



PRESIDENTS WORD



SANJAY KEDIA
IBAI PRESIDENT



Dear Fellow Broker Members,

It gives me great pleasure to bring you yet another edition of our newsletter, Anubandhan. In this edition, we have tried to shed light on the opportunities and concerns for the insurance broking fraternity.

The services industry is evolving and so is the role of insurance brokers. There is greater demand for data-driven insights and innovation in products and coverages. In this issue, we have tried to provide some of these data points which are critical for policyholders and insurance brokers with regard to their relationship with insurers. Additionally, we have included data points which are relevant to policyholders such as a category-wise list of insurance brokers and business figures of various life and general insurance companies.

Aviation is a capital intensive business where there are myriad risks and even minor incidents can lead to major loss of revenue. Considering this, we have an article on Aviation sector which provides detailed insights into the history of insurance as well as the various types of coverages that are offered under aviation policies. We have also included major data points on risks in the aviation business. For insurance brokers, the aviation insurance space offers great opportunity for providing specialized services involving innovation in product coverages.

I would like to take this opportunity to bring to your notice a recent directive from the Securities and Exchange Board of India which has made D&O policy compulsory for independent directors for Top 500 listed companies.

Under emerging risks landscapes the duties

and personal liability of the independent directors as gate keepers of the companies have been rising significantly. Under this background this is a welcome move from the SEBI.

In the present circumstances, a lot of independent directors are finding their jobs extremely onerous under heightened regulatory scrutiny and increased liability and there is no doubt, adequate protection under a proper D&O policy will help them perform their duties effectively.

We are also pleased to share that the IFSC conducted an interactive session for IBAI broker members on the Gujarat International Finance – Tec (GIFT) City which was held in Mumbai on July 20th. This session also included Shri Suresh Mathur, Executive Director – IMF, Health, Reinsurance and Surveyors, and Shri Randip Singh Jaggal, Chief General Manager – Intermediaries from the IRDAI along with GIFT city officials. The session was attended by various broker members and ended on an encouraging note for insurance brokers.

In this issue, we have paid our tribute to the late Shri C S Rao, former IRDAI Chairman who was the helm from 2003 to 2008. He began his tenure when the IRDAI was at its nascent stage of development. During his tenure as the Chairman, he helped IRDAI to establish itself as a progressive regulatory body which brought about reforms that resulted in an orderly growth of the insurance sector while also protecting the interests of policyholders. He touched the lives of those of us who were privileged to work with him.

After reporting a robust 17.37% year-on-year growth in gross premium collection in 2017-18, the non-life insurance industry in India continue to grow in the current fiscal as well. During Apr-Jun period, gross underwritten premium for the non-life insurance sector went up by 12.2% on a year-on-year basis to INR 37,349.40 crore from INR 33,287.03 crore reported in the same period last year.

We expect this growth momentum in the non-life insurance industry to continue unabated in the current financial year as well, bolstered by support from government policies and strong economic growth.

With the industry poised for sustained growth and emergence of newer risk challenges going forward, the role of insurance brokers is likely to gain prominence as we help our customers grow and thrive in the dynamic risk environment.

I take this opportunity to thank you all for your support and encouragement to the association and Anubandhan. I also look forward to your contribution towards this newsletter in the form of feedback and suggestions to make it even more insightful and engaging.

Regards,

Sanjay Kedia



Aviation Insurance



Aviation insurance is a specialized insurance which has been formulated to provide coverage to the specific operations of an aircraft and other possible risks in aviation. This type of insurance is quite different from other types of transportation insurance.

The clauses, terms, limits in aviation insurance are quite unique. Different aviation insurance policies provide a series of options tailor-made to suit the varied needs of each customer. The types of coverage provided are extremely specific to each plan, and it is of utmost importance to understand these nuances before choosing the plan.

History of Aviation Insurance

Aviation Insurance was first introduced in the early years of the 20th century. The first-ever aviation insurance policy was written by Lloyd's of London in 1911. The company stopped writing aviation policies in 1912 after bad weather at an air meet caused crashes, and ultimately losses, on those first policies.

The first aviation policies were underwritten by the marine insurance underwriting community. The first specialist aviation insurers emerged in 1924

In 1929, the Warsaw Convention was signed. The convention was an agreement to establish terms, conditions, and limitations of liability for carriage by air; this was the first recognition of the airline industry as we know it today.

Realizing that there should be a specialist industry sector, the International Union of Marine Insurance (IUMI) first set up an aviation committee and later in 1933 created the International Union of Aviation Insurers (IUAI), made up of eight European aviation insurance companies and pools

The London insurance market till date is still the largest single centre for aviation insurance. The market is made up of the traditional Lloyd's of London syndicates and numerous other traditional insurance markets. Throughout the rest of the world there are national markets established in various countries, each dependent on the aviation activity within each country. The United States has a large percentage of the world's general aviation fleet and has a large established market.

No single insurer has the resources to retain a risk the size of a major airline, or even a substantial proportion of such a risk. The catastrophic nature of aviation insurance can be measured in the number of losses that have cost insurers hundreds of millions of dollars

Most airlines arrange "fleet policies" to cover all aircraft they own or operate.

Types of Policies / Coverage's issued in Aviation Insurance in India

Aircraft (Flight & Ground Risks) Policy

This cover provided by the policy is to replace or make good accidental loss of or damage to the aircraft including standard components parts thereof, temporarily detached in connection with overhaul or repair while in the custody or control of the insured (unless other similar component parts have been substituted) from whatsoever cause arising while the aircraft is in Flight and/or Taxying and/or on the Ground and/or Moored. This policy also covers legal liability to third parties (other than passengers), and also legal liability to passengers.

Aircraft Hull Comprehensive Insurance Policy

The policy covers loss of or damage to the aircraft while the aircraft is in flight, taxing, on the ground or moored liability towards third parties, and passenger's liability.

Aircraft Hull War Risks Insurance Policy

This cover provides for indemnity for loss of or damage to aircraft caused by (a) War, invasion, acts of foreign enemies, hostilities, civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power, (b) strikes, riots, civil commotions or labour disturbances, (c) acts of persons for political or terrorist purposes resulting in loss whether accidental or intentional, and (d) any malicious act or act of sabotage.

Aviation Personal Accident Insurance Policy (Crew)

This is a group personal accident insurance granted to the Airline Operators providing for specified benefits payable in the event of accidental bodily injury to members of the crew.

Breach of Warranty Insurance Policy

This insurance provides that, if a claim is not payable to the insured by reason of a breach of any warranty of the policy on his part, the insurer will be reimbursed to the extent of the loan outstanding at that time. This is very similar to the Agreed Bank Clause in property insurance.

Loss of License Insurance Policy

The operating crew of the aircraft are required by law to have valid professional license from the Government to work in their occupation. This license is granted after satisfactory medical examination. Renewal of the License is also subject to similar requirements. This license is liable to be suspended either temporarily or permanently on medical grounds. The consequent financial loss is covered by the loss of license policy.

Loss of Use Insurance Policy

This cover is effected by the air operator to protect himself against loss of revenue arising from an aircraft being laid up for repairs due to accident. This policy indemnifies the insured for the loss of his revenue in cases of partial losses only and not in case of total loss.

Product Legal Liability Insurance Policy

This insurance is effected by an aircraft manufacturer or a repairer to protect himself from risks that result from the faulty design of the aircraft or those due to defective repair work. The policy indemnifies the manufacturer or repairer all sums that he might be liable to pay as a consequence of defective workmanship or manufacture.

Ransom Indemnity Cover

This policy includes, without any additional premium, indemnity to the insured to the extent of 60% of any payment that the insured may be constrained to make due to threats against the insured aircraft. The balance 40% is uninsured and is at the insured's risk.

In-flight coverage Insurance Policy

This provides coverage against damages that can happen to the aircraft while it is mid-air (in motion). Though this is expensive, it is worth it as most accidents happen when a plane is mid-air.

Important Data Sets in the History of Aviation

Ten Worst Accidents on History of Aviation

In the history of aviation the ground collision in Tenerife on 27 March 1977 between two B747 of Pan Am and KLM was the worst ever and 583 people were killed



Following are the Top Ten Mid Air Accidents

Date	Operator	Aircraft Type	Location	Fatalities
12 August, 1985	JAL	Boeing 747-200	Yokota AFB (Tokyo), Kanto	520
03 March, 1974	Turkish Airlines	Douglas DC -10	Paris, Paris	346
27 March, 1977	PANAM	Boeing 747-100	Santa Cruz de Tenerife, Canary Islands	335
23 June, 1985	Air India	Boeing 747-200	Atlantic Ocean, All World	329
12 Nov, 1996	Saudi Arabian Airlines	Boeing 747-100	New Delhi, National Capital Territory of Delhi	312
19 August, 1980	Saudi Arabian Airlines	Lockheed L-1011 TriStar	Riyadh, Manḡiqatar Riyadh	301
17 July, 2014	Malaysian Airlines	Boeing 777-200	Shakhtarsk, Donetsk Oblast	298
3 July, 1988	Iran Air	Airbus A300	Persian Gulf, All World	290
25 May, 1979	American Airlines	Douglas DC -10	Chicago, Illinois	277
19 Feb, 2003	Islamic Republic of IRAN AIR FORCE	Ilyushin Il-76	Kerman, Kermanshah	275

Source - Bureau of Aircraft Accident Archives

Top Ten Death Rates per Operator

Rank	Name	Fatalities
1	Aeroflot - Russian International Airlines	10982
2	United States Air Force - USAF (since 1947)	8262
3	Royal Air Force - RAF	7067
4	United States Army Air Forces - USAAF (1941-1947)	6816
5	United States Navy - USN	3978
6	Air France	1754
7	Pan American World Airways - PAA	1655
8	American Airlines	1442
9	Private American	1394
10	Soviet Air Force - Voenno-vozdushnye sily CCCP	1303

Source - Bureau of Aircraft Accident Archives

Accidents and Casualties in last Ten Years (2008- 2018)

Year	Accidents	Casualties
2008	188	900
2009	160	1106
2010	162	1154
2011	154	828
2012	156	800
2013	138	475

Year	Accidents	Casualties
2014	124	1328
2015	126	904
2016	103	631
2017	101	399
2018	49	693

Source - Bureau of Aircraft Accident Archives

Future challenges in Aerospace Insurance

Unmanned aviation is likely to be a huge growth sector for specialist insurance. Aerospace insurance is continuing to evolve, to adapt both to changes in levels of existing risks and to new risks. If one look's at trends for commercial air carriers, safety has improved considerably, accident trends are generally downwards and there have been fewer large claims scenarios.

Aerospace brokers and insurers are innovating, examining not only the ways in which risks are changing but also new forms of coverages. The risk of cyber-attacks has been much publicized and some aviation brokers and insurers are considering whether policy provisions may be included to provide significant levels of cover for resultant financial losses to airlines ATC etc.

Another development is the increased use of unmanned aircraft. The International Union of Aerospace Insurers (IUAI), whose members underwrite approximately 90% of the risks in the aerospace sector, has been looking closely at the insurance implications of the commercial operation of UAVs which involve risks to property, injury and even death to people on the ground. UAV regulation in the UK and the US is in its infancy but this is a huge growth area for aviation.

Yet another interesting development is the advent of space tourist flights. There is a specialist satellite insurance market, but commercial manned space travel, for example by Virgin Galactic, is insured in the aerospace insurance market. Issues arising may depend on whether an incident occurs in space or atmosphere, where different legal regimes apply. What is clear is that those who undertake such travel are likely to be high-earning individuals such that any claims arising could be very expensive indeed.

The huge and continuing growth in air travel and man's technical ingenuity means that the risks for the aerospace sector will grow and diversify.

References

1. Bureau of Aircraft Accident Archives
2. Wikipedia and Internet Based Articles

Author,

Girish Malik

Director & Principal Officer,
Xperitus Insurance Brokers Pvt. Ltd.





Solvency Ratios of General Insurance Companies as of 31st March 2018

Insurance Companies	Solvency Ratio
Acko General Insurance Company Ltd	2.48
Aditya Birla Health Insurance Company Ltd	1.67
Agriculture Insurance Company of India Ltd	2.03
Apollo Munich Health Insurance Company Ltd	1.74
Bajaj Allianz General Insurance Company Ltd	2.76
Bharti Axa General Insurance Company Ltd	1.86
Chola MS General Insurance Company Ltd	1.606
CIGNA TTK Health Insurance Company Ltd	2.062
DHFL General Insurance Company Ltd	3.34
ECGC Ltd	9.86
Future General Insurance Company Ltd	1.69
GIC Of India	1.72
Go Digit General Insurance Company Ltd	5.48
HDFC ERGO General Insurance Company Ltd	NR
HDFC General Insurance Company Ltd (Formerly L & T)	NR
ICICI Lombard General Insurance Company Ltd	2.05
IFFCO Tokio General Insurance Company Ltd	1.62
Kotak Mahindra General Insurance Company Ltd	1.88
Liberty Videocon General Insurance Company Ltd	2.4
Magma HDI General Insurance Company Ltd	2.01
Max Bupa Health Insurance Company Ltd	2.11
National Insurance Company Ltd	NR
New India Assurance Company Ltd	2.58
Raheja QBE General Insurance Company Ltd	4
Reliance General Insurance Company Ltd	1.68
Religare Health Insurance Company Ltd	1.56
Royal Sundaram General Insurance Company Ltd	2.21
SBI General Insurance Company Ltd	NR
Shriram General Insurance Company Ltd	2.35
STAR Health & Allied Insurance Company Ltd	1.77
TATA AIG General Insurance Company Ltd	1.69
The Oriental Insurance Company Ltd	1.67
United India Insurance Company Ltd	1.54
Universal Sampo General Insurance Company Ltd	2.3



Solvency Ratios of Life Insurance Companies as of 31st March 2018

Insurance Companies	Solvency Ratio
Aegon Life Insurance Company Ltd	2.32
Aviva Life Insurance Company Ltd	2.94
Bajaj Allianz Life Insurance Company Ltd	5.92
Bharti Axa Life Insurance Company Ltd	1.79
Birla Sunlife Life Insurance Company Ltd	2.14
Canara HSBC Life Insurance Company Ltd	3.82
DHFL Pramerica Life Insurance Company Ltd	
Edelweiss Tokio Life Insurance Company Ltd	2.9
Exide Life Insurance Company Ltd	2.06
HDFC Standard Life Insurance Company Ltd	1.92
ICICI Prudential Life Insurance Company Ltd	2.5249
IDBI Federal Life Insurance Company Ltd	3.71
India First Life Insurance Company Ltd	2.07
Kotak Life Insurance Company Ltd	1.75
Life Insurance Corporation of India	1.58
Max Life Insurance Company Ltd	2.75
PNB Metlife Life Insurance Company Ltd	2.02
Reliance Nippon Life Insurance Company Ltd	2.66
SBI Life Insurance Company Ltd	2.06
Shriram Life Insurance Company Ltd	2.03
SUD Life	2.78
TATA AIA Life Insurance Company Ltd	2.93

Former IRDAI chairman Shri.C.S Rao passes away

Former Chairman C S Rao, IAS (Retired.) breathed his last on 28th June.

He served as the Chairman of the IRDAI during 2003-2008, when the institution was just two years old. During his tenure, insurance sector had an excellent growth and secured its rightful place in the financial sector.

Under his tutelage, the IRDAI scaled new heights.

An epitome of simplicity, he endeared himself with all who came in contact with him, by virtue of his wisdom, erudition and leadership.



Insurance Industry Changes

Industry New Captains

Insurance Company	Name	Designation
CIGNA TTK Health Insurance Company Limited	Mr. Prasun Sikdar	CEO
IndiaFirst Life Insurance Company	Mr. Rushabh Gandhi	Deputy CEO
ICICI Prudential Life Insurance Company Limited	Mr. N S Kannan	MD & CEO (Designate)
Edelweiss Tokio Life Insurance Company Limited	Mr. Sumit Rai	MD & CEO (Designate)
National Insurance Company	Ms. Shobha Reddy	General Manager
United India Insurance Company Limited	Ms. Neera Saxena	General Manager
United India Insurance Company Limited	Ms. Sushmita Mukherjee	General Manager
United India Insurance Company Limited	Mr. S. Shankar	General Manager
DHFL General Insurance Limited	Mr. Vijay Sinha	MD & CEO
Acko General Insurance Company Limited	Mr. Varun Dua	CEO
Go Digit General Insurance Company Limited	Mr. Vijay Kumar	CEO
Edelweiss General Insurance Company Limited	Mr. Anup Rau Velamuri	CEO
Swiss Reinsurance Company Ltd, India Branch	Mr. G. Satish Raju	CEO (Designate)
RGA Life Reinsurance Company of Canada, India Branch	Mr. K.S. Gopalakrishnan	CEO
AXA France Vie - India Reinsurance Branch	Mr. Ankur Nijhawan	CEO, Designate)

Brokers as on 30th June 2018

Type	Count
Direct Brokers	368
Composite Brokers	60
Reinsurance Brokers	5
Grand Total	433

Source : IRDAI Website

Non Life Insurance Business Figures as on June 2018

Insurance Companies	Upto June 2017	Upto June 2018	Growth in % terms	Market Share in % terms
Acko General Insurance Limited	NA	7.18	NA	0.02
Bajaj Allianz General Insurance Company Limited	1,963.71	2,418.16	23.14	6.47
Bharti AXA General Insurance Company Limited	316.38	385.38	21.81	1.03
Cholamandalam MS General Insurance Company Limited	873.81	950.91	8.82	2.55
DHFL General Insurance Limited	NA	98.05	NA	0.26
Edelweiss General Insurance Limited	NA	7.37	NA	0.02
Future Generali India Insurance Company Limited	503.23	515.1	2.36	1.38
Go Digit General Insurance Limited	NA	102.25	NA	0.27
HDFC Ergo General Insurance Company Limited	1,749.71	1,691.73	-3.31	4.53
ICICI Lombard General Insurance Company Limited	3,321.00	3,774.00	13.64	10.1
IFFCO Tokio General Insurance Company Limited	1,216.18	1,618.43	33.07	4.33
Kotak Mahindra General Insurance Company Limited	35.98	49.6	37.85	0.13
Liberty Videocon General Insurance Company Limited	214.14	260.74	21.76	0.7
Magma HDI General Insurance Company Limited	110.98	171.82	54.82	0.46
National Insurance Company Limited	3,833.67	3,549.02	-7.43	9.5
Raheja QBE General Insurance Company Limited	17.46	22.32	27.84	0.06
Reliance General Insurance Company Limited	1,268.75	1,560.59	23	4.18
Royal Sundaram General Insurance Company Limited	658.7	749.86	13.84	2.01
SBI General Insurance Company Limited	666.13	1,009.26	51.51	2.7
Shriram General Insurance Company Limited	478.67	516.67	7.94	1.38
Tata AIG General Insurance Company Limited	1,291.60	1,585.06	22.72	4.24
The New India Assurance Company Limited	6,283.09	5,671.23	10.79	16.82
The Oriental Insurance Company Limited	2,759.36	3,232.04	17.13	8.65
United India Insurance Company Limited	4,270.76	3,611.31	-15.44	9.67
Universal Sampo General Insurance Company Limited	284.79	321.13	12.76	0.86
General Insurers Total	31,506.24	34,491.07	9.47	92.35
Aditya Birla Health Insurance Company Limited	61.82	75.68	22.42	0.2
Apollo Munich Health Insurance Company Limited	265.26	348.98	31.56	0.93
Cigna TTK Health Insurance Company Limited	61.12	125.31	105.02	0.34
Max Bupa Health Insurance Company Limited	158.58	185.59	17.03	0.5
Religare Health Insurance Company Limited	230.46	332.58	44.31	0.89
Star Health & Allied Insurance Company Limited	673.79	909.7	35.01	2.44
Stand-alone Pvt Health Insurers	1,451.03	1,977.84	36.31	5.3
Agricultural Insurance Company of India Limited	40	614.26	1435.65	1.64
Export Credit Guaranteed Corporation of India Limited	289.77	266.23	-8.12	0.71
Specialized PSU Insurers	329.77	880.49	167	2.36
INDUSTRY TOTAL	33,287.04	37,349.40	12.2	100

Source : IRDAI Website

Life Insurance Business Figures as on June 2018

Insurance Companies	Upto June 2017	Upto June 2018	Growth in % terms	Market Share in % terms
Aditya Birla Life Insurance Company Ltd	420.01	641.06	52.64	1.75
Aegon Life Insurance Company Ltd	21.08	20.59	-2.32	0.06
Aviva Life Insurance Company Ltd	39.79	52.49	31.91	0.14
Bajaj Allianz Life Insurance Company Ltd	682.2	720.39	5.6	1.96
Bharti Axa Life Insurance Company Ltd	110.16	174.67	58.29	0.47
Canara HSBC Life Insurance Company Ltd	212.92	280.29	31.64	0.76
DHFL Pramerica Life Insurance Company Ltd	293.29	375.1	27.89	1.02
Edelweiss Tokio Life Insurance Company Ltd	39.13	70.17	79.36	0.19
Exide Life Insurance Company Ltd	77.9	96.33	23.66	0.26
HDFC Life Insurance Company Ltd	1618.78	2677.59	65.41	7.29
ICICI Prudential Life Insurance Company Ltd	1973.85	1724.9	-12.61	4.7
IDBI Federal Life Insurance Company Ltd	162.54	121.88	-25.02	0.33
India First Life Insurance Company Ltd	229.8	387.25	68.52	1.05
Kotak Life Insurance Company Ltd	482.18	659.11	36.7	1.79
Max Life Insurance Company Ltd	663.9	765.38	15.29	2.08
PNB Metlife Life Insurance Company Ltd	230.26	267.89	16.34	0.73
Reliance Nippon Life Insurance Company Ltd	182.84	207.33	13.39	0.56
SBI Life Insurance Company Ltd	1798.29	2074.61	15.37	5.65
Shriram Life Insurance Company Ltd	178.02	158.23	-11.12	0.43
SUD Life Insurance Company Ltd	99.77	81.4	-18.41	0.22
TATA AIA Life Insurance Company Ltd	206.06	288.67	40.09	0.79
Private Total	9872.06	12001.82	21.57	32.68
Life Insurance Corporation of India	23284.1	24727.97	6.2	67.32
Industry Total	33156.16	36729.79	10.78	100

Source : IRDAI Website



For quick and follow up of your licence renewal and any other IRDAI related matter, please contact Mr. D. V. Sharma. He can be reached at ibaihyd@ibai.org or you may call him on 9000355577.

Please share your comments, observations, feedback, topics which need to be covered in future editions etc. with the editorial team at newsletter@ibai.org.

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