



## PRESIDENT'S WORD

Dear Fellow Broker Members,

First, let me take this opportunity to thank you for sharing your valuable suggestions and actively participating in our efforts to represent our views on broker regulations to the IRDAI. I would also like to seek your continued support in this important issue, which affects all of us. Based on our collective thoughts, we prepared and presented a detailed representative of IBAI views on the proposed Broker Regulation to the IRDAI. I am happy to share that we had a constructive discussion with the regulator, and we hope to have more such discussions in the future. Although, what form the broker regulation takes remains to be seen and will be based on various factors.

Our presentation to the IRDAI was preceded by an all broker member meeting, which was live streamed. This facilitated the participation of all members who live in different parts of the country and could not travel to be present at the venue of the meeting.



We have also worked together to represent our collective views on a host of other issues, including the reinsurance regulation.

In the past few months, the Indian insurance industry and the risk landscape of the country have changed tremendously. However, amidst all these changes, one issue remains the same: the needs, risks, and expectations of policy holders. We, insurance brokers, are in the unique position of facilitating policy holders' interest.

Our 13th Annual Brokers Summit also highlighted this with the theme: Insurance

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## anubandhan

Brokers - Advancing the Policy holders' Interests.

The summit was a joyous occasion for all of us, and was graced by the presence of the Honourable Chairman of IRDAI, Shri T.S. Vijayan, together with other insurance industry leaders and regulators. Shri Vijayan had words of encouragement for all broker members, and he appreciated the work that we are doing on behalf of policy holders. He also emphasized that we should work further to bring risk issues to the attention of policy holders. In that way, Shri Vijayan said, we can help make risk mitigation and transfer efficient. After all, low cost and pricing of insurance, including claims, are beneficial for all of us.

It is in this context that we released our report, "General Insurance Claim Insights for Policyholders: A Handbook," in the annual summit. We have now revised and enhanced the claim insight handbook, and will be releasing that soon.

The settlement of claims is an important factor considered by the policyholder while choosing an insurer, and the handbook is a claims tool for policyholders with regard to

the claims settlement capabilities of insurers. Comprehensive coverage, competitive pricing, claim advocacy, and risk management advice for policy holders are invaluable to all of us and the insurance industry.

As we together develop, we will continue to work for policy holders' interests amid complex risks and far reaching changes in the economy. The non-life insurance market in India has crossed the milestone figure of INR 1,00,000 crores year-on-year in April 2016. The growth rate in gross non-life premium was 13.81% in FY2015-16, higher than the 9.20% growth the previous year, as per IRDAI annual report.

As of 2015-16, insurance Brokers has contributed to around INR 23,184 crores of gross domestic premium. The IBAI, as an association of insurance brokers, will continue to facilitate the growth of brokers and the insurance industry in the country.

Your's sincerely,

**Sanjay Kedia**  
IBAI President.

# Remembering...



## Mr. A. K. Narang 1956-2017

नैनं छिन्दन्ति, शस्त्राणि, नैनं दहति, पावकः,  
न चैनं क्लेदयन्त्यापो न शोषयति मारुतः।।  
(भागवत गीता: अध्याय दो पद 23)

Sri Krishna said: The soul can never be cut to pieces by any weapon, nor burned by fire, nor moistened by water, nor withered by the wind.

Mr. A. K. Narang was born on 15th April 1956 and left us to the better world on 16th February 2017. He was legend in his field and admired in the industry for his great qualities. Although he appeared calm and composed, he was a force to reckon with in the insurance market. After completing his Masters in Economics from Agra University, Mr. Narang joined New India Assurance Co. Ltd in the year 1977 and served the Company for 27 years in various capacities such as Finance, Administration and Marketing, till 2004, and opted for voluntary retirement to start his insurance broking company Sridhar Insurance Brokers Pvt. Ltd." in - New Delhi, which is now a leading Broking Firm in the Northern India. His expertise was in developing tailor-made policies catering to the specific needs of clients and also handling power projects & reinsurance driven proposals.

He was a major contributor to the broking community in India and was holding the post of Director & Vice President of IBAI for - two consecutive terms and worked generously for the cause of the Insurance Broking community.

His sudden demise, left a void in our life.

***IBAI will always remember his remarkable contribution to the Insurance Industry and Broking Fraternity - and always stand in support for his family.***

# CRITICAL ILLNESS INSURANCE



## Critical Illness Definition

Critical illness is a serious health condition that has a debilitating effect on an individual's lifestyle and requires a considerable amount of money towards treatment. It may also lead to loss of income due to inability to work.

## Critical Illness Coverage

Critical illness policies are a kind of health plan that provide benefits if you are diagnosed with certain ailments. These benefits are available irrespective of whether your condition needs hospitalization or not.

## Critical Illness Insurance - A Story Everyone Should Know

The first critical illness insurance product was issued on August 6, 1983, and it covered heart attack, stroke, cancer and coronary artery surgery. Since then critical illness has migrated around the world and is now being sold in more than 50 countries. The product has grown, changed and matured since that first Crusader Life product was released, but it remains as important as ever. Despite these changes and improvements the product still holds a unique place in insurance. It was not created by an actuary from the "home office," a chief marketing officer in the field or a "think tank" in a large insurance company.

Critical illness insurance was created, by a physician who saw it as an essential component of treating the critically ill.

## Selling Critical Illness Insurance

The Critical Illness sales process differs from that of many other personal insurance lines. Producers that market Critical Illness insurance see that it affords them an opportunity to provide true value to the consumer. Insurers and advisors distributors realize that the unique aspects and history of this product make it both simple and complex to market.

**Simple:** Perhaps the most obvious aspect of this product is that it is relatively new in India and as such remains extremely underpenetrated. Given this situation, the conversation with the client is most successful when focused on building awareness of the need, rather than selling the price, "bells and whistles," or dealing with the complexities of replacement.

**Complex:** Now the conundrum - the salesperson can focus on selling the need, but doing so can be complex. Demonstrating the value of Critical Illness insurance requires an educational process that is very different from other forms of insurance.

The educational process of helping the client's understand the need for this form of protection and the potential consequences of not safeguarding against the high out-of-pocket cost so often associated with surviving cancer, heart attack, stroke, kidney failure or major organ transplant, can be viewed as a series of logical steps.

**Utilize the power of story:** Like most insurance products, Critical Illness insurance is best sold through stories. Sharing stories about people who have suffered a critical illness and not had the resources available to ensure the best treatment options. Supplementing this with the rather unique story behind the development of the first Critical Illness insurance product by Dr. Marius Barnard further helps consumers understand the critical importance of this product.

**Share Statistics:** Exercise caution when utilizing statistics throughout the sales process. Statistics rarely sell insurance, but may be used to emphasize the importance and provide scope in terms of the risk. Understanding that half of all males (a third of all females) will develop cancer but that most will survive, is an important statistic.

## INSURANCE POLICIES

**Identify Gaps:** Few clients fully understand the gaps and limitations inherent in their various other forms of coverage. Nor have they considered the huge financial strain that can arise from a critical illness, or the regret that may be experienced if they find their care options limited as a result of financial issues.

**Personalize the Issue:** Few successful sales, however, are based upon the abstract implications for the population as a whole. Instead, they are driven by personalization. Help the prospect understand that cancer survival rates. Ask them what they would do if their spouse needed expensive out of network care and they couldn't afford it. All clients want choice when it comes to making important life and death decisions.

Treating a critical illness can be expensive. It is often emotionally and physically draining but it doesn't need to be financially exhausting as well. For most, even a small Critical Illness benefit can make all the difference in the world. The job of our industry is to help consumers understand that there is a tremendous cost associated with surviving a critical illness and that this products offer strong value and peace of mind.

### Critical Illness Insurance Comparison

Most people think that additional critical illness cover is unnecessary if they already have health insurance in place. However, if one were to be diagnosed with a critical disease, requiring special treatment, there is a good chance that one's health plan will not cover the entire expense. This means that one will either need to pay from one's savings or rely on critical illness cover.

There are several factors that must be considered when one does a critical illness insurance comparison. Below are a few considerations that can be used as a guide to conduct research.

### Entry Age

Most individuals find it hard to accept and plan for the risk of critical ailments when they are young.

However, such ailments can strike anyone at any age. Availing coverage at an early age is more prudent. If one waits until h/she gets older, there is a higher risk of contracting lifestyle illnesses like hypertension or diabetes, which can increase the premium on critical illness insurance plan.

### Sum Insured

The best way to decide the sum insured is to understand what the insurance company offers. Having a clear understanding of the benefits available under the policy will help one make a better decision on the amount of protection needed.

### Critical Illnesses Covered

Not every plan covers all kinds of critical illnesses. A few examples of such ailments include stroke, multiple sclerosis, heart attack, and certain types of cancers at different stages. A critical illness plan will only pay the benefits for conditions that are listed in the policy document. This is why it is important to read these terms before signing any contract. In addition to the illnesses that are covered, the terms and conditions will state the severity of the condition to be covered under the plan. Buyers must also understand the process of filing for claims if the need arises. Individuals must also check the benefits that are available at the time of renewal, if one has not filed any claims during the year.

### Policy Term

Most insurance companies have limitations on the entry age of a person, when they are buying such a policy the first time. In addition, there are limitations on the maximum duration in which one can renew the policy. When doing a critical illness insurance comparison, individuals should choose a plan that offers maximum renewability because this means one will be covered until an older age, which is when one is more likely to suffer from critical ailments that require coverage.

### Why Should One Buy Critical Illness Plan?

Well, because of the simple reason that it serves a unique purpose which is served neither by life insurance nor health insurance. Life insurance provides a lump sum in case of death of insured but not a penny if the insured survives a critical illness. Health insurance, more often than not,



comes with clear exclusions on critical illnesses.

Here's a medical fact that further justifies the wisdom in getting a critical illness cover. 95% of the people suffering a heart attack survive but take a long time to recover financially and switch to their old lifestyle. The figures are strikingly parallel for stroke and cancer patients. Diagnosis of critical illness is in itself a life changing event that can shatter one's dreams oozing out all the savings. In this age of inflation, where rising medical costs keep haunting the common man, getting critical illness cover is just the right thing to get financial assistance against unforeseen medical contingencies.

**What should one look Out for before buying this cover?**

**Illnesses Covered** – Critical illness policies differ widely in terms of the diseases being covered. Most of the insurers cover 8 critical illnesses, but some can cover up to 20 illnesses.

**Know the Deal** - Make a note of the sum assured being offered under a plan along with additional benefits such as hospital cash benefit and surgical benefits. Other question to ask is how extensive is the insurer's network of hospitals.

**Read the Fine Print Finely** – When buying a critical illness cover, it is pivotal to know not just the inclusions but also the exclusions. One should also pay a note to the claim process and waiting period clauses.

**Insurer's Credibility** – Perhaps the most important factor to consider while buying a critical illness cover is to check out the claim settlement ratio of the insurer for the last few years.

**Keep in Mind**

While applying for critical illness cover, one should specify whether or not one has a medical condition. At times, one medical condition might give rise to another medical condition, sometime later in life. Hence it is imperative on your to be honest with the insurer about personal medical history. Many insurers need the applicant's to go through a medical test as a pre-requisite for getting the critical illness cover.

**Medical Insurance VS Critical Illness Cover**

Critical Illness Cover is quite different from a standard health insurance plan. Here are few points of difference between them.

Health Insurance Plans	Critical Insurance Cover's
It works on the basis of recurrent benefits. So, if one was hospitalized multiple times in a year, he can get the medical benefits from his insurance policy multiple times, provided his claim is valid and he does not exceed the sum insured limit	It provides a one-time fixed benefit and is to be touched only when the treatment costs are very high. So, if one was diagnosed with a critical illness within the policy tenure, he gets the sum assured in full, at one go and then the benefit ceases
The pre-requisite for filing a claim is hospitalization for more than 24 hours.	The pre-requisite for filing a claim is getting diagnosed with a critical illness (irrespective of whether or not the insured was hospitalized)
It provides the expenses incurred on pre and post hospitalization.	It provides the expenses incurred not just on hospitalization or treatment but extends a bit further to make up for the overdue debts and lost income due to illness.
Critical illnesses are treated as exclusions in a health plan.	Only critical illnesses as stated in the policy document are covered.

# CRITICAL ILLNESS INSURANCE

because life is unpredictable



### How to File a Claim for Critical Illness policy?

If there arises a need to file a claim, one needs to contact the insurance company and register the claim. Usually, following documents are required to file a claim:

Duly filled claim form Photocopy of ID card

Medical certificate obtained from a doctor which conforms the critical illness diagnose Detailed discharge summary

After receiving above documents, insurance company claims team would check them to ensure their authenticity. A written communication would be sent to the insured regarding approval/disapproval of a claim. Additional documents may be required depending upon the claim.

### Checklist for Choosing the Best Critical Illness Plan

While buying a critical illness cover, check for the below parameters.

Parameters	Excellent Scenario
Sum Insured	Coverage should be 4-5 times of the annual income
Waiting Period	Low
Premium	Low
Number of Disease Covered	Extensive
Maximum Renewability Age	High

The need for a critical illness policy is now more than ever. The 21st century sedentary lifestyle is giving rise to all kinds of illnesses, most of which are critical in nature. All studies indicate a steady rise in the instances of people falling prey to critical illnesses. While the number of cases of critical illnesses is increasing, the age of people developing such illnesses is consistently decreasing. This only goes on to show that one is now more vulnerable than what the earlier generation was in their working years.

Critical illness policy offers peace of mind to the insured and his family by providing financial assistance on the diagnosis of a critical illness. The lump sum amount in a critical illness insurance plan can be used for the treatment of the medical condition or even paying off a mortgage.

Girish Malik

The author is Director & Deputy Principal Officer, Xperitus Insurance Brokers, Mumbai

## Why Small Businesses Must Consider Liability Insurance as a Bare Minimum ?

**A**s a small business owner you probably had your fair share of ups and downs. Unfortunately, no matter how much you plan, things can still go wrong. This is why small businesses must consider Public and Products Liability Insurance as a bare minimum. This is the case no matter what the industry – retail, manufacturing, importing, construction or professional services. Yes, even consultants should carry Liability Insurance to protect them from any damage that may occur in connection with their business.

Public Liability Insurance (often referred to as Legal Liability or Third Party Liability) protects you from costly litigation following an allegation of negligence involving your company's product, staff or business activities which contributed to an injury or caused damage to property of a third party.

Products Liability Insurance generally goes hand in hand with Public Liability, and represents an important feature. It provides protection for liability associated to the sale of products. Current laws in India generally deem the importer of a product responsible where the manufacturer isn't locally represented, even though you didn't manufacture, alter or otherwise modify the product.

As a general rule, a Rs 1 crore liability limit could be viewed as the "normal" limit in India. Anything less is deemed to be inadequate and may leave your personal assets exposed if you are sued by third parties. The difference in price between Rs.50 lakhs and Rs.1 crore cover is, in many cases, less than 20%, so is well worth the extra

investment. Courts take into account the extent of property damage and impact on the life of the injured party when determining a final payout figure. So consider a fire in your building started by a staff member in your restaurant, it proceeds to burn down several neighbouring businesses – courts establish negligence as the appliance responsible had not been tagged and approved. Will Rs.50 lakhs be sufficient to cover damages and legal defence costs?

It is recommended that when setting your sum insured that you consider your contractual obligations, customer size/exposure/turnover. A typical professional services business has trip and fall exposures for any guests that attend their premises and product liability responsibilities for any food and drink supplied. Whereas a large manufacturing outfit may have greater liabilities to a retailer who distributes their product in the event a customer is injured or has their property damaged. In this case, the manufacturer may have agreed under contract to protect the retailer in such circumstances e.g. pay for any legal costs it incurs in defending any claim, or pay daily damages until the case is finalised. Such commercial obligations can often fall outside the scope of an insurance policy as insurers are only looking to cover claims their insured is responsible for at law – whereas a contract will attempt to capture everything.

An astute insurance broker will assist in reviewing your exposure and provide you with the appropriate cover.

Disclaimer : Insurance is a subject matter of solicitation

Sundaram Varadan (ANZIIF)

The author is CEO (Principal Officer), Abhivruddhi Insurance Brokers, Pune



INSURANCE POLICIES

# 13TH ANNUAL SUMMIT



# 13TH ANNUAL SUMMIT



INSURANCE POLICIES

# 13TH ANNUAL SUMMIT



## INDUSTRY BUSINESS FIGURES

Gross Direct Premium Income underwritten by Non-life Insurers  
for March and upto the Month of March 2017

(₹ in Crores)

Insurers	March		Cumulative upto March		Growth over the corresponding period of previous year	Market Share upto March 2017
	2016-17	2015-16	2016-17	2015-16		
Private Sector	5665.81	3930.57	53662.95	39703.29	35.16%	42.18%
Public Sector	6255.18	5029.16	59357.92	47690.68	24.46%	46.66%
Stand -alone Health	1010.07	623.84	5859.8	4152.31	41.12%	4.61%
Specialised	338.32	366.64	8331.76	4830.12	72.50%	6.55%
<b>Grand Total</b>	<b>13269.38</b>	<b>9950.21</b>	<b>127212.43</b>	<b>96376.4</b>	<b>32.00%</b>	<b>100.00%</b>

### FLASH FIGURES - Life Insurers -

New Business Premium figures for March and Upto March 2017

PARTICULARS	INDIVIDUAL INSURANCE BUSINESS					GROUP INSURANCE BUSINESS			
	Premium in Rs Crore					Nos of Lives covered in Group Schemes			
	MARCH		UPTO MARCH		YOY GROWTH	MARCH		UPTO MARCH	
	2016-17	2015-16	2016-17	2015-16		2016-17	2015-16	2016-17	2015-16
Private Total	9376.04	7957.08	50626.23	40983	23.53%	15939283	17864150	126661517	109413438
LIC	25299.69	23532.21	124396.27	97674.32	27.36%	9868550	8723126	53174202	62619715
<b>Grand Total</b>	<b>34675.73</b>	<b>31489.29</b>	<b>175022.5</b>	<b>38657.32</b>	<b>26.23%</b>	<b>25807833</b>	<b>26587276</b>	<b>179835719</b>	<b>172033153</b>

Gross Direct Premium Income underwritten by Non-life Insurers within India  
(segment Wise) : For The Year Ending 31 st March 2017

Insurers	Fire	Marine Total	Marine Cargo	Marine Hull	Engg	Motor Total	Motor OD	Motor TP	Health	Aviation	Liability	P.A.	Crop	All Other Misc.	Grand Total	Growth %	Market %
Private Sector	4480.97	1301.88	1166.39	135.49	833.22	26500.77	14605.85	11894.92	6106.3	98.26	1182.07	1950.91	9864.77	1423.35	53741.5	35.36%	42.41%
Public Sector	5059.93	1600.53	942.01	658.52	1453.9	23744.43	9119.03	14625.4	19064.43	325.2	756.83	1392.39	3682.52	261795	59698.11	25.18%	46.77%
Standalone	NA	NA	NA	NA	NA	NA	NA	NA	5593.78	NA	NA	265.87	NA	NA	5859.65	41.11%	4.59%
Health Specialised	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	7064.13	1267.63	8331.76	72.50%	6.53%
<b>Industry Total</b>	<b>9540.90</b>	<b>2902.41</b>	<b>2108.4</b>	<b>794.01</b>	<b>2287.12</b>	<b>50245.2</b>	<b>23724.88</b>	<b>26520.32</b>	<b>30764.51</b>	<b>423.46</b>	<b>1938.9</b>	<b>3609.17</b>	<b>20611.42</b>	<b>5308.93</b>	<b>127631.02</b>	<b>32.43%</b>	<b>100%</b>

### Number of Insurance Brokers as on April 2017

Category	Direct	Composite	Reinsurance	Total
Count	335	50	6	391

Source : IRDAI Website for all the tables above

## GUIDELINES / REGULATIONS - JANUARY TO APRIL 2017

<i>Date</i>	<i>Ref. No</i>	<i>Short Description</i>
1/2/2017	CAD /PPHI/2017	Exposure Draft on IRDAI (Protection of Policyholders' Interests) Regulations, 2017
3/2/2017	IRDA/BRK/CIR/NOT/243/12/2016	Filing of Returns for Foreign to Foreign Reinsurance Transactions
7/2/2017	IRDA/Life/ORD/GLD/223/2017	Modification to Guidelines on Point of Sales Person – Life Insurance.
2/3/2017	IRDA/IT/ MISC/MISC/047/03/2017	Exposure Draft on "Information and Cyber Security Framework for Insurance Sector"
8/3/2017	IRDA/BRK/MISC/CIR/050/03/2017	Approach on the un-reconciled, unsettled outstanding reinsurance balances as on 31st March, 2014
9/3/2017	IRDA/INT/GDL/ECM/055/03/2017	Guidelines on insurance e-commerce
16-03-2017	IRDA/INT/GDL/PSP/058/03/2017	Revision in Guidelines on Point of Sales Person – Non-Life and Health
28-03-2017	IRDA/NL/NTFN/MOTP/068/03/2017	Premium Rates for Motor Third Party Liability Insurance Cover for FY 2017-18
28-03-2017		Insurance Regulatory and Development Authority of India (Insurance Brokers) Regulations, 2017
30-03-2017	IRDA/INT/CIR/COMM/069/03/2017	Clarification on Regulation 6(d)(ii), 6(e)(ii) and 5(f) of the IRDAIs (Payment of commission, remuneration or reward to insurance agent or insurance intermediaries) Regulations, 2016
13-04-2017	IRDA/Int/POS/GDL/PSP/084/04/2017	Circular on Pos Database
18-04-2017	IRDA/NL/CIR/RIN/080/04/2017	Cross Border Reinsurers granted approval under guideline no. 6 of the Guidelines on Cross Border Reinsurers
24-04-2017	F. No. IRDAI/Reg/3/140/2017	IRDAI (Payment of commission or remuneration or reward to insurance agents and insurance intermediaries) (First Amendment) Regulations, 2017



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You may call him on 9000355577.