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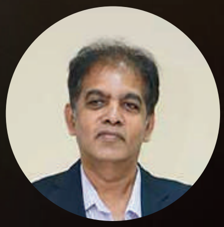

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PRESIDENT MESSAGE

CHARTING THE NEXT CHAPTER

It is with immense gratitude and a deep sense of responsibility that I accept the role of President of the Insurance Brokers Association of India (IBAI). I am honoured to serve an institution that stands at the forefront of shaping the future of our industry — an institution powered by the commitment, resilience, and unity of our broker fraternity.

At this significant juncture, I wish to extend my heartfelt appreciation to Mr. Sumit Bohra, our immediate past President. Under his visionary leadership, IBAI navigated transformative times with unwavering focus and poise. Sumit's tenure was marked by clarity, courage, and deep conviction — qualities that elevated the voice of brokers and positioned IBAI as a true thought leader.

His stewardship saw several pioneering initiatives take root, including:

- The strengthening of broker representation at key national and regulatory forums, ensuring our voice was heard where it mattered most.
- The launch of the IBAI Knowledge Series, a hallmark of our commitment to continuous learning and professional development.
- A complete digital revamp of the IBAI website and member portal to enhance transparency and member engagement.
- The promotion of uniform compliance practices to support operational excellence across the broking landscape.
- A consistent and constructive dialogue with regulators to foster a more enabling, innovation-friendly regulatory environment.

These initiatives were not just projects — they were part of a bold vision to transform IBAI into a knowledge-driven, policy-shaping force within the insurance industry. I express my deepest gratitude to Sumit for his contributions, mentorship, and support. Truly, he has set a high bar, and I step into this role with humility and resolve.

Reflecting on the Road So Far

FY 2024–25 was a year of both resilience and realignment. The regulatory ecosystem continued to evolve rapidly, guided by IRDAI's forward-looking agenda that emphasized ease of doing business, customer-centricity, and a more inclusive distribution framework. As brokers, we welcomed these reforms and embraced them as enablers of trust and innovation.

On the industry front, we witnessed encouraging growth:

- **General Insurance (Non-Life) premiums** reached over ₹3.07 lakh crore as of March 31, 2025 — a testament to strong performances across health, motor, and commercial lines.
- **Life Insurance premium** First Year Premium collections stood at an estimated ₹3.35 lakh crore as on 28th February 2025, underscoring rising consumer awareness around protection and long-term financial security.

Vision for the Road Ahead

As we turn the page into FY 2025–26, my vision for IBAI is grounded in one powerful principle: **inclusive growth through informed policyholders**.

Insurance remains one of the most impactful tools of financial protection; yet awareness, access, and understanding remain limited across several strata. It is our collective responsibility, as brokers and advisors, to bridge this gap. We must reach out with empathy, insight, and integrity — to every class of policyholder:

- *Individuals and families*
- *Small and Medium Enterprises*
- *Large corporations*
- *Rural and underserved communities*

Our outreach must be structured and sustained — not just transactional. **We must educate, empower, and guide.**

In this journey, I firmly believe that *Insurance Brokers are the most trusted channel* for advisory-led distribution. Our neutrality, professional training, and client-first orientation make us invaluable partners in the insurance buying process. We don't just sell policies we enable peace of mind.

A Collective Endeavour

As I step into this role, I do so not alone, but with the strength of every IBAI member beside me. Together, let us build on our strong foundation and continue to shape a future that is robust, inclusive, and future-ready.

To all our members, industry partners, and stakeholders — I wish you a year of shared success, purposeful collaboration, and renewed momentum.

Thank you for your trust. I look forward to working with each of you in the journey ahead.

Narendra

Narendra Kumar Bharindwal
President IBAI

A GRATEFUL FAREWELL FROM THE OUTGOING PRESIDENT

As I pen this message, my heart is filled with immense gratitude and a quiet sense of fulfilment. It has been an honour and a privilege to serve as the President of the Insurance Brokers Association of India (IBAI) — an organisation that reflects the collective strength, wisdom, and purpose of the broker fraternity across our nation.

My journey as President has been nothing short of transformative. Throughout, I have been guided by a simple belief: that when we listen more, collaborate sincerely, and lead with humility, we create lasting value. I've strived to foster harmony among stakeholders, promote openness in our dialogue, and uplift every voice — especially those at the grassroots.

IBAI has always stood as a beacon of professional excellence, and during my tenure, we have together moved forward with conviction. I take pride in some of the initiatives we accomplished together:

- Strengthening our presence in regulatory and policy discussions, ensuring that the broker's role remains respected and relevant.
- Launching educational platforms to elevate knowledge sharing and continuous development.
- Improving digital infrastructure for greater member engagement and operational efficiency.
- Driving conversations around compliance, ethics, and sustainable business practices.

None of this would have been possible without the unwavering support of our members, the Elected Board, our secretariat team, and industry partners. I am deeply thankful for your trust, your counsel, and above all — your camaraderie.

To me, leadership has never been about a title or a term. It is about serving with generosity, listening with empathy, and leading with integrity. I leave this position with profound respect for every individual who works every day to build confidence in our insurance ecosystem.

As I pass the baton to our new President, Mr. Narendra Kumar Bharindwal, I do so with full faith in his vision, dedication, and ability to take IBAI to new heights. I look forward to supporting him and our fraternity in every way I can, now and always.

To each one of you thank you for allowing me this opportunity to serve. I may be stepping down as President, but I remain forever a proud and committed member of the IBAI family.

Sumit Bohra
Outgoing President, IBAI

FROM THE HONORARY SECRETARY DESK

Dear Fellow Members of IBAI and Esteemed Industry Colleagues,

Season's Greetings from the Insurance Brokers Association of India (IBAI)!

At the outset, I would like to express my heartfelt gratitude to the Board of Directors of IBAI and the entire broking fraternity for reposing their trust in me by electing me as the Honorary Secretary of this prestigious institution. I am deeply honoured to accept this role, which comes with significant responsibilities, and I assure you of my sincere efforts to fulfil them with utmost commitment, supported by your continued encouragement and guidance.

I take this opportunity to place on record our appreciation for Mr. Sundaram Vardhan, our outgoing Honorary Secretary, for his tireless dedication and significant contributions to the association. He has set high standards in this role, and it will be a challenge as well as a privilege to build upon the foundation he has laid.

It is my pleasure to share that Mr. Narendra Bharindwal has been elected as the new President of IBAI. As many of you would agree, he has been one of the most dynamic and forward-thinking leaders in our fraternity—constantly striving for the betterment of the broking profession and the insurance industry at large. Joining him is Mr. Mohan Sriraman, who assumes the role of Vice President. On behalf of all our members, I extend my hearty congratulations and best wishes to both of them in leading IBAI into its next phase of growth.

Following my appointment, I had the privilege of being part of an IBAI delegation that met with the Secretary of the Department of Financial Services, Mr. M. Nagaraju, and the Joint Secretary, Dr. Prashant Goyal. During this constructive interaction, we represented various concerns and put forth suggestions aimed at enabling the growth of the broking sector and addressing regulatory bottlenecks. We came away from the meeting with a sense of optimism and are hopeful of seeing meaningful outcomes soon.

We also visited the Insurance Regulatory and Development Authority of India (IRDAI), where we engaged with members and senior officials to discuss several ongoing and common issues. These included the need for Standard Operating Procedures to address delays in claims settlement, the issuance of a Master Circular on Policyholder Protection, simplifying the share transfer process in broking companies, and advocating for the waiver of IRDAI approval in routine matters. We also proposed several new initiatives. The discussions were positive, and we look forward to continued collaboration with the regulator.

April 2025 marks a significant milestone—IRDAI's 25th anniversary. On this special occasion, I, on behalf of all IBAI members, extend our warmest congratulations and best wishes to IRDAI. It is truly remarkable to witness the regulator's evolution from a regulatory body to a development-oriented institution. We deeply appreciate IRDAI's guidance and its continued focus on the regulated and sustainable growth of the insurance industry in India.

I am also pleased to inform you that IBAI has constituted a Market Conduct Committee. This committee will address matters related to disputes among members, as well as complaints referred to IBAI by IRDAI or other recognised bodies such as the General Insurance and Life Insurance Councils. We also plan to form more such focused committees to handle specific areas requiring attention, including the proposal to establish Regional Committees to promote our association's common objectives at the grassroots level.

I seek the wholehearted support of all our members, professional colleagues, and partners in the insurance ecosystem—including insurers, TPAs, surveyors—and most importantly, the continued guidance of our regulators and policymakers. Together, let us elevate IBAI to greater heights and ensure the delivery of high-quality, professional service to policyholders while contributing meaningfully to the growth of the insurance industry.

Thank you once again for your confidence in me. I wish each one of you a successful and fulfilling Financial Year 2025–26.

Warm regards,

Nirmal Bazaz
Honorary Secretary, IBAI

EXCLUSIVE INTERVIEW

AMIT *Ganorkar*

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER
TATA AIG GENERAL INSURANCE

You have assumed charge as CEO, when waves of change are sweeping across the insurance industry – some mandated by regulations and some, market-driven. The regulatory changes have to be complied with no doubt, but what are your immediate priorities to meet the changing market?

As we move forward in a rapidly evolving insurance landscape, my immediate priorities are centered around customer-centric transformation, digital excellence, and organizational agility. We are leveraging technological innovations to enhance customer experience, ensuring seamless interactions and personalized services. Transparency and trust remain fundamental to our approach, reinforcing TATA AIG's reputation as a reliable insurer. Additionally, fostering strategic partnerships and collaborations will enable us to expand our reach and capabilities.

We are also working to increase distribution and deepen penetration into smaller locations, ensuring our solutions are accessible across a broader market. Our focus remains on being channel-focused, primarily working with brokers and agents, and we will continue to strengthen these relationships as a core priority.

Internally, investing in talent development and fostering a culture of innovation will drive long-term growth. Agility in responding to market shifts is crucial, and we are committed to implementing solutions that not only comply with regulatory requirements but also create a competitive edge in the industry.

Tata AIG is one of the strongest insurers and well recognised as a big brand in the market. Leveraging on the brand value, what are the new lines of business you seek to enter into?

Given India's economic expansion and the government's focus on infrastructure, we see immense opportunities in specialized insurance solutions. We aim to align our offerings with emerging sectors such as shipbuilding, port infrastructure, OTT media production, large-scale events, solar module warranty, and parametric insurance, providing customized coverage solutions.

Additionally, we are enhancing liability insurance offerings with client-specific wordings, ensuring risk mitigation tailored to industry requirements. Products such as contractual liability, surety bonds, and coverage for Indian entities operating overseas are key focus areas. Our approach is to remain responsive to industry needs while ensuring risk protection through innovative and comprehensive solutions.

Do you foresee a challenge in the near future on sticking to the expenses of management limit, spelt out by the regulator?

The introduction of EoM limits by the regulator is a positive step toward ensuring profitability for insurers and fair premiums for customers. Different insurers face varying challenges in achieving the expense ratio, depending on their product mix.

While managing costs is essential, the insurance industry must invest in technology and infrastructure to drive efficiency. At Tata AIG, we focus on enhancing operational efficiency through automation, optimizing resource allocation, and maintaining financial discipline to adhere to regulatory guidelines while ensuring sustainable growth. We also continue to invest in customer-centric innovations that deliver long-term value while carefully managing operational costs. This balanced approach allows us to meet regulatory requirements without compromising customer service and business expansion.

Bancassurance as a channel, is recognised as an important channel for insurance penetration, on the personal insurances side. However, there has been a lot of complaints and bad press about mis-selling & coerced selling by banks. What are your views on this and how do you ensure that Tata AIG's banca partners buck this trend?

We are continuously enhancing our digital journeys to ensure a seamless, compliant, and customer-centric experience. Our focus is on building integrated processes with partner banks to ensure accurate data capture while embedding robust KYC mechanisms to maintain regulatory compliance. To reinforce transparency, we have implemented OTP-based consent mechanisms, ensuring customers are fully aware of all aspects of their purchase. Additionally, we are transitioning from a traditional seller-based approach to a more customer-driven, self-purchase model through D2C journeys, which can be tailored to suit partner requirements and support multiple product lines. For loan-linked insurance products, we have strengthened pre-purchase verification to ensure customers have complete clarity before finalizing their purchase. These efforts collectively aim to enhance efficiency, compliance, and trust in our distribution channels.

Tata AIG was voted as the best insurer over a variety of parameters by broker members of the IBAI for two successive years, before losing out the numero uno position last year. What steps you intend taking to regain your position as brokers' most preferred partner?

We remain committed to strengthening our relationships with brokers and agents, which are core to our business. Feedback is central to our continuous improvement, and while we have improved our Net Promoter Score (NPS), we are accelerating our investments in technology and claims excellence.

We are enhancing digital infrastructure to improve system efficiencies, offer faster turnaround times, and provide seamless, user-friendly experiences for our broker partners. Additionally, we are working closely with channel partners to address their evolving needs while empowering end customers through tech-based self-service tools.

By focusing on innovation, operational efficiency, and stronger collaboration, we are confident in reclaiming our position as the brokers' most preferred insurer.

There is a widespread perception that, on the technology front, Tata AIG lags behind other leading insurers. What are the new technology initiatives being contemplated on the servicing side?

At TATA AIG, technology is at the forefront of enhancing customer and partner experiences. Our customer app, with 2.7 million downloads and consistently high ratings, offers a seamless platform for policy management and claims processing. This app provides end-to-end services, enabling customers to access their policies, submit claims, and receive assistance effortlessly.

In January 2024, 82.8% of our customer service requests were resolved digitally without human intervention. For our Group Health Insurance (GHI) business, 74% of member additions and deletions in February 2024 were processed digitally, with a turnaround time of just 50 minutes.

These figures underscore our commitment to driving automation, technological innovation servicing, and enhanced broker enablement. Our technology-led initiatives are not just bridging gaps but setting new benchmarks in the industry, reinforcing our position as a leader in digital innovation.

Your personal opinion on what should be the right GST to be charged on individuals health insurance policies --- NIL, 12.5% or 5%?

Reducing the GST rate on health insurance would ease the financial burden on people and increase insurance penetration. Additionally, allowing input credit for insurance companies would enable us to pass on the benefits to customers, making health coverage more affordable and accessible.

How do you view the recent regulations on accounting for long-term policies and the need for collaterals from Cross Broder Reinsurers in reinsurance placements? Are you ready with the revised processes and systems?

The new regulatory requirements on accounting for long-term policies and collateral for Cross-Border Reinsurers (CBRs) are crucial for financial stability. We are aligning our processes to meet these mandates, including reviewing existing reinsurance agreements, establishing collateral management systems, and updating operational frameworks.

Insurance companies need to make certain changes in their arrangements, and we are prepared to comply with the revised processes.

What are the latest initiatives by Tata AIG in states where it is the lead non-life insurer? What sort of value can brokers add to the state/district-level insurance awareness/implementation programmes?

As the lead non-life insurer in Maharashtra and Nagaland, Tata AIG is committed to strengthening insurance penetration through region-specific initiatives. These include expanding insurance offerings, launching targeted awareness campaigns, and improving digital accessibility to insurance products.

Brokers play a crucial role in supporting state and district-level insurance awareness and implementation programs. With their deep market knowledge and local presence, brokers help bridge the insurance gap by educating customers, simplifying complex products, and guiding businesses in selecting the most suitable coverage. Their expertise in risk assessment and claims facilitation further strengthens insurance adoption, ensuring individuals and enterprises benefit from comprehensive financial protection.

Brokers can work jointly with Tata AIG in the assigned states and contribute to increasing the reach. Through joint efforts with insurers, brokers can drive awareness, increase adoption, and improve insurance accessibility across different regions.

Talent crunch is a major challenge faced by the insurance industry. What steps has Tata AIG taken to nurture, retain and obtain the best of talents?

At TATA AIG, we prioritize developing future leaders through structured training, cross-functional exposure, and continuous mentorship. Our Management Trainee (MT) program is a key pillar of this approach. In June 2025, we will onboard 100 trainees, adding to the 1,200+ MTs we've welcomed over the past five years across Tier 1, Tier 2, and Tier 3 cities.

To improve retention, we focus on continuous learning, employee engagement, and well-being. Competitive compensation, performance-driven rewards, and career advancement opportunities help foster motivation and loyalty. Additionally, digital tools streamline recruitment, onboarding, and skill development.

25 years of

भारतीय बीमा विनियामक और विकास प्राधिकरण
Insurance Regulatory and Development Authority of India

Narendra Kumar Bharindwal,
President, IBAI

Celebrating a Visionary Regulator and a Transformative Journey

As the Insurance Regulatory and Development Authority of India (IRDAI) completes 25 years of shaping and nurturing India’s insurance landscape, it is a moment of pride and reflection for all stakeholders in the industry. From a fledgling sector in the late 1990s to a vibrant, tech-enabled, and customer-centric ecosystem today, the journey of IRDAI has been one of vision, vigilance, and value creation.

Genesis and Growth: A Regulatory Milestone

Established in 1999 as a statutory body under the IRDA Act, IRDAI was entrusted with the dual mandate of protecting policyholders’ interests and fostering the orderly growth of the insurance sector. Over the years, it has struck a fine balance between regulation and development—ensuring prudence without stifling innovation.

At the time of its inception, insurance penetration in India was low, public confidence was limited, and private participation was non-existent. Today, the sector has not only opened up to private and foreign investment but has also witnessed significant improvement in coverage, transparency, and financial inclusion—thanks largely to IRDAI’s proactive approach.

Honouring the Visionaries: A Look at IRDAI's Chairpersons

The authority's journey has been steered by a succession of visionary leaders whose guidance and governance laid the foundation for sustained growth.

Shri. N. Rangachary (1996–2003)

As the first Chairman of IRDAI, Mr. Rangachary was instrumental in setting up the institution from scratch. Under his leadership, the doors were opened for private insurers and brokers, a game-changer that catalyzed competition and customer focus.

Shri. (Late) C.S. Rao (2003–2008)

A seasoned bureaucrat, Mr. Rao's tenure saw robust regulatory frameworks being established. He championed the cause of policyholder education and emphasized solvency norms, bringing greater stability to the sector.

Dr. J. Hari Narayan (2008–2013)

Known for his strong commitment to governance, Dr. Hari Narayan focused on financial literacy, rural insurance, and strengthened grievance redressal systems. His term laid the groundwork for long-term consumer confidence.

Shri. T.S. Vijayan (2013–2018)

Formerly the Chairman of LIC, Mr. Vijayan brought deep market insight and helped push digitization, ease of doing business, and innovation in products.

Shri. Subhash Chandra Khuntia (2018–2021)

Mr. Khuntia worked to bring regulatory clarity, especially during the pandemic. His tenure focused on increasing health insurance penetration and initiating sandbox experiments to foster innovation.

Shri. Debasish Panda (2022–2025)

The outgoing Chairman has led with a reformist zeal. His focus on 'Insurance for All by 2047' has reinvigorated the sector's long-term vision. Under his leadership, the sector is witnessing simplification of products, regulatory modernization, enhanced capital flows, and a sharper customer-centric approach.

IRDAI's Tremendous Impact

- Policyholder Protection: At the heart of IRDAI's mission lies the policyholder. Be it through stringent grievance redressal mechanisms, the institution of the Insurance Ombudsman, or directives to insurers on claim transparency, IRDAI has consistently championed consumer rights.

- Market Development: With over 70 insurers now in operation, the Indian insurance market has become one of the fastest-growing in the world. IRDAI's facilitation of private and foreign participation, balanced pricing regulations, and sandbox guidelines have encouraged innovation while maintaining market discipline.

- Digital Transformation: IRDAI has actively enabled the digital evolution of insurance—e-KYC, dematerialized policies, and online claim processing are just a few hallmarks. The regulator's encouragement of InsurTech has accelerated access and affordability.

- Financial Inclusion: IRDAI has consistently driven insurers to serve the underserved. From micro-insurance and rural outreach mandates to PM-JAY and state-level health schemes, IRDAI's influence has deepened insurance penetration beyond urban India.

- Brokers and Intermediaries: As insurance brokers, we owe our professional existence and recognition to IRDAI. By regulating and nurturing intermediaries, it has created a structured and ethical ecosystem that empowers customers with choice and expert advice.

Celebrating an Institution

As we celebrate 25 years of IRDAI, we are not just commemorating a regulator —we are saluting a nation-building institution. It has been the guardian of trust, the enabler of dreams, and a relentless catalyst for progress.

At IBAI, we proudly acknowledge the contributions of IRDAI in shaping the insurance broking fraternity and the wider insurance landscape. We look forward to continuing our collaborative journey with the Authority to realize the vision of a fully insured India.

Here's to 25 years of excellence, integrity, and innovation—and many more milestones ahead.

Data-Driven Underwriting and Risk Assessment

The Future of Insurance

VISHAL DEVALIA
PRODUCT MANAGER, ACCENTURE

Insurance has long been a business of probabilities, where risk assessment dictates protection, pricing, and profitability.

But the landscape is shifting.

No longer bound by static historical data and broad actuarial tables, insurers now operate in an ecosystem fueled by real time insights.

Data driven underwriting is no longer an innovation, it is the foundation of a new era, where precision replaces approximation, and dynamic models redefine the way risk is understood.

Integration of artificial intelligence (AI), machine learning (ML), the Internet of Things (IoT), and big data analytics is enabling insurers to analyze risks dynamically, ensuring more accurate pricing, enhanced fraud detection, and a seamless customer experience.

Evolution of Risk Assessment

Risk has always been the heartbeat of insurance, yet traditional methodologies often relied on assumptions rather than actualities.

Today, with vast pools of structured and unstructured data at our disposal, insurers can craft risk models that are not just predictive but prescriptive. Every transaction, interaction, and behavior generates a data point, contributing to a living, breathing risk profile that continuously adapts.

Unlike conventional methods, which often treated risks as fixed categories, modern approaches can adapt continuously. AI driven algorithms can uncover patterns in vast datasets, providing insights that traditional analysis would overlook.

Predictive analytics can further sharpen this process, allowing insurers to anticipate potential claims rather than just react to them. With access to real time information, risk assessment can become proactive rather than reactive.

Result?

Underwriting that is faster, sharper, and profoundly more relevant to the individual and the industry.

Data Revolution in Underwriting

Underwriting is no longer a onetime evaluation, it is an ongoing process.

Advanced algorithms can scan diverse data sources, from financial transactions to lifestyle indicators, decoding patterns that static models could never capture.

Machine learning refines these insights, identifying risk indicators that evolve with time, ensuring that underwriting remains a proactive force rather than a reactive necessity.

Depth of data available has the potential to transform underwriting from a backward looking assessment into a forward thinking strategy, redefining how insurers mitigate uncertainty.

Intelligence Behind the Numbers

Artificial intelligence and machine learning are not mere tools; they can be called architects of modern risk frameworks. These technologies ingest vast amounts of data, uncovering relationships between variables that human analysis might overlook.

Every data stream whether from digital interactions, environmental changes, or market fluctuations adds a layer to the underwriting equation. One of the key drivers of this transformation is the explosion of data sources.

The Precision of Predictive Analytics

Accuracy is the currency of risk assessment, and predictive analytics can become its most valuable asset.

Algorithms can help in dissecting behavioral patterns, economic indicators, and real time events, allowing insurers to refine their pricing models and loss projections with microscopic precision.

This shift from generalized assumptions to individualized insights enhances the integrity of underwriting, ensuring that policies are priced fairly. It is a move from probability based projections to precision driven foresight.

Ethical and Regulatory Imperative

With immense analytical power comes the responsibility to wield it ethically. Ability to dissect individual risk profiles must be balanced with transparency, fairness, and regulatory compliance.

Challenge lies not only in acquiring data but in using it responsibly ensuring that models do not reinforce bias or compromise consumer trust. Strong governance frameworks must anchor the digital transformation of underwriting, ensuring that data driven decisions align with both ethical standards and legal mandates.

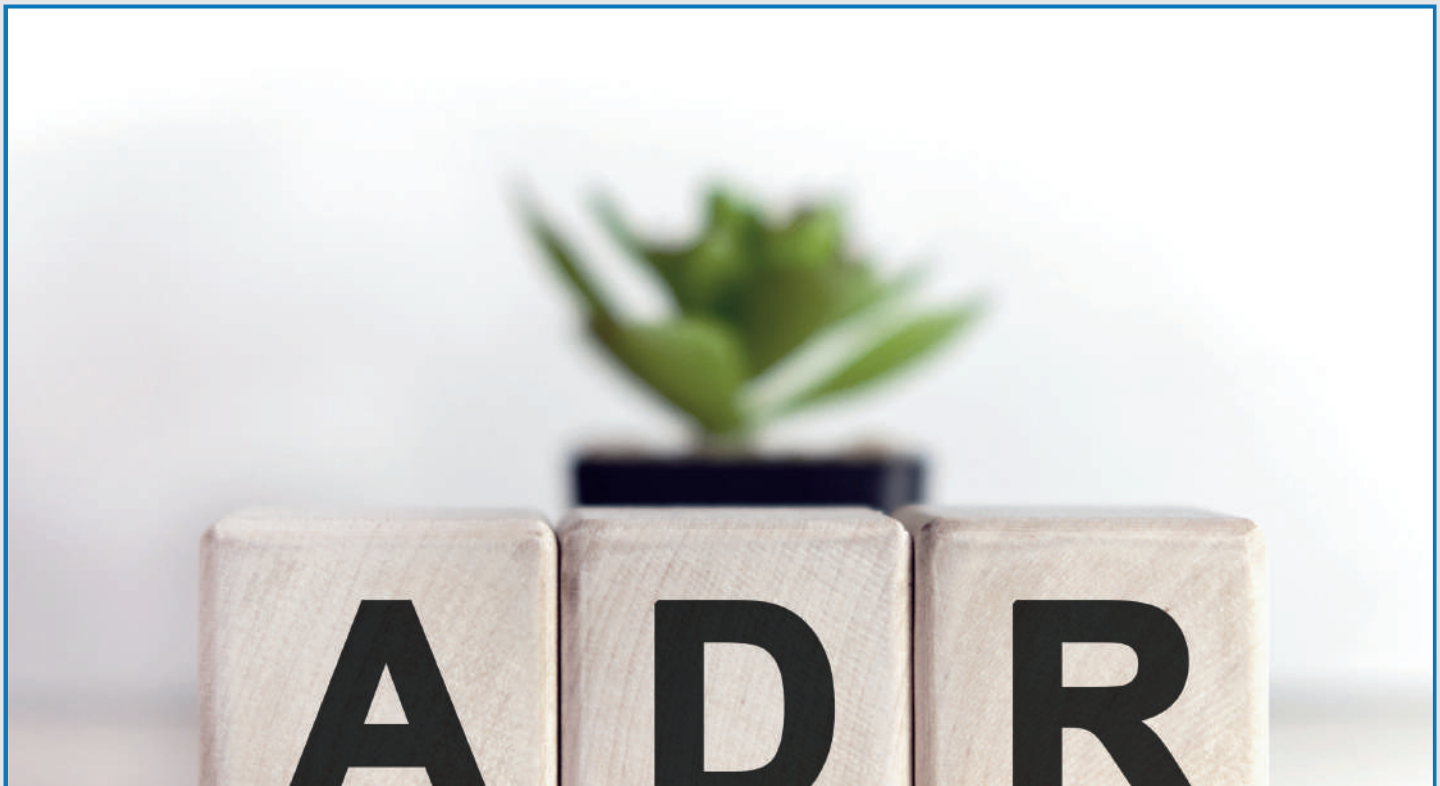
Future of Insurance is Data Driven

Risk will never be eliminated, but its mysteries are unraveling. Insurers that embrace data driven underwriting will not just predict risk, they will preempt it, offering smarter policies, refined risk selection, and seamless customer experiences.

Future belongs to those who see risk assessment not as a constraint but as an evolving discipline, one where technology does not replace human expertise but amplifies it.

As insurance industry stands at this transformative crossroads, question is no longer whether data driven underwriting is the future, it is how rapidly we are willing to adapt to its potential.

Those who move decisively will shape the next frontier of insurance, where risk is no longer feared but understood with absolute clarity.



Justice Delayed is Justice Denied

A case for effective Alternate Dispute Resolution Mechanism for Commercial Insurance Claims

S. Mohan,
Vice President, IBAI
Managing Director, Paavana Insurance Brokers

Background

The proportion of insurance related cases in the consumer courts is high and the number of cases being filed is increasing. The backlog of cases is so high that it takes years for a new case to come up for hearing whether it be the District Forum/State Commission or the NCDRC. Whilst in the retail insurance space, there is a mechanism of Insurance Ombudsman, in the commercial insurance space, there are a few measures like Consumer Courts, Arbitration etc. Arbitration is available as an option for quantum disputes more than for admissibility issues, that said, although the time taken for Arbitration is less as compared to litigation, the time is still long, and the process could take one to two years or more. Moreover, the cost of Arbitration is also quite high and is generally out of reach of MSME segment. The grievance redressal mechanism currently in vogue in the Insurance ecosystem has attempted to address the issue but has achieved little in terms of boosting customer confidence – as evidenced by the increasing levels of litigation

With the Government of India and IRDAI launching a laudable mission of 'Insurance for All' by 2047, one of the essential requirements for this to be achieved is the level of confidence, the potential policyholder has in the effectiveness of the policy that is held by them – should an insured peril trigger a loss/ damage. There has bever been a more dire need for an effective alternate dispute resolution (ADR) mechanism especially for the MSME sector. This article tries to address the issue of the reasons for increasing disputes and the broad contours for a suggested framework for an effective ADR especially for Commercial claims in the MSME and Mid Corporate segment. The effort here is to act as a teaser (and not a comprehensive material) to kindle the readers to come out with suggestions for an effective ADR framework.

Heavy Discounting and new Claims Settlement Paradigms

After the complete de-tariffing of the market, competition (cutthroat at times) has led to frequent discounting of rates – in its extreme form, FLEXA Cover has been given almost free, this has been followed by extreme hardening of rates imposed by Reinsurers (IIB rates etc.).It has been observed in the times when heavy discounting is offered in the market, when there are claims, new claim settlement paradigms have been practiced at times, which has led to either part or whole of the claim not being admitted and/or quantum of claim being reduced. Examples of such new paradigms observed are building not complying with NBC (Fire and Life Safety) and building/ Floor approvals not taken and/or violated.

In this examples, the violations may not have been material to the loss in question. The issue is – before the discounting practice, such requirements were not insisted upon.

Another interesting case was that of an Insurance Company that inspected an occupancy which was entirely in basement before quoting for a risk. The Insurer submitted a quote with a basement warranty, accepted the risk, issued the policy with a basement warranty and when floods damaged the entire premises, denied the claim. The Insured's fault was they never went through a good intermediary like a Broker. But what about counter party's conduct in this whole affair? What would be outcome of a consumer litigation? Whether such an outcome can be offered to the policyholder without having to go through the cost and time taken for litigation so that their confidence in the ability of Insurance as a solution for indemnification in the event of loss is increased?

People in the industry would have several cases to point out, I remember one glaring instance of a cement plant which had a good distance between limestone mine and the stacker reclaimer, the mine was in lower ground level, there was a conveyor belt running a good distance. Coal was stacked in open in adjacent ground – when there was a flood claim, the cleaning cost of the conveyor was called by the surveyor as 'Removal of Debris'!!!. New definitions, new interpretations, new paradigms all intended to curtail claims outgo which was a bye product of heavy discounting.

New Wordings and Interpretations

Whilst it is good to have new covers, wordings and add on covers which customize or expand cover to an insured, the flip side of this is the understanding of covers on the part of counterparties can be different. In its extreme form, what is understood by the insured as an extension of cover may be a restriction of cover. Moreover, some wordings may not have established meanings and can lead to interpretational issues. It is clearly established legal principle that Insurance being unilateral contracts, the benefit of interpretation should flow in favor of the insured, but in many instances, this principle is given a miss, and the benefit of interpretation is not given to the Insured at the time of claims settlement. But we all know the outcome of such a case when it lands in a legal forum. Can an ADR be made in such a manner that it is economical, less time complex and time consuming and delivers justice in time? After all experimentation with new wordings and/or proprietary wordings should not be at the cost of the policyholder.

Other aspects leading to increasing disputes

- Onus of proof of Loss and Onus of Proof of cause of loss is seldom understood and at times the Insured gets victimized and seeks redressal.
- At times, the Claims settler does not want to give the 'Benefit of Doubt to Insured' and wants to play safe by denying and/or reducing claim leading to disputes.
- Seeking documents that may be superfluous or avoidable leading to inordinate delays.
- Seeking documents piece meal instead of at one go.

Suggested Broad Contours for ADR

Regulatory Oversight

As a first step for the solution to be effective it is imperative that any framework needs to have the required regulatory approval and nod from the IRDAI. There needs to be regulatory oversight to ensure fairness. Hence the suggested framework is desired and contemplated to be under the auspices of IRDAI.

Scope

The suggested ADR is for Commercial claims either of a small threshold size which can be defined or for MSMEs for all claims and small claims for other large corporates.

Receipt of Grievance/ Dispute

It is suggested that a grievance on admissibility or quantum of claim to be addressed to a single window created for this purpose.

At this stage a panel from amongst a panel of experts would be constituted for the specific claim.

The constituted panel would collect the entire claim file and representations in writing from both the Insurer and Insured and create a panel from the experts shortlisted for going through the file and if need be have a virtual meeting with the Insurer/ Insured and/or surveyor etc

Panel of Experts

The idea is to form a large panel of subject matter experts in various LOBs (lines of business).

The panel of experts would be from amongst the registered entities and – each registered entity should allow their staff to do this panel duty (commensurate with the size of the firm as fixed by the Single Window for Grievance redressal)

Timelines and SOP for the Panel

The timeline for coming out with the findings have to be strict – since only then the purpose of speedy justice would be served. Under exceptional circumstances a limited extension can be granted.
The SOP is also sought to be simple so that the whole dispute resolution process is quick and effective.

Appellate Panel

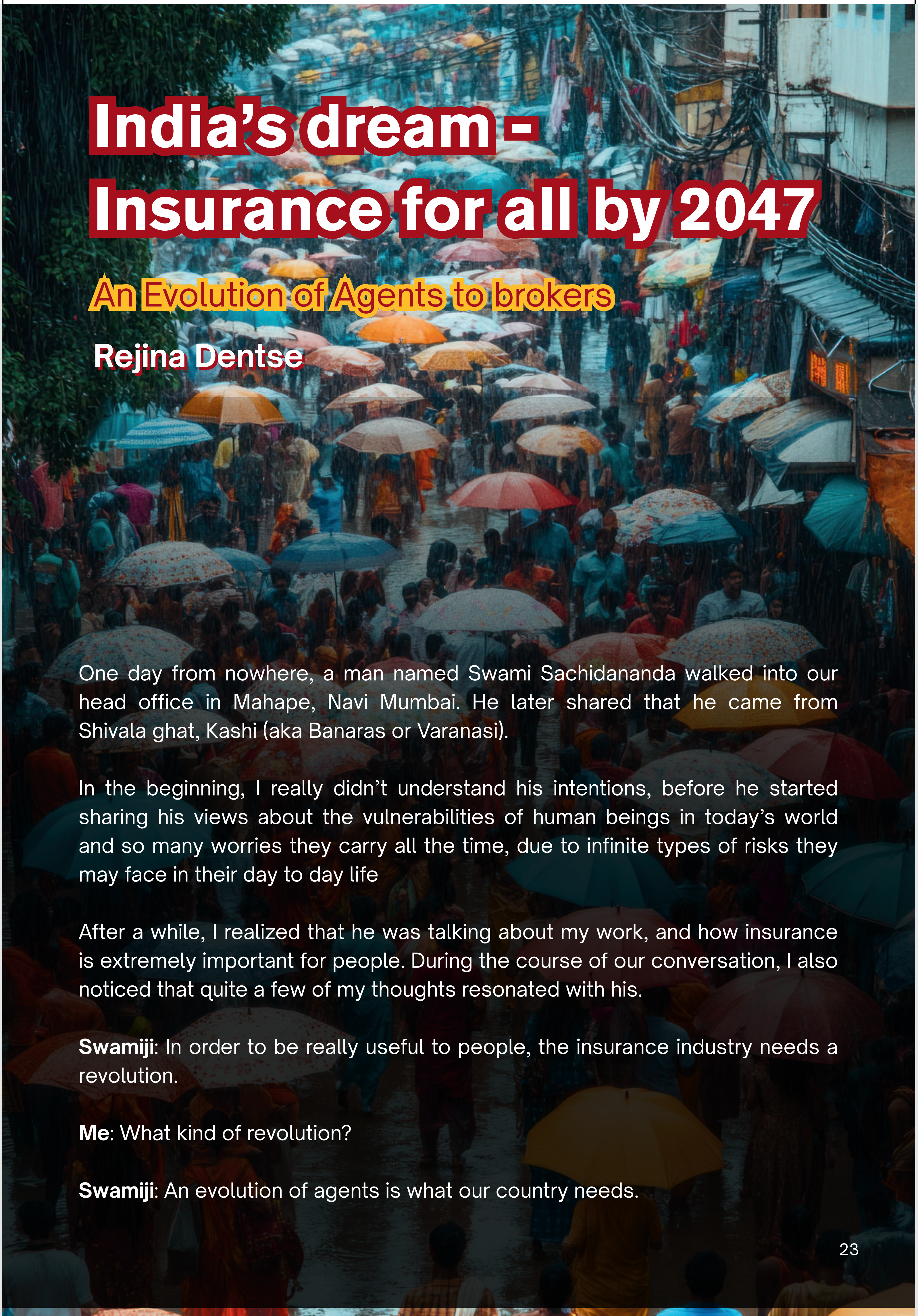
For Grievance with the decision of the Panel, an appellate panel can be contemplated – for only the issues of law and practice and not to re argue facts. The appellate panel would also be constituted by the Single Window for grievance redressal.

Appeals and further Litigation

It is contemplated that in order to achieve the objective of building customer confidence in insurance as an effective mechanism especially for MSME sector, the Insurers would keep to a bare minimum the route of making further appeals in the courts challenging the decisions of these panels.

Request to the readers

IBAI is currently involved in making an approach paper on this very important issue of an effective ADR for commercial claims especially for the MSME segment. This article is just a wish list with suggested broad contours. We invite ideas from all our members and interested readers to enable us to make an effective approach paper on ADR. You can write to me at vp1@ibai.org or to president@ibai.org.



India's dream - Insurance for all by 2047

An Evolution of Agents to brokers

Rejina Dentse

One day from nowhere, a man named Swami Sachidananda walked into our head office in Mahape, Navi Mumbai. He later shared that he came from Shivala ghat, Kashi (aka Banaras or Varanasi).

In the beginning, I really didn't understand his intentions, before he started sharing his views about the vulnerabilities of human beings in today's world and so many worries they carry all the time, due to infinite types of risks they may face in their day to day life

After a while, I realized that he was talking about my work, and how insurance is extremely important for people. During the course of our conversation, I also noticed that quite a few of my thoughts resonated with his.

Swamiji: In order to be really useful to people, the insurance industry needs a revolution.

Me: What kind of revolution?

Swamiji: An evolution of agents is what our country needs.

While discussing, we realised that we both, at different times, had met many insurance distributors like agents and other insurance intermediaries, who were trying to walk the distance to get people insured. However, India still remains underinsured to some extent, why?

Swamiji: Maybe that's because when an agent approaches someone, to them, he is there to sell them *his* product. And somehow this man is here to try and convince me that I need *his* product, and *his* product is the best. Why should I believe him? Resistance builds. In his mind, he has already crossed the checkbox.

Me: True... it *is* common human behaviour to look for better alternatives!

That's when we realised that INSURANCE BROKERS are much needed in India, for a simple reason, that they have almost all the insurers' products in their offering and therefore can have a lot of insight that can help the common man to significantly benefit by insuring themselves with mythe best fit product for them.

Me: In fact, some potential clients may also end up asking insurance agents about alternative products from other companies. It happens!

And I shared with him that over the last two decades, I have personally heard and also met some successful agents who have been using multiple agent licenses to be able to offer multiple options, in the best interest of their customers.

I noticed Swamiji's left eyebrow twitch slightly, as his lips broke into a knowing smile.

Swamiji: Yeah, but that still isn't allowed.

Me: We all know it is not allowed by the regulator . However, the intent behind the action is to secure the best interest of the customer.

Swamiji nodded. And we realized that probably this is the community of distributors who should really become brokers.

Swamiji: What you and I realize, don't they realize? What is stopping them then?

Me: There are challenges, it's a leap of faith really. Often, they may have a lot of apprehensions securing the customers' information, regulatory expectations, growing a multi locational business, being able to be loyal to multiple principals etc.

But, we can help them when they start the transition into this new journey.

As Swamiji looked on curiously, I shared with him what had long been on my mind. That this is exactly the need that we want to fulfill, to facilitate all these distributors (who have already become an insurance broker, or are right now trying to take that decision) by understanding their need, and helping them use the systems we have developed and in the process, we can hand hold them in their journey for growth.

This reminded us of our journey over the last two decades, as a small partnership firm to the private limited company we are today.

We decided to join hands with such people and help them grow their insurance distribution business manifold. It is strange how a chance meeting not only helped me articulate what had been on my mind for a long time, but also strengthened my belief in it.

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Why No Fault Liability?

PC James

Liability, as is generally understood, is created when there is negligence (error or omission) and the person or organisation found responsible is held liable to pay compensation. When proving negligence, it is permissible to represent before the court contributory negligence, if any, on the part of the victim. Courts do penalize victims for contributory negligence and apportion a percentage of the claim amount to be suffered by the victim. At the same time courts are also clear that that in certain types of cases even if virtually there is no negligence the person causing the accident is to take the blame fully. For instance, if a child is hit by a motor vehicle, courts hold the vehicle owner fully responsible in the belief that a child has no road sense, and it is the duty of the vehicle owner to stop the vehicle if necessary, to avoid the accident. There is also the principle of 'res ipsa loquitur', which means the matter speaks for itself when negligence is proved by the circumstances of the accident.

The theory of strict liability for hazardous activities can be said to have originated in the case Rylands v. Fletcher in 1866. In the case, Rylands employed contractors to build a reservoir, playing no active role in its construction. When the contractors discovered a series of old coal shafts improperly filled with debris, they chose to continue work rather than properly block them up. The result was shortly after being filled with water for the first time, Rylands's reservoir burst and flooded a neighboring mine, run by Fletcher, causing £937 worth of damage. Fletcher brought a claim under **negligence**, through which the case eventually went to the Exchequer of Pleas.

The majority ruled in favour of Rylands; however, Bramwell B, dissenting, argued that the claimant had the right to enjoy his land free of interference from water, and that as a result the defendant was guilty of trespass and the committing of a nuisance. Bramwell's argument was affirmed, both by the Court of Exchequer Chamber and the House of Lords.

In cases where the principle of strict liability applies, the defendant has to pay damages for injury caused to the plaintiff, even though the defendant may not have been at any fault. The basis of the doctrine of strict liability is twofold (i) People who engage in particularly hazardous activities should bear the burden of the risk of damage that their activities generate and (ii) it operates as a loss distribution mechanism, the person who does such hazardous activity (usually an organisation) being in the best position to spread the loss via insurance and higher prices for its products.

The legal/social innovation created Rylands vs. Fletcher, had setbacks. The rule was progressively emasculated, until subsequently it almost became obsolete in England, because it may have been premature. However, there was a swing once again in favour of the principle of strict liability. The Bhopal Gas Tragedy, the Chernobyl nuclear disaster, the crude oil spill in 1988 on to the Alaska coast line from the oil tanker Exxon Valdez, and other similar incidents shocked the conscience of the whole world and have aroused thinkers to the dangers in industrial and other activities, in modern society. In the case M.C. Mehta And Anr vs Union Of India & Ors decided in1986, the Supreme Court observed: “The purpose of expansion (of the horizon of Art. 12) has not been to destroy the raison d'etre of creating corporations but to advance the human rights jurisprudence. The apprehension that including within the ambit of Art 12 and thus subjecting to the discipline of Art 21 those private corporations whose activities have the potential of affecting the life and health of the people, would deal a death blow to the policy of encouraging and permitting private entrepreneurial activity is not well founded.”

“An enterprise which is engaged in a hazardous or inherently dangerous industry which poses a potential threat to the health and safety of the persons working in the factory and residing in the surrounding areas owes an absolute non-delegable duty to the community to ensure that if any harm results to anyone, the enterprise must be held to be under an obligation to provide that the hazardous or inherently dangerous activity must be conducted with the highest standards of safety and if any harm results on account of such activity the enterprise must be absolutely liable to compensate for such harm irrespective of the fact that the enterprise had taken all reasonable care and that the harm occurred without any negligence on its part… If the enterprise is permitted to carry on an hazardous or inherently dangerous activity for its profit, the law must presume that such permission is conditional on the enterprise absorbing the cost of any accident arising on account of such activity as an appropriate item of its overheads. The enterprise alone has the resource to discover and guard against hazards or dangers and to provide warning against potential hazards. "

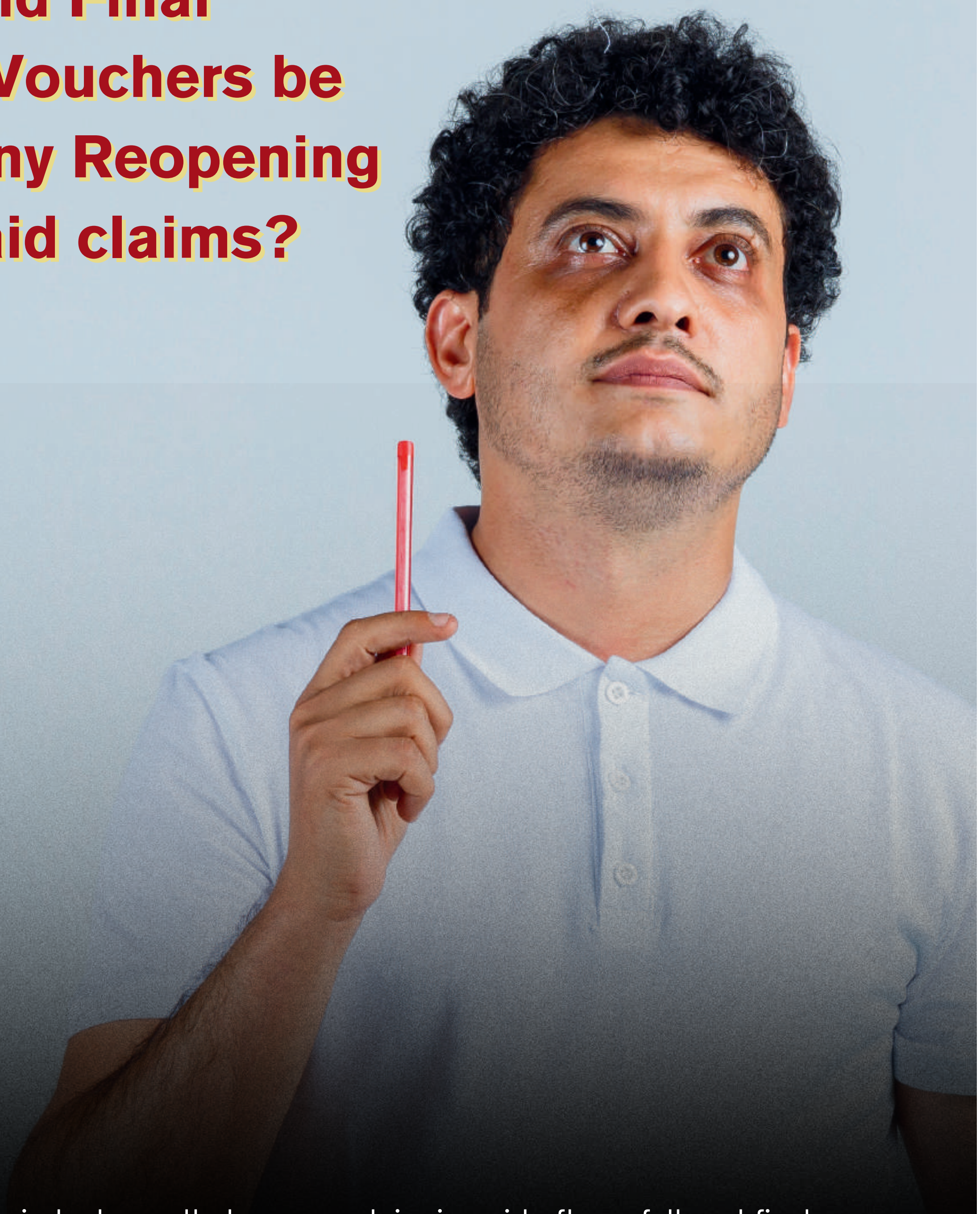
The Supreme Court in the case Union of India v. Prabhakaran (2008) (9) SCC 527, extended the principle to cover public utilities like the railways, electricity distribution companies, public corporations and local bodies which may be social utility undertakings not working for private profit. Rejecting the plea of the Railways in the case, the apex Court held that her "contributory negligence" should not be considered in such untoward incidents - the railways haves "strict liability". The court stated in the judgement that: Many jurists applaud liability without fault as a method for imposing losses on superior risk bearers. Their argument is that one who should know that his activity, even though carefully prosecuted, may harm others, and should treat this harm as a cost of his activity. This cost item will influence pricing, and will be passed on to consumers spread so widely that no one will be seriously affected."

Section 3 of the Employee's Act 1923 provides for compensation for injuries arising out of and in the course of employment, and this compensation is not for negligence on the part of the employer but is a sort of insurance to workmen against certain risks of accidents. The Employee's Compensation Act is intended for the benefit of an employee, and quintessentially is a no-fault liability. It is one of the oldest liability insurance policies in India which provide for structured compensation. Similarly, Section 124A of the Railways Act 1989, Sections 140 and 163A of the Motor Vehicles Act, 1988, the Public Liability Insurance Act, 1991 etc. incorporate the principle of strict liability.

No-Fault Liability is the bare minimum and is the first step in compensation. Tort law allows anyone who is victim of injury from a negligent act to sue further under the fault liability provisions available. It is possible that no-fault will widen and deepen in future so that society will be protected against losses sustained by its members.

Can 'Full and Final' Discharge Vouchers be used to Deny Reopening of Short-paid claims?

PC James



The traditional insurer mindset was that once a claim is paid after a full and final discharge voucher is obtained from the insured, no further claim can arise. The tragic part was that often such vouchers were obtained even by arm twisting the insured to sign. This was the mental model of insurers of senior vintage and it is seen that even today the practice is no entirely dead.

In 2015 the IRDAI ruled as follows: "Where the liability and quantum of claim under a policy is established, the insurers shall not withhold claim amounts. However, it should be clearly understood that execution of such vouchers does not foreclose the rights of policy holder to seek higher compensation before any judicial fora or any other fora established by law. All insurers are directed to comply with the above instructions."

If one examines the underlying reasons it will be seen that public policy underlying the principles of contract law and insurance law would imply that a claim must be fully indemnified. At the same time contract law would indicate that the insurer needs to be released from further disputes. There are formal steps outlined in the policy and regulations as to the claim processes to be followed. Once a policyholder reports a claim, ideally the insurer begins investigating and verifying the facts of the loss and the extent of coverage that exists in the policy. This process requires determining the scope of the damage and pricing the costs of repair or replacement. The Insurance Act stipulates the use of a Surveyor in surveying and assessing the loss, if the loss exceed a stated level. Regulations also stipulate that the Insurer and the Surveyor must act transparently and provide copies of the Survey Report and information as to the required minimum documents and keep the insured updated on the progress of the survey and assessment.

At the end of the claim process the Insurer will demand a full and final discharge, which if executed, will enable the insurer to pay the claim. After this they do not generally allow the claim to be reopened whatever may be the reason. Whether the release is general or specific, binding or not binding, the fundamental question when a dispute or a supplementary claim can arise is, whether the release is fundamentally binding. In Contract law once the claim amount is paid the Insurer is discharged from the duty to pay anything more. However, in the case of an insurance claim the policyholder is not getting anything more than what is already promised in the policy, and if that is found to have a shortfall, it is incumbent on the insurer to allow the claim to be reopened.

It is the duty of the insurer to reopen, examine and pay under the overarching principle of good faith. The insurer and the surveyor cannot use their superior knowledge and bargaining power to deprive the Insured of what is really payable under the terms of the policy. When the policy was sold, it defined its obligations under the terms in the policy and so at the time of claim, it cannot deny its true obligations. Courts hold that the insurance relationship is akin to a fiduciary relationship, which means that it is not an adversarial relationship, but where the insurer gives due respect to the interests of the insured.

Insurers therefore have to be forthcoming and fully transparent in dealing with a claim, what documents are necessary to prove the claim, and assist the insured in complying with the claim conditions and insurer's requirements, as per policy terms. A claim has to be assessed adequately and objectively. It is bad faith to start with a mental model of an inevitable denial or reduction of a just and proper indemnity. Insurers should not enter the claim area with a pre-conceived move for a bargained settlement. This will get the claim disputed from the beginning as the insurer and surveyor takes an adversarial position. A difference need not be a disagreement, because disagreements can be resolved by sharing information and talking to each other to understand the real cost of damage or repair. There has to be negotiations not on an adversarial platform but on a 'good faith 'platform.

Insurers are required to reopen and pay additional amount under its indemnity obligations because there is no available substitute if the insurer fails to perform.

In normal contracts a company can procure substitute performance and sue the original company for costs and penalties. In insurance there can be no substitute as no other insurer will or can give a cover for a loss that has already happened. Therefore, existing legal principles strongly favour the insured in interpretations and getting indemnity in full. These features include:

Contra proferentem – ambiguities in polices will be interpreted against the insurer.

Coverage will be interpreted broadly and exclusions narrowly.

Reasonable expectations of policyholders can be protected even in the face of contrary policy language.

Courts find that blind enforcing of full and final discharge can encourage improper claim practices. Underpayment of claim can happen owing to variety of reasons such as error, negligence, failure to train employees, appointing Surveyors who may not have proper knowledge and experience, bias and even a systematic strategy to keep the bottom line high. In property loss cases, the process of survey and assessment is fluid and involves uncertainty, expertise and judgement. This makes the process favour the insurer, and the surveyor, often beholden to the insurer, will try to convert all uncertainties to the benefit of the insurer. So, on better understanding of the matter which may happen later on for the insured, a further claim can be raised and an insurer cannot avoid the essential obligation to indemnify in full, because such an obligation cannot die by a mere discharge voucher in a good faith contract.

Rising Healthcare Costs Drive Surge in Loans for Health Insurance Premiums

As healthcare and health insurance costs climb sharply across India, more policyholders are turning to loans to ensure they can retain and expand their health coverage. Startups specializing in insurance premium financing, such as Finsall, Bimpay Finsure, and InsurFin, are witnessing a notable upswing in demand as Indians seek ways to manage the growing financial burden of comprehensive health protection

A New Wave of Health Insurance Borrowers

In the past year, insurance premiums have risen by an average of 25% for over half of policyholders, according to industry estimates. For many families, this steep hike has made it difficult to pay annual premiums upfront, pushing them to look for more manageable options. Enter premium-financing loans—a financial product that allows customers to spread the cost of their health insurance over easy installments.

Startups offering these loans report significant growth: Both Finsall and Bimpay, for example, add around 7,000 new customers each month. The typical loan is approximately ₹40,000 to ₹55,000, with interest rates ranging from 12% to 16% based on the applicant's credit profile. These loans are provided on a reducing balance basis, meaning borrowers pay interest only on the outstanding principal.

Expanding Reach Beyond Metros

While premium-loan customers come from all walks of life, a striking trend is the rising adoption among people in Tier-2 and Tier-3 cities. Many in these regions are first-time borrowers, using loans to secure or renew policies that offer comprehensive coverage—for themselves as well as dependent parents and children.
Industry insiders note that higher premiums and the desire for larger sum insured have prompted many policyholders to upgrade their cover using premium-financing solutions. This trend not only promotes wider insurance penetration but also reflects increasing health awareness across the country.

Regulatory Efforts to Ease the Burden

Recognizing the strain rising premiums place on citizens, especially seniors, Indian authorities are stepping in. The Insurance Regulatory and Development Authority of India (IRDAI) has capped annual premium hikes at 15% for those aged 60 and above —an attempt to protect the most vulnerable from large out-of-pocket expenses.

Additionally, the Goods and Services Tax (GST) Council is set to consider waiving GST on health insurance policies purchased by senior citizens and on all health covers with sum insured up to ₹5 lakh. Such moves could make health insurance significantly more affordable and encourage broader participation

Regulatory Efforts to Ease the Burden

With medical costs consistently outpacing inflation, premium-financing loans are set to play a larger role in helping Indian families maintain their health insurance. This rise in financing options—coupled with regulatory support—signals a maturing market where both financial innovation and consumer protection are moving forward together.

As startups innovate and authorities intervene, the hope is that more Indians will be able to access and sustain quality healthcare coverage, ensuring financial security and peace of mind in uncertain times.

IRDAI Prepares for Landmark Insurance Amendment Bill:

Paving the Way for an Open, Competitive Insurance Sector

India's insurance industry is on the cusp of significant transformation as the Insurance Regulatory and Development Authority of India (IRDAI) readies a new regulatory framework in anticipation of the Insurance Amendment Bill being introduced in Parliament. This potential landmark reform seeks to overhaul several core aspects of the sector, aiming to boost competition, increase foreign investment, and make insurance more consumer-friendly.

Key Reforms at a Glance

The Amendment Bill, described by industry experts as one of the most important in years, proposes:

- **100% FDI Cap:** Raising the foreign direct investment ceiling to 100% is expected to attract major global capital and bring in technical know-how, helping domestic insurers modernize their offerings and expand coverage.

- **Composite Insurance Licence**: The introduction of a composite licence will allow companies to offer multiple types of insurance products—both life and general—under a single regulatory umbrella. This simplifies the licensing process and encourages wider product innovation.

- **Open Architecture for Agents**: Insurance agents will be enabled to partner with multiple insurers, rather than being restricted to one, improving consumer choices and distribution networks

Regulatory Readiness

IRDAI is taking a proactive approach by forming a high-level committee featuring senior officials from finance, insurance, and law backgrounds. This group is responsible for creating the draft compliance guidelines and operational frameworks required by the new bill. Their main goal: facilitate innovation and openness while protecting policyholder interests

As the bill is expected to be tabled soon, IRDAI's advance work ensures that once it passes, the sector can transition seamlessly to the new regime, minimizing business and consumer disruption.

Modernization and Market Impact

Alongside the headline reforms, the proposed law will also:

- Modernize investment regulations to match global standards, making Indian insurers more resilient and globally competitive.

- Permit mergers with non-insurance firms in related sectors, likely accelerating innovation and partnerships across financial services.

- Improve transparency and expand the range of products and services, ultimately benefiting customers with better coverage options and pricing

Looking Ahead

Industry observers suggest these changes could meaningfully increase insurance penetration in India, where millions remain uninsured or underinsured. By encouraging competition and openness, the IRDAI hopes to foster an ecosystem where insurers invest in new products, technology, and customer service, raising the overall standard of the sector.

While details like compliance requirements and timings will be clarified after the bill is passed, stakeholders remain optimistic that India's insurance industry will see a wave of growth and modernization, aligning with broader economic reforms and consumer needs.

"The only people who achieve much are those who want knowledge so badly that they seek it while the conditions are still unfavorable. Favorable conditions never come."

– C.S. Lewis

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