders. Insurance business is affected by the huge uncertainty in financial markets, but people around the world are still saving and buying insurance from brands they trust. Trust is vital to the insurance business; it represents its main asset. Hence, transparent and ethical practices are needed to build the reputation of the industry. It will demand skills in managing the change – now very visible in some parts of the industry. Insurers should take active and prudent approach in managing their capital and making appropriate disclosures. Investors and policy holders should feel confident that the disclosures provide a full picture of financial position. Enlightened leadership is essential to provide the impetus, to set the organization in motion, and to follow up the internalization process. Beyond implementing compliance programs, defining sets of values and elaborating codes of conduct, the challenge for insurance companies – as well for the multinational firms – is to live the responsibility dimension in their daily operations, and to maintain a high ethical profile through all the aspects of their activities. Well written CSR reports, professionally managed customer and public relation exercises will, in that case, not be substitutes for a genuine incorporation of responsibility (at all levels) but its illustration.

The heart of the matter is that insurance companies, being financial institutions, have the power to shape our common future: they manage investment funds, which gives them the possibility to invest in responsible companies to sustain sound projects; and they have set up contractual relationships with millions of individuals and organizations of all kinds – in fact, with all of us in a way or another -, and this provides them with a tremendous leverage. By the policies they define, the products they design, the methods they promote to sell them; by the way they manage and reward their employees; or by the level of transparency they are able to reach, insurance companies influence significantly the way individuals and organizations behave. If they can introduce new methods of risk assessment and management that foster environmental protection and contribute to social equity. If they can make it explicit that responsibility starts at the top and effectively percolates through the organization, then an enduring change in the image of the industry will take place. The faith in the insurance industry will be enhanced because the reality will have changed. Let us all resolve to bring this change so that the future generation may have the possibility to cope better with the more risky world they will inherit from us.

The author is an industry expert and market analyst.

• प्रकाशक का संदेश

एक व्यवसायिक संस्था के लिए, सबसे महत्वपूर्ण लक्ष्य, लम्बे समय और सफल रहने के लिए यह सुनिश्चित करना है कि ग्राहक को दी जाने वाली किसी भी सेवा के प्रति किसी दुर्भावना से दूर रहे। व्यवसाय की विभिन्न जटिलताओं को समझते हुए तथा ग्राहकों के बडे नेटवर्क के चलते निसंदेह कार्य बडा है लेकिन असंभव नहीं है। इसमे केवल उच्च प्रबंधन के शामिल होने की आवश्यकता है तथा सही प्रकार के लोगों का पुनर्नियोजन जिससे यह सुनिश्चित हो सके की रणनीति की योजनाओं का सफल कार्यान्वयन किया जा रहा है। इसे प्राप्त करने के लिए कि जो वचन दिया गया है तथा जिसकी अंततः आपूर्ति की जाती है इसके अन्तर को न्यूनतम किया जा सके।

एक ऐसे प्रक्षेत्र में जहां साधारण जनता का जागरूकता स्तर उँचा नहीं है प्रबन्धकों की प्राथमिकता अधिक चूनौतीपूर्ण है क्योंकि आवश्यकता इस बात की है कि ग्राहक सुविज्ञ निर्णय ले सकें। ग्राहकों के साथ उचित रूप से व्यवहार करना तथा प्रबन्धाकिय प्रोत्साहक है जो ग्राहक की संतुष्टि से आगे जाकर सोचता है। यह संभव है कि ग्राहक सेवाओं से पूर्ण रूप से संतुष्ट लेकिन उसके साथ उचित व्यवहार न किया गया है। इस बात के चलते की उसे क्या देय है इससे वह अनमिज्ञ रहता है। बीमाकर्ता को यह सुनिश्चित करना चाहिये की यह दृष्टिकोण उनकी प्राथमिकता में सबसे ऊपर होना चाहिये। तथा इसे स्टाफ के पदानुक्रम के द्वारा नीचे तक प्रवाहित होना चाहिये।

कुछ क्षेत्र ऐसे भी है जिनमें ग्राहकों के साथ उचित रूप से पारदर्शक व्यवहार की आवश्यकता पालिसी की शर्तें तथा निबंधनों के लिए है - अपवर्जन विशेष रूप से उत्पाद का गलत विक्रय जिसमें बाजार की कार्य निष्पादन प्रत्यक्ष रूप से देय लाभों से जुडी है। यह भी प्रत्येक स्तर पर अनुभव किया जाना चाहिये जिसकी आपूर्ति की जा सके उसी का वादा किया जाना चाहिये। जोकि अधिकांश मामलें में नहीं होता। व्यवसायिक परिणाम से पहले व्यवसायिक घरानों को ग्राहक से उचित व्यवहार पर अधिक ध्यान देना चाहिये।

''ग्राहकों से उचित व्यवहार'' जर्नल के इस अंक के केन्द्र बिन्दु में इस बात को देखते हूए की भौगोलिक रूप से बीमा व्यवसाय की एक तरफ वृद्धि को देखते हुए व्यवसाय आवश्यकताओं पर बल दिया गया है जो कि ग्रामीण तथा सामाजिक क्षेत्र के बीमा कर्ता के उतरदायित्व के जर्नल के अगले अंक के केन्द्र बिन्दु में होगें।

जे. हरि नारायण
अध्यक्ष

दृष्टि कोण

वर्तमान में हम इंश्योरेंस सेक्टर में पुनर्बीमा के दौर से गुजर रहे हैं। जोखिम प्रबंधन से महत्वपूर्ण स्तर तक नुकसान का साक्षात किया जा रहा है। 2007 में पुनर्बीमा को मजबूत आर्थिक संभल प्राप्त हुआ। अब पुनर्बीमा पहले के मुकाबले अधिक सक्षम साबित हो रहे हैं।

श्री जर्मी कॉक्स
आई.ए.आई.एस., पुनर्बीमा सब ग्रुप

सभी इंश्योरेंस कंपनियों द्वारा तयशुदा मानकों के अनुसार ही निवेशक किया गया था, लिहाजा विनियामक द्वारा इस मुद्दे को पृथक नहीं माना गया।

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सरकार संचालित इन्श्योरेंस विनियामक के कारण उपभोक्ता हितों की संरक्षण सुनिश्चित होता है।

श्री रोजर सरवेग्री
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इन्श्योरेंस सेक्टर ने सभी चुनौतियों का डटकर मुकाबला किया है। लेकिन पिछले दो साल के दौरान मौसम और अन्य प्राकृतिक कारणों से अंडरराइटिंग लाभ दृष्टिगोचर हुआ है।

श्री जॉन ट्रॉब्रिज
सदस्य ऑस्ट्रेलियाई प्रूडेंशियल रेगुलेशन अथॉरिटी

पिछले साल के मध्य में कई वित्तीय संस्थानों को दिवालिएपन का सामना करना पड़ा है। अमेरिका और यूरोप समेत दुनिया भर के कई देश इससे प्रभावित हुए है।

श्री केन्जी मातसुओ
चेयरमैन लाइफ इन्श्योरेंस एसोसिएशन ऑफ जापान

वित्तीय परेशानियों का सामना करने वाले हम निश्चित तौर पर अकेले नहीं हैं। बाहर से आईं चुनौतियों का भी हमने सामना किया है। अब हमें अनुशासन, लगन और एकाग्रचित्त होकर कनाडावासियों की समस्याओं का निपटारा करना होगा।

श्री जिम फ्लैर्थी
कनाडा सरकार के वित्त मंत्री

बीमा उद्योग के लिए नई चुनौतियाँ सुनहरे भविष्य के साथ

पायल चौधरी कहती हैं कि ग्रामीण बाजार अब भी बहुत बड़ा है। कंपनियों के लिए आकर्षक अवसरों को पेशकश की जरूरत है।

विश्वव्यापी मंदी ने हर कारोबार के क्षेत्र को झकजोर दिया है। इससे बीमा उद्योग कैसे अछुता रहा सकता है। विश्लेषकों के अनुसार आनेवाले वर्षो निगमित क्षेत्र, के रूप में एक पूरे बीमा कंपनियों के लिए एक बड़ा क्षेत्र में विकास की राह मुश्किल है। बीमा कंपनी की रणनीति के क्षेत्रों में है सेवा की मांग को प्रोत्साहित करने के लिए क्रय किए जाने के सुझाव। भारत एक कृषि अर्थव्यवस्था होने के नाते फिर से यहां की बीमा कंपनियों के लिए विशाल अवसरों की देयता जोखिम और इस क्षेत्र में जुड़े प्रदान करने के लिए काम कर रहे है। ग्रामीण बाजार अब भी बहुत बड़ा है। कंपनियों के लिए आकर्षक अवसरों को पेशकश की जरूरत है। ग्रामीणों की जरूरतों को समझने के लिए महत्वपूर्ण है, उनके देनिक जीवन, उनकी विशिष्ट आवश्यकताओं और उनके व्यावसायिक ढ़ांचों किसानों, करीगरों, दुधवाले, बुनकरों, आकस्मिक मजदूर, निर्माण मजदूरों और दुकानदारों आदि है। वैश्विक मंदी के कारण भारतीय बीमा उद्योग में त्वरित विकास की संभावना नहीं है। हालांकि जीवन बीमा खिलाड़ियों का सबसे श्रेष्ठ वितीय वर्ष में कम करने के लिए अपने नए व्यापार प्रीमियम संग्रह की उम्मीद कर रहे हैं। प्रीमियम संग्रह में संकट-उपभोक्ता की भावनाओं से सबसे अधिक असर पड़ रहा है, क्योंकि ग्राहक प्लान खरीद कर होल्ड कर लेता है फिर शेष प्रीमियम संग्रह का संकट खड़ा हो जाता है। बीमा उत्पादों की खरीद एक दीर्घकालिक निवेश और मौजूदा संकट है। फिर भारतीय बीमा बाजार एशियाई देशों की तुलना में 2008-09 से 2010-11 तक सबसे तेजी से बढ़ रहा है। इस आधार पर कई विदेशी निवेशक भारतीय बीमा उद्योग में गहरी रुचि ले रहे हैं। भारत में अन्य देशों की तुलना में बीमा उद्योग की गति सही है। इसी कारण से विदेशियों को भी विकास की प्रचूर संभावना दिखती है। बीमा नियामक एवं विकास प्राधिकरण (इरडा) का कहना है कि साल 2009 में बीमा उद्योग में कंसोलिडेशन का दौर शुरू होगा। बीमा नियामक गैर जीवन बीमा कंपनियों की वितीय हालत को लेकर चितिंत है। इसे देखते हुए इरडा बीमा उद्योग में विलय एवं अधिग्रहण के लिए जल्द ही दिशानिर्देश जारी करेगा। विश्लेषकों का कहना है कि अंतरराष्ट्रीय स्तर पर विलय एवं अधिग्रहण के असर से भारत में भी इसकी शुरुआत हो सकती है।_देश में बीमा के प्रसार और कारोबार बढ़ाने के लिहाज से बीमा उद्योग काफी अच्छा काम कर रहा है, लेकिन कई कंपनियां अभी तक मुनाफे का स्वाद नहीं चख पाई हैं। जीवन बीमा कारोबार को निजी कंपनियों के लिए खोलने के आठ साल बाद भी केवल एक कंपनी मुनाफे में आ पाई है। अधिकांश गैर जीवन बीमा केपनी घाटे में चल रही है। इस मतलब यह है कि उनको दावों का जो भुगतान करना पड़ रहा है, वह उनके प्रीमियम संग्रह से ज्यादा है। सत्यम घोटाला के सामने आने के बाद इरडा अब आईसीएआई के साथ मिलकर बीमा कंपनियों के ऑडिट के तौर तरीकों की जांच करवाने की कोशिश में लगा है।

लघु बीमा के लिए बनेगी अलग नियामक

अगर सब कुछ ठीक रहा तो अगले साल देश में

> देश में बीमा के प्रसार और कारोबार बढ़ाने के लिहाज से बीमा उद्योग काफी अच्छा काम कर रहा है, लेकिन कई कंपनियां अभी तक मुनाफे का स्वाद नहीं चख पाई हैं।

> भारतीय बीमा बाजार को अभी और समझने की जरूरत है। यहां विकास की प्रचूर संभावनाएं हैं। भारतीय लोग ब्रांड के प्रति ज्यादा जागरूक है।

लघु बीमा क्षेत्र के लिए एक स्वतंत्र नियामक एजेंसी का गठन हो जाएका। केन्द्र सरकार ने गंभीरता से विचार कर रही है। माना जा रहा है कि इरडा इसके पक्ष में है। पिछले दो-तीन साल में लघु बीमा उद्योग के काफी तेज विस्तार को देखते ही यह फैसला किया गया है। सरकार मानती है कि देश के गरीब तबके तक बीमा का फायदा पहुंचाने के लिए लघु बीमा का रास्ता अपनाना ही बेहतर होगा। सरकार का मानना है कि बीमा क्षेत्र में निजी और विदेशी कंपनियों के आने बाद भी देश में बीमा पॉलिसियों का उतना तेजी से विस्तार नहीं हुआ जितना कि माइक्रो इंश्योरेंस से हुआ है। केन्द्र सरकार के साथ कई राज्य सरकारों ने भी माइक्रो इंश्योरेंस देने बाली कंपनियों को कई तर से प्रोत्साहन देना शुरू कर दिया है। लेकिन इनके नियमन को लेकर समस्या पैदा हो रही है।

भारतीय बाजार में बीमा क्षेत्र

देश में अब भी बहुता विकास की संभावना है। वार्षिक वृद्धि दर 15 से 20 फीसदी के साथ बहुत बड़ी संख्या में जीवन बीमा पॉलिसी धारकों में इजाफा हुआ है। भारतीय बीमा बाजार करीब 450 अरब रुपए का है। सरकारी सूत्रों के अनुसार इंश्योरेंस और बैंकिंग क्षेत्र की सकल घरेलू उत्पादन दर में सात फीसदी की भागीदारी होती है। भारतीय जीवन बीमा निगम की जीडीपी में 8 फीसदी का निवेश है। वर्तमान समय में सिर्फ देश की कुल आबादी में बीस फीसदी लोगों का बीमा है। अंतरराष्ट्रीय परिदृश्य में भारत में हैल्थ और अन्य गैर जीवन बीमा कराने में रुझान बहुत कम है। 1999 के बाद केन्द्र सरकार ने निजी क्षेत्र की कंपनियों को बीमा बाजार में प्रवेश की अनुमति प्रदान की। इसके बाद निजी कंपनियां विदेशी कंपनियों के साथ मिलकर बाजार में कूदी। इसके लिए इरडा ने कुछ नियम तय किए। विदेश कंपनी की 26 फीसदी इक्विटी होगी भारतीय इंश्योरेंस केपनी में। इसकी सीमा 49 फीसदी करने का प्रस्ताव अभी केन्द्र सरकार के पास विचाराधिन है। 21 निजी कंपनियों को सरकार ने अनुमति दी। अब तक जीवन बीमा और टैक्स सेविंग के रूप में बीमा उत्पाद जाने जाते थे। निजी कंपनी आने के बाद बीमा उत्पादों को बाढ़ सी आ गई। जीवन बीमा उद्योग में नई प्रतिस्पर्धा के साथ 36 फीसदी प्रीमियम आय की बढ़त के साथ 253.43 अरब रुपए का कारोबार हुआ। एलआईसी की 21.87 परसेंट ग्रोथ के साथ 197.86 अरब रुपए के कारोबार के साथ 2.4 अरब नई पॉलिसीयां की। लेकिन यह बढ़त काफी नहीं थी इसका मार्केट शेयर हो कि 87.04 परसेंट था जो गिर कर 78.07 परसेंट के आंकडें पर आ गया। निजी कंपनियां की ग्रोथ रेट 129 परसेंट रही। चालू वितीय वर्ष में 14 निजी बीमा कंपनियों को मार्केट शेयर 13 से 22 परसेंट रहा। वर्तमान दौर में गिरावट की संभावना के साथ एलआईसी का मार्केट शेयर 75 फीसदी है और निजी कंपनियों का 24 फीसदी है। भारतीय बीमा बाजार को अभी और समझने की जरूरत है। यहां विकास की प्रचूर संभावनाएं है। भारतीय लोग ब्रांड के प्रति ज्यादा जागरूक है। जिसकी ब्रांड वैल्यू उन्हें मजबूत और स्थाई दिखती है उसी में वे निवेश करते हैं। वैश्विक मंदी के इस बाजार में एक बार निवेश और दीर्घकालीन फायदा चाहने वालों की संख्या में वृद्धि हो रही है।

लेखिका जयपुर में नौसॉफ्ट इन्स्टीट्यूट ऑफ इंश्योरेन्स की निदेशक हैं।

उपभोक्ता जोखिम प्रबंधन के उपाए

डिटैरेफिंग एक बेहतर विकल्प

संजय केडिया का मत है कि कॉरपोरेट्स को बीमा पर अपनी निर्भरता को कम कर जोखिम रिटेन्शन, जोखिम में कमी रिस्क और जोखिम स्थानांतरण पर ज्यादा जोर देना चाहिए। ये उपाए ज्यादा महंगे नहीं होन के साथ-साथ गुणवत्ता की दृष्टि में ज्यादा लाभकारी साबित हो सकते हैं।

प्रस्तावना

इंश्योरेन्स सेक्टर में हाल में शामिल हुई डिटैरेफिंग इस सेक्टर में और अधिक उदारीकरण का प्रतीक है। इस फैसले से उपभोक्ताओं को अधिक फायदे और कवर में और ज्यादा विकल्प मिल सकेंगे। तेजी से बदलते आर्थिक परिदृश्य में डिटैरेफिंग का सभी ने स्वागत किया है। साथ ही यह बेहतर जोखिम प्रबंधन में आवश्यक निवेश भी मुहैया करा सकेगा। इसकी विशेषता पॉलिसी होल्डर्स के हितों की संरक्षण करते हुए नए उत्पादों को अतिरिक्त कवर प्रदान करना है। डिडक्टेबल में लोचता के समावेश से दीर्घ अवधि में जोकिम प्रबंधन में बेहतर नतीजे मिल सकेंगे। बाजार स्थरीकरण के साथ अंडरराइटिंग जोखिम लागत को शुरू कर देगी। अंतरराष्ट्रीय अनुभवों को आधार पर यह सामने आया है कि कॉरपोर्टेस सेल्फ इंश्योरेन्स पर केन्द्रित रहकर हायर डिडक्टिबल्स को चुनते हैं। इस प्रवृति के चलते जोखिम प्रबंधन में वे अपने घाटे को सेल्फ इंश्योरेन्स लेयर के लिए न्यून पर रखते हैं। जोखिम प्रबंधन पर केन्द्रित रहने से इंश्योरेन्स मार्केट समेत अर्थव्यवस्था में घाटे से बचा जा सकता है।

किसी भी बाजार की सफलता उसके द्वारा उपभोक्ताओं की आवश्यक्ताओं को त्वरित और भली-भांति से पूर्ण करने पर निर्भर करती है। जोखिम के निरंतर परिवर्तनकारी क्षेत्र में वैश्विक और भारतीय कॉरपोरेट्स विश्व स्तरीय जोखिम शमन उपायों और इंश्योरेन्स प्रोडक्ट्स की ओर सहज आकर्षित होते हैं। इसमें भारतीय कॉरपोरेट्स की विश्वस्तरीय साख भी सहायक साबित होती है। उपभोक्ताओं की मांग में इजाफे और कीमतों में कमी के चलते इंश्योरेन्स सेक्टर में कड़ी प्रतिस्पर्धा का सामना करना पड़ेगा। विशेषकर अल्प अवधि प्रोडक्ट्स के क्षेत्र में। इसके बावजूद प्रतिस्पर्धा के कारण इंश्योरेन्स सेक्टर में और अधिक कार्यकुशलता और जोखिम वित संस्थाओं का उदय होगा।

उपभोक्ता के लिए डिटैरेफिंग का अभिप्राय

कंपनियां डिटैरेफिंग को एक बेहतर विकल्प, कार्यक्षमता में इजाफा और जोखिम प्रबंधन के सुयारू संयालन का अवसर समझ कर देखें। आर्थिक उदारीकरण के पहले चरण में बाजार में इंश्योरेन्स सेक्टर अंतर्गत प्राइवेट कंपनियों का पदार्पण हुआ। इससे कंपनियों को सेवा, संबंध और वित्तीय सुरक्षा के आधार पर चयन के अधिक विकल्प मिले। डिटैरेफिंग के पहले चरण में बेहतर जोखिम और बेहतर छूट के विकल्प मिले। साथ ही घटिया जोखिम को कीमत के रूप में सजा भी भुगतनी पड़ी।

डिटैरेफिंग के दूसरे चरण में कवरेज में विस्तार और डिडेक्टिबल के विकल्प मिले इन बदलावों से उपभोक्ताओं को बेहतर प्रबंधन उपाए और कार्यकुशल जो रिक्त स्थानांतरण इंश्योरेन्स मार्केट

> उपभोक्ताओं की मांग में इजाफे और कीमतों में कमी के चलते इंश्योरेन्स सेक्टर में कड़ी प्रतिस्पर्धा का सामना करना पड़ेगा। विशेषकर अल्प अवधि प्रोडक्ट्स के क्षेत्र में।

के विकास का मार्ग भी खुला। वर्तमान में कॉरपोरेट् को अपने उद्योग के प्रकार और प्रवृत्ति के मद्देनजर अलग-अलग जोखिम प्रबंधन और जोखिम वित्त प्रवृत्ति के बारे में जानकारी लाभ-दायक साबित हो सकती है। डिटैरेफिंग के चलते अब उपभोक्तओं को विकल्प के साथ-साथ जोखिम स्थानातरण में ज्यादा लाभ मिलने की संभावनाएं बढ़ी हैं। जोखिम वित्त से इंश्योरेन्स सेक्टर में अभिप्राय इक्विटी और ऋण के अलावा आकस्मिक कैपिटल का स्त्रोत हैं।

जोखिम की कुल लागत

जोखिम कुल लागत से अभिप्राय वास्तविक जोखिम लागत गणना और प्रबंधन से है इसके अंतर्गत व्यय तीन क्षेत्रों निर्धारण होता है, जोखिम की कुल लागत वर्तमान जोखिम प्रबंधन का मूल दृष्टिकोण है। इससे उपभोक्ता को नए और लाभकारी उपाए भी मिलते हैं

- जोखिम नियंत्रण
- स्वबीमा
- बीमा और जोखिम स्थानांतरण

डिटैरेफिंग मार्केट इंश्योरेन्स प्रोग्राम को आधार और मुक्त बाजार लागत निर्धारण का अवसर प्रदान करता है। साथ ही उपरोक्त तीनों क्षेत्रों के लिए सबसे उपयुक्त ढांचा और प्रोत्साहन भी देता है। यह रणनीती पूर्णतय से बीमा पर निर्भर करती है। लेकिन इसमें सेल्फ इंश्योरेन्स और जोखिम नियंत्रण के लाभ समाहित नहीं होते हैं। पूर्ववर्णित जोखिम की कुल लागत के तीनों क्षेत्रों का बेहतर ही वांछित परिणाम दे सकता है।

प्रत्येक कंपनी की आवश्यकता के आधार पर तीनों क्षेत्र का समुचित सममिश्रण ही जोखिम की कुल लागत को कम कर सकता है। इस लक्ष्य में व्यय का बंटवारा इस अनुपात में किया जाए जिससे जोखिम की कुल लागत में कमी आ सके। इसकी प्राप्ति के लिए कंपनी प्रबंधन को कुछ अहम बिन्दुओं पर विचार करना होगा।

- जोखिम की सीमा कितनी हो
- जोखिम नियंत्रण का सबसे अधिक प्रभाव कहां हो, और क्या यह लागत दृष्टिकोण से कारगर है।
- सेल्फ इंश्योरेन्स वित्तीय रूप से कैसे लाभकारी है।

> साथ ही उपरोक्त तीनों क्षेत्रों के लिए सबसे उपयुक्त ढांचा और प्रोत्साहन भी देता है। यह रणनीती पूर्णतय से बीमा पर निर्भर करती है।

उदाहरण के लिए किसी इमारते में जोखिम नियंत्रण के नाम पर बड़ी संख्या में अग्निशमन उपकरणों को लगाना बेहतर नतीजे नहीं दे सकता इसके लिए व्यय का आवंटन तार्किक और व्यावहारिक आधार पर किया जाना चाहिए।

कटौती राशि बंटवारा

जैसा कि हम जानते हैं कटौती राशि जोखिम प्रतिधारण और सेल्फ इंश्योरेन्स का एक प्रकार होता है। यह सहज ही है कि बीमा कराने वालों उच्च कटौती को ही श्रेयस्कर मानता है दुनिया भर में जोखिम प्रतिधारणा क्षमता वाली कम्पनियां उच्च कटौती को बेहतर मानती है। इससे उन्हें जोखिम के प्रति सावचेत प्रवृत्ति और कंपनी प्रशासन के सुचारू संचालन में भी मदद मिलती है।

जोखिम का निचला स्तर आमतौर पर उच्च आवृत्ति कम धारा और अधिक से अधिक पूर्णानुमान पर निर्भर करता है। बीमा मूलत एक वाणिज्यिक गतिविधि है, अत बीमा कंपनी सामान्यात घाटे की आशंका को बेस प्रीमियम माती है। साथ ही प्रबंधन खर्चे और लाभ इस पर नुकसान प्रीमियम की तुलना में कहीं अधिक होते है। इस स्तर पर सक्षम बाजार में कीहं इंश्योरेन्स को बेहतर उपाए नहीं माना जा सकता है। यहां जोखिम नियंत्रण और घाटे में कमी जोखिम स्थानांतरण से ज्यादा होती है।

उदाहरण के लिए परिवहन के क्षेत्र में माल की सुरक्षित सार संभाल और बढ़िया पैकेजिंग में किया गया खर्च नुकसान की स्थिति में होने वाले व्यय से काफी कम होता है।

इंश्योरेन्स सेक्टर खरीदार और बिकवालों के उतार-चढ़ाव यानी सॉफ्ट और हाई प्रवृत्ति से गुचरता है।

कवरेज संबंधी विचार

कवरेज संबंधी मुख्य बिन्दु

डिटैरेफिंग के दुसरे चरण में कंपनी की रणनीति अधिक से अधिक मूल्य दोहन और जोखिम के विभिन्न पहलुओं पर उनके प्रभाव का आंकलन करना है। हाई सिक्योरिटी रिस्क यानी उच्च सुरक्षा जोखिम व्यापार के लिए सबसे ज्यादा नुकसानदेह होते हैं। ऐसे में संबंधित कंपनी को अपनी प्राथमिकताएं तय कर बीमा के बारे में निर्णय करना पड़ेगा। जोखिम को बीमा योग्य और गैर बीमित में बांटा गया है। नॉन इंस्योरेबल रिस्क अंतर्गत जोखिम ठहराव, न्यूनतम जोखिम, संविदा के आधार पर जोखिम स्थानांतरण, पूंजी बाजार और वैकल्पिक जोखिम स्थानांतरण उपाए शामिल हैं।

वर्तमान कवर के तहत बीमा योग्य जोखिम को प्राथमिकता के साथ उल्लेखित किया जाए। साथ ही बाजार में आए नए उत्पादों और उनकी बीमा संबंधी जरूरतों और अपनी आवश्यकताओं को भी लिखित में दर्ज करें। अपने इंश्योरेन्स ब्रोकर से

इस बारे में विस्तार से चर्चा कर नए उत्पादों के विकास में योगदान करें। राष्ट्रीय और अंतरराष्ट्रीय बाजार में जोखिम, नए उत्पाद के कानूनी पहलू और स्वैच्छिक बीमा के बारे में सभी पक्षों की जानकारी भी प्राप्त करें। उपभोक्ता अपने बीमाकर्ता अथवा बीमा प्रतिनिधि के साथ जोखिम के गुण-दोषों पर भी जानकारी प्राप्त करें। राष्ट्रीय बीमा एजेन्सियों को भी नए उत्पाद और नवाचार के बारे अवगत कराएं। उपभोक्ताओं के लिए यह भी लाभकारी होगा कि वह बिना कवर के उसे बेची गई इंश्योरेन्स पॉलिसी के जोखिम कवरेज एन्डोर्समेंट और प्रीमियम लागत के बारे में पड़ताल करे।

उदाहरण के लिए एक ऐसी हमारत का बाढ़ नुकसान बीमा जो कि भौगोलिक रूप से काफी ऊंचाई पर स्थित हो और उस क्षेत्र में बाढ़ से नुकसान का इतिहास भी न हो।

घाटे को कम कर दीर्घ अवधि में प्रीमियम में कमी

बाजार में डिटैरेफिंग से बीमित को अपनी बीमा लागत के प्रीमियम बेस और अन्य कारकों के बारे में जानकारी मिल सकती है। किसी भी मुक्त बाजार व्यवस्था में मांग और आपूर्ति ही कीमतों का निर्धारण करते हैं। साथ ही वैचरिक रूप से योजना की तथ्यात्मक जानकारी भी मिलती है।

इंश्योरेन्स प्रीमियम की कीमत हानि की आशंका, बीमाकर्ता के खर्च और पूंजी पर लाभ पर निर्भर करती है। बाजार में बढ़ती प्रतिस्पर्धा और गुणवत्ता वृद्धि से बीमाकर्ता के खर्च में कमी आती है। इस समस्त कड़ी में मूल्य पक्ष को हर नजरिए से तथ्यपरख और अनुकूल परिणाम देने वाला होना चाहिए। किसी भी इंश्योरेन्स प्रीमियम का मुख्य आधार अपेक्षित हानि होता है, ऐसे में उपभोक्ता को हानि में कमी लाकर मूल पर नियंत्रण किया जा सकता है। दीर्घ अवधि के दौरान बीमाकर्ता की हानि में कमी से बीमा प्रीमियम राशि में भी घटत होती है। अतः जोखिम लागत को और अधिक प्रतिस्पर्धा बाजार में उतारा जा सकता है।

इंश्योरेन्स खरीद और जोखिम बेचान

बाजार में डिटैरेफिंग और उदारीकरण से कॉरपोरेट उपभोक्ता भी लाभान्वित होता है। साथ ही उसकी सोच इंश्योरेन्स खरीद से जोखिम बेचान की ओर अग्रसर होती है। इससे अर्थव्यवस्था और पूरे ढ़ाचे में जोखिम के स्वामित्व, ग्राह्यता, उपचार और बेहतर प्रबंधन के प्रति समझ भी बढ़ती है।

उपभोक्ता उपयोगिता में त्वरणशीलता और कुल जोखिम लागत संक्रमण

भारतीय बाजार में बीमा सेक्टर में उदारीकरण के प्रादुर्भाव से उपभोक्ताओं को बेहतर विकल्प और लागत का उचित प्रतिफल प्राप्त हुआ है। डिटैरेफिंग के बाद बाजार का और विकास होगा, जो कि अर्तव्यवस्था के लिए अनुकूल संकेत है। उपभोक्ता के हितों के संरक्षण के लिए नए उत्पादों का ज्यादा कवरेज होना चाहिए। यह वैयक्तिक उपभोक्ताओं और लघु उद्यमों के लिए ज्यादा मुफीद रहेगा। क्योंकि उनके पास जोखिम प्रबंधन ढ़ांचे का अभाव होता है। कॉरपोरेट्स के लिए जोखिम प्रबंधन रणनीति के तहत जोखिम अंतर्गत कवरेज में कमी की स्थिति में इसे स्थानांतरित नहीं करना पड़ेगा। इंश्योरेन्स के रूप में आपातिक राशि से खरीद कंपनी विशेष और अर्थव्यवस्था के लिए लाभदायम नहीं होती है।

हानि परिसीमा

उपरोक्त उल्लेखित सिद्धांत का विस्तार हानि परिसीमन नीतियों की उपलब्धता वर्तमान में स्वीकार्य नहीं है। हानि परिसीमा इंश्योरेन्स पूंजी का समुचित उपयोग भौगोलिक विस्तार के साथ होता है।

उदाहरण के लिए गैस पाइपलाइन एसेट्टस, विभिन्न देशों में ग्रुप ऑफ होट्लस और ऑफिस कॉम्पलेक्स का इंश्योरेन्स। किसी एक भौगोलिक स्थान पर स्थित इकाई जैसे तेल रिफाइनरी में उद्योग जोखिम एक व्यावहारिक जरूरत है। वृहद जोखिम वर्ग अंतर्गत रिफाइनरी और पावर प्लांट्स को अंतरराष्ट्रीय मानकों के मुताबिक हानि परिसीमन प्रदान की जाती है। लेकिन ज्यादातर मामलों में फुल सम इंश्योरेन्स कवर नहीं होता है। साथ ही उपभोक्ता या कंपनी के लिए भी संभव नहीं होता कि वह अनुमानित अधिकतम हानि के अनुपात में अपनी पूंजी को फसा दे।

डिटैरेफिग के दूसरे चरण में उपभोक्ता को यह स्वतंत्रता प्राप्त हुई कि वह हानि परिसीमा नीति से भी रणनीति तैयार कर सकता है।

उप परिसीमा यानी सह सीमा

प्रत्येक जोखिम वर्ग में प्राकृतिक हादसों के प्रति नुकसान की आशंका के मद्देनजर आवंटन में वृहद जोखिम सक्षमता की अनुमति होनी चाहिए।

किसी एक भौगोलिक स्थान पर स्थित इकाई जैसे तेल रिफाइनरी में उद्योग जोखिम एक व्यावहारिक जरूरत है।

देश की कई कंपनियों का वृहद आकार और भौगेलिक विस्तार के चलते वैकल्पिक जोखिम उपायों, परिष्कृत बीमा और पूंजी बाजार और अधिक का आमंत्रण प्रदान करेगा।

मजबूत प्रोफेशनल ब्रोकर सिसटम

आर्थिक उदारीकरण के चलते बीमाकर्त्ता, प्रोडक्ट और कीतमों के संबंध में ज्यादा विकल्प उपलब्ध हुए है। साथ ही उपभोक्ता को जोखिम स्तर को न्यूनतम करने में सहायक साबित होते हैं। इंश्योरेन्स संबंधी ज्यादातर मौद्रिक आदान-प्रदान ब्रोकर्स के जरिए ही होता है। ब्रोकर ही उपभोक्ता की पहला संपर्क सूत्र भी होता है। ब्रोकर द्वारा प्रीमियम जमा करना, जानकारी और तथ्य जुटाना, पॉलिसी जारी करने की प्रक्रिया में समन्वय आदि हैं। साथ ही उपभोक्ता द्वारा क्लेम की स्थिति में भी ब्रोकर राशि प्राप्त करने कह अहम कड़ी होता है। भारतीय ब्रोकर्स को उपभोक्ता के विश्वास को हासिल करने के लिए और अधिक ढांचागत विकास करना होगा।

फाइल एन्ड यूज के बजाए यूज एन्ड फाइल

सभी नए उत्पादों के लिए एड ऑन कवर और प्रॉपटो कवर निर्धारण में यूज एन्ड फाइल का इस्तेमाल किया जाता है। इस प्रावधान के तहत प्रॉपटी कवर अंतर्गत डिटैरेफिंग में शामिल किसी भी उत्पाद को अनुमति प्रदान की जा सकता है। बीमित को स्टैनडर्ड कवर के तहत उपलब्ध स्पोप ऑफ कवरेज में बढ़ोतरी की अनुमति मिल सकती है। यूज एन्ड फाइल के द्वारा निम्न लाभ प्राप्त हो सकते है:

- उपभोक्ता हितों का संरक्षण
- इंश्योरेन्स मार्केट के समय की बचत
- प्राधिकरण के समय और संसाधनों की बचत
- नए उत्पादों के बाजार में आने से विकास

उपरोक्त बिन्दुओं में केवल नए उत्पादों के अतिरिक्त कवर को प्रॉपटी प्रोडक्ट्स फाइल एन्ड यूज में शामिल किया जा सकता है।

उपभोक्ता की जरूरतें

वर्तमान व्यवस्था में केवल बीमाकर्त्ता ही नई वडिग को ला सकता है। यह कंपनी के हित में होग कि वह ब्रोकर्स को प्रोडक्ट वडिग की अनुमति प्रदान करे।

भविष्य की ओर

भविष्य में कॉरपोरेट जोखिम प्रबंधन में और नई तकनीकें और उपायों की जरूरत होगी। जोखिम और इंश्योरेन्स मार्केट को यह देखना होगा कि इस मौके पर वह उपभोक्ताओं को बेहतर और सफल बनाए। देश की कई कंपनियों का वृहद आकार और भौगेलिक विस्तार के चलते वैकल्पिक जोखिम उपायों, परिष्कृत बीमा और पूंजी बाजार और अधिक का आमंत्रण प्रदान करेगा। ऐसे में जोखिम प्रबंधन रणनीति के मद्देनजर प्रतिस्पर्धा के लिए कमर कसनी होगी। बदलाव आ रहे हैं। हम सभी को अपने उपभोक्ताओं को यह समझाना होगा कि जोखिम के साथ-साथ अवसर भी समाहित होते हैं।

लेखक मार्श इंडिया के सीईओ हैं।

GROSS PREMIUM UNDERWRITTEN BY NON-LIFE INSURERS WITHIN INDIA (SEGMENT WISE) :

Sl. No.	Insurer	Fire	Marine	Marine Cargo	Marine Hull	Engineering	Motor
1	**Royal Sundaram**	**45.51**	**15.05**	**15.05**	**0.00**	**28.54**	**375.36**
	Previous year	55.19	12.35	12.35	0.00	29.73	285.77
2	**TATA-AIG**	**132.01**	**90.47**	**90.47**	**0.00**	**28.49**	**171.75**
	Previous year	105.73	72.48	72.48	0.00	22.68	182.37
3	**Reliance**	**104.95**	**55.19**	**25.69**	**29.50**	**88.37**	**870.02**
	Previous year	112.87	32.14	25.14	7.00	74.95	982.71
4	**IFFCO Tokio**	**157.14**	**91.16**	**63.95**	**27.21**	**60.05**	**506.90**
	Previous year	190.70	49.34	41.62	7.73	67.19	320.62
5	**ICICI Lombard**	**257.22**	**193.99**	**72.04**	**121.96**	**160.05**	**982.99**
	Previous year	401.54	178.02	48.16	129.86	144.58	955.49
6	**Bajaj Allianz**	**184.53**	**69.22**	**56.95**	**12.28**	**95.13**	**1,162.77**
	Previous year	221.33	62.47	56.34	6.13	107.12	954.66
7	**HDFC ERGO**	**30.46**	**5.72**	**4.03**	**1.69**	**7.83**	**105.55**
	Previous year	6.23	2.20	2.20	0.00	4.54	102.17
8	**Cholamandalam**	**48.76**	**29.86**	**28.68**	**1.17**	**19.35**	**238.19**
	Previous year	58.39	25.64	24.16	1.48	22.98	153.71
9	**Future Generali $**	**11.69**	**4.22**	**4.22**	**0.00**	**8.97**	**57.63**
	Previous year	0.23	0.52	0.52	0.00	0.18	0.11
10	**Universal Sompo ***	**2.46**	**0.29**	**0.29**	**0.00**	**0.03**	**1.04**
	Previous year	0.00	0.00	0.00	0.00	0.00	0.00
11	**Shriram**	**0.14**	**0.00**	**0.00**	**0.00**	**0.22**	**56.88**
	Previous year	0.00	0.00	0.00	0.00	0.00	0.00
11	**Bharti Axa**	**1.02**	**0.18**	**0.18**	**0.00**	**1.43**	**4.93**
	Previous year	0.00	0.00	0.00	0.00	0.00	0.00
11	**New India**	**577.55**	**356.15**	**139.51**	**216.64**	**193.16**	**1,457.63**
	Previous year#	603.14	307.27	130.32	176.94	161.37	1,487.00
12	**National**	**300.27**	**157.88**	**102.92**	**54.97**	**107.77**	**1,623.86**
	Previous year	287.43	131.60	90.55	41.05	100.17	1,561.37
13	**United India**	**429.11**	**251.92**	**146.14**	**105.78**	**177.18**	**1,138.01**
	Previous year#	412.10	223.36	125.58	97.78	153.07	1,022.59
14	**Oriental**	**361.27**	**253.01**	**127.45**	**125.56**	**188.57**	**1,107.09**
	Previous year	402.92	262.49	121.70	140.80	162.90	1,196.26
	Grand Total	**2,644.09**	**1,574.32**	**877.56**	**696.76**	**1,165.13**	**9,860.60**
	Previous year	2,857.80	1,359.90	751.13	608.77	1,051.48	9,204.83
	SPECIALISED INSTITUTIONS						
15	**ECGC**						
	Previous year						
16	**Star Health & Allied Insurance**						
	Previous year						
17	**Apollo DKV $**						
	Previous year						

Note: In case of public sector insurance companies, the segment-wise data submitted may vary from the flash Nos filed with the Authority. As such, the industry totals may vary from the flash figures published for the month of September-2008.
$ Commenced operations in November, 2007.
* Commenced operations in February, 2008.
# There is variation between Segment-wise figures and Monthly Business figures for December, 2008.
Compiled on the basis of data submitted by the Insurance companies

FOR THE PERIOD APRIL - DECEMBER - 2008 (PROVISIONAL & UNAUDITED)

(Rs. Crores)

Motor OD	Motor TP	Health	Aviation	Liability	Personal Accident	All Others	Grand Total
299.45 231.48	**75.91** 54.30	**88.95** 80.10	**0.00** 0.00	**6.49** 4.08	**21.39** 22.62	**11.23** 6.05	**592.51** 495.90
146.95 152.01	**24.80** 30.35	**60.16** 52.07	**0.00** 0.00	**89.44** 73.90	**90.88** 78.20	**7.68** 2.04	**670.87** 589.48
622.51 713.26	**247.51** 269.45	**259.75** 221.10	**9.67** 5.99	**21.86** 11.86	**48.25** 36.56	**37.13** 46.27	**1,495.20** 1,524.47
351.91 219.86	**154.99** 100.77	**94.05** 66.99	**9.48** 4.03	**27.54** 20.14	**20.60** 15.17	**74.53** 65.96	**1,041.46** 800.13
657.01 679.74	**325.98** 275.75	**819.54** 674.41	**46.21** 30.07	**67.98** 67.71	**97.82** 94.33	**96.08** 78.52	**2,721.87** 2,624.67
813.70 695.48	**349.07** 259.17	**214.58** 181.57	**17.91** 9.81	**52.90** 35.92	**40.96** 29.02	**159.35** 111.00	**1,997.34** 1,712.89
87.17 90.53	**18.38** 11.65	**38.76** 25.69	**0.59** 0.00	**27.72** 17.41	**4.77** 4.46	**12.97** 5.81	**234.36** 168.51
181.50 123.68	**56.69** 30.03	**127.89** 82.59	**0.00** -0.15	**11.00** 11.63	**19.15** 9.09	**31.73** 23.64	**525.93** 387.52
43.59 0.10	**14.04** 0.02	**27.01** 0.00	**0.00** 0.00	**3.45** 0.00	**7.71** 0.00	**3.15** 0.00	**123.83** 1.04
1.04 0.00	**0.00** 0.00	**0.41** 0.00	**0.00** 0.00	**0.01** 0.00	**0.87** 0.00	**1.94** 1.94	**7.06** 1.94
29.13 0.00	**27.75** 0.00	**0.00** 0.00	**0.00** 0.00	**0.07** 0.00	**0.00** 0.00	**0.00** 0.00	**57.31** 0.00
4.08 0.00	**0.85** 0.00	**0.00** 0.00	**0.00** 0.00	**0.18** 0.00	**0.04** 0.00	**0.06** 0.00	**7.83** 0.00
798.29 811.44	**659.34** 675.56	**1,042.37** 856.74	**45.53** 51.26	**79.85** 66.03	**64.93** 62.78	**296.30** 315.31	**4,113.48** 3,910.90
1,027.23 981.45	**596.63** 579.92	**628.63** 466.74	**45.46** 38.24	**36.60** 29.93	**53.71** 47.41	**244.21** 259.22	**3,198.40** 2,922.10
648.26 613.79	**489.75** 408.79	**631.01** 448.33	**13.05** 20.59	**57.52** 50.34	**53.49** 64.33	**392.11** 370.24	**3,143.40** 2,764.96
645.67 737.55	**461.42** 458.71	**525.79** 402.52	**66.16** 58.94	**60.57** 51.58	**68.02** 67.47	**335.22** 289.81	**2,965.71** 2,894.90
6,357.49 6,050.36	**3,503.11** 3,154.47	**4,558.90** 3,558.84	**254.06** 218.79	**543.18** 440.53	**592.60** 531.42	**1,703.68** 1,575.81	**22,896.56** 20,799.41
						537.39 **473.96**	**537.39** 473.96
		363.24 **136.00**			**15.15** **14.87**	**3.22** **2.63**	**381.62** 153.50
		31.02 0.00					**31.02** 0.00

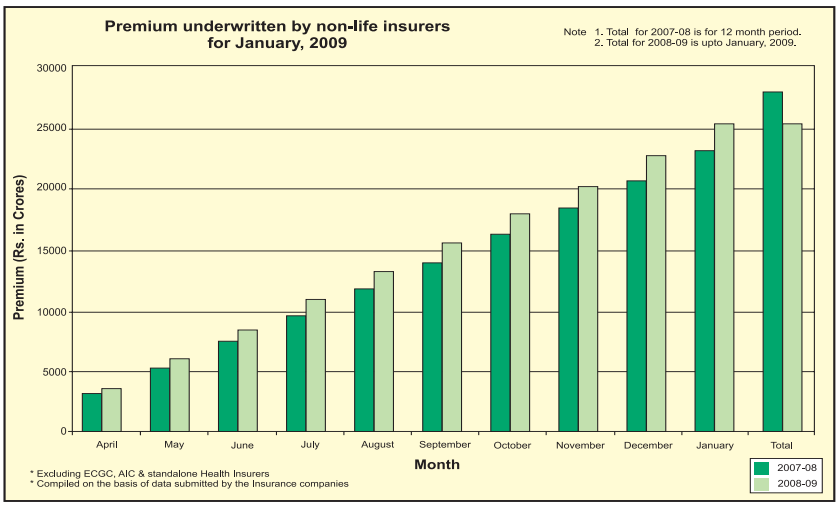
Report Card: General

GROSS PREMIUM UNDERWRITTEN FOR AND UP TO THE MONTH OF JANUARY, 2009

(Rs.in Crores)

INSURER	JANUARY		APRIL - JANUARY		GROWTH OVER THE CORRESPONDING PERIOD OF PREVIOUS YEAR
	2008-09	2007-08	2008-09	2007-08 *	
Royal Sundaram	70.52	70.30	663.03	566.20	17.10
Tata-AIG	76.19	82.81	749.72	672.28	11.52
Reliance General	140.70	149.17	1635.90	1673.64	-2.26
IFFCO-Tokio	120.07	127.34	1161.53	927.47	25.24
ICICI-lombard	317.80	278.43	3039.67	2903.10	4.70
Bajaj Allianz	217.09	212.57	2214.43	1925.46	15.01
HDFC ERGO General	33.62	17.46	267.97	185.98	44.09
Cholamandalam	62.04	48.00	587.97	435.52	35.01
Future Generali $	26.38	4.42	150.14	5.43	2662.80
Universal Sompo #	4.99	0.00	12.05	0.00	
Shriram General @	24.63	0.00	81.94	0.00	
Bharti AXA General @	6.47	0.00	14.30	0.00	
New India	456.58	451.30	4569.98	4359.75	4.82
National	360.55	373.96	3558.95	3296.06	7.98
United India	351.33	316.13	3491.07	3081.08	13.31
Oriental	338.93	328.68	3304.64	3223.58	2.51
PRIVATE TOTAL	**1100.48**	**990.50**	**10578.65**	**9295.08**	**13.81**
PUBLIC TOTAL	**1507.39**	**1470.07**	**14924.64**	**13960.47**	**6.91**
GRAND TOTAL	**2607.87**	**2460.57**	**25503.29**	**23255.55**	**9.67**
SPECIALISED INSTITUTIONS:					
1.Credit Insurance					
ECGC	62.15	56.99	599.53	530.95	12.92
2.Health Insurance					
Star Health & Allied Insurance	102.76	4.29	484.38	157.79	206.98
Apollo DKV	4.71	0.49	38.01	0.61	6167.24
Health Total	**107.47**	**4.78**	**522.39**	**158.39**	**229.80**
3.Agriculture Insurance					
AIC	71.54	126.57	653.12	700.16	-6.72

Note: Compiled on the basis of data submitted by the Insurance companies
$ Commenced operations in November, 2007.
 # Commenced operations in February, 2008.
@ Commenced operations in July, 2008.
** Figures revised by insurance companies*



02 - 04 Mar 2009 Venue: Tunis, Tunisia	**3rd MENA CEO Insurance Summit** By *Asia Insurance Review, Singapore.*
02 - 07 Mar 2009 Venue: NIA, Pune	**Effective Claims Management** By *National Insurance Academy*
16 - 18 Mar 2009 Venue: NIA, Pune	**Actuarial Appreciation Programme - Data Management & Pricing** By *National Insurance Academy*
24 - 26 Mar 2009 Venue: Hong Kong	**9th CEO Insurance Summit in Asia** By *Asia Insurance Review, Singapore*
30 - 31 Mar 2009 Venue: Singapore	**4th Asian Takaful Conference** By *Asia Insurance Review, Singapore*
14 - 15 Apr 2009 Venue: Dubai	**World Takaful Conference** By *Dubai International Financial Centre*
15 Apr 2009 Venue: Macau	**APLIC** By *Asia Pacific Financial Services Association*
19 - 23 Apr 2009 Venue: Orlando, USA	**RIMS Conference** By *Risk & Insurance Management Society*
20 - 25 Apr 2009 Venue: NIA, Pune	**Techno Marketing in General Insurance** By *National Insurance Academy*
23 - 25 Apr 2009 Venue: NIA, Pune	**Actuarial Practices in Life Insurance** By *National Insurance Academy*

RNI No: APBIL/2002/9589

view point

While we are presently experiencing a challenging period for reinsurers; from risk management to more significant levels of loss; 2007 placed most reinsurers in solid financial standing. Reinsurers, overall, appear well-positioned to meet the challenges of the continuing financial crises.

Mr Jeremy Cox
IAIS Reinsurance Transparency Sub-group

Since all the investments were done by the insurance companies within the guidelines prescribed to them, the regulator does not see the exposure as an issue which would cause concern.

Mr J Hari Narayan
Chairman, Insurance Regulatory and Development Authority, India

State insurance regulators use time-tested tools to protect consumers and help maintain a solvent and competitive marketplace.

Mr Roger Sevigny
NAIC President and New Hampshire Insurance Commissioner

The industry has endured the difficult financial conditions well, but underwriting profits have begun to show the effects of the series of weather events suffered in the last two years.

Mr John Trowbridge
Member, Australian Prudential Regulation Authority (APRA)

Since the middle of last year, many financial institutions have fallen into bankruptcy in the United States and Europe, and this financial crisis has spread globally.

Mr Kenji Matsuo
Chairman, The Life Insurance Association of Japan

We are definitely not alone in facing challenges. In fact, the challenges we face originate overwhelmingly from outside our borders. Still, to address them, we will need prudence, discipline, and a steely-eyed focus on the things that matter to Canadians.

Mr Jim Flaherty
Minister of Finance, Government of Canada