



Newsletter April - 2016

Salasar Services Insurance Brokers Pvt. Ltd.

GENERAL INSURANCE PREMIUM TO INCREASE NEXT FISCAL

General insurance premiums are likely to rise as reinsurance rates have increased by 10 per cent in the domestic market due to rising losses from catastrophes, said a top official from the country's sole reinsurer General Insurance Corporation(GIC-Re).

Speaking on the side lines of a seminar on agriculture insurance, Alice Vaidyan, CMD of GIC Re, said that despite reinsurance rates softening globally, the high incidence of catastrophes in last five years will push up reinsurance rates by 10 per cent during renewals in April. She said rates are likely to go up in segments where insurers have seen huge losses such as property and motor insurance.

The insurance industry took a Rs. 5,000-crore hit from the Chennai floods and GIC Re; share was around Rs. 1,000crore.

The company is expected to cross Rs. 16,000 crore annual premium in the current fiscal out of which Rs. 1,000 crore will come from agricultural insurance.



WANT TO DOUBLE REVENUE TO \$ 5 BILLION; SAYS GIS RE CMD

State-owned re-insurance GIC Re is looking to double its business in the next three years, a top official said.

“The aim is to double the revenue from premiums to \$5 billion from the present \$2.5 billion, by expanding the reach to growing economies,” Alice G Vaidyan, Chairperson and Managing Director of GIC Re, said

Insurance business has maximum potential in emerging economies, especially in BRICS nations, with a growth rate of 10-15 per cent vis-à-vis the saturated Western markets, where growth is less than 1 per cent, she told.

Vaidyan said that the company is looking at both organic and inorganic growth by acquisitions and overseas expansion.

“Today, GIC Re is ranked 14th internationally in insurance business and I want to take it among top 10. We have the inherent strength of a PUS, as a stable re-insurer, compared to private players.” Vaidyan added.

Asked how the company is gearing up to face competition from private players which are setting up to offices in India, the CMD said “I don’t see any serious threat. Instead, the market will witness best international practices, product innovation and penetration, which will lead to further growth.”

Maintaining that the company deserves the mandatory reservation of 5 per cent on all – India business, she said there is no harm in continue with such restrictions for some more time. Earlier, the mandatory reservation was 20 per cent. However, such mandatory reservations are in place in countries like China, Indonesia and Malaysia

In advanced countries, there are invisible barriers such as letter of credit, premium deposit withholding, tax withholding, etc.



LIC EXTENDS COVER TO THIRD GENDER

Nearly two years after a Supreme Court Verdict formally recognized the third gender, the life insurance Corporation of India (LIC) has decided to follow suit. The state-owned company, which controls close to 70% of the life insurance market, has introduced the third gender as an option its proposal forms.

Till now, policy buyers could choose between 'male' and 'female' as gender options. Now transgender applicants can opt for the 'third gender' category.

The move is significant give LIC's market dominance that drives trends in the sector. Through the National Pension system also recognises the third gender, other insurance companies and mutual funds do not seek this information. The know- your- customer (KYC) process, a prerequisite for making investment or opening bank accounts, also does not accommodate the third gender as an option. Incidentally, the option was included in Indian passport more than 10 years ago in 2005.

"The honourable Supreme Court, in a landmark judgement lauded by human rights groups, called on the government to ensure their (third gender) equal treatment. We have taken up the advice for implementation," said SK Roy, chairman, LIC. IRDA has approved the new proposal form.

For most insurance companies, introducing the option may be a trifle difficult. LIC does not have differential premiums based on gender. But other companies have lower premiums for females because of their longer life expectancy. These companies will have to grapple with the issue of pricing premiums for the third gender.



MOTOR THIRD PARTY INSURANCE PREMIUM WITH EFFECT FROM 01ST APRIL 2016

In our last edition we shared with you PROPOSED THIRD PARTY MOTOR RATES. **IN THIS EDITION WE SHARE WITH YOU THE FINAL THIRD PARTY MOTOR RATES**

Private Cars	Premium with effect from 01st April 2016 (Rs.)
Not exceeding 1000 cc	2,055
Exceeding 1000 cc but not exceeding 1500 cc	2,237
Exceeding 1500 cc	6,164

Two Wheelers	Premium with effect from 01st April 2016 (Rs.)
Not exceeding 75 cc	569
Exceeding 75 cc but not exceeding 150 cc	619
Exceeding 150 cc but not exceeding 350 cc	693
Exceeding 350 cc	796

A1 Goods Carrying Vehicles Public Carriers (other than 3 wheelers)	Premium with effect from 01st April 2016 (Rs.)
GVW not exceeding 7500 kgs	14,390
Exceeding 7500 kgs but not exceeding 12000 kgs	15,365
Exceeding 12000 kgs but not exceeding 20000 kgs	22,577
Exceeding 20000 kgs but not exceeding 40000 kgs	24,708
Exceeding 40000 kgs	25,800

A2 Goods Carrying Vehicles Private Carriers (other than 3 wheelers)	Premium with effect from 01st April 2016 (Rs.)
GVW not exceeding 7500 kgs	7,849
Exceeding 7500 kgs but not exceeding 12000 kgs	11,528

Exceeding 12000 kgs but not exceeding 20000 kgs	9,390
Exceeding 20000 kgs but not exceeding 40000 kgs	12,821
Exceeding 40000 kgs	16,655

A3 Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles - Public Carriers	Premium with effect from 01st April 2016 (Rs.)
except e-carts	5,680
e-carts	3,969

A4 Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles - Private Carriers	Premium with effect from 01st April 2016 (Rs.)
except e-carts	4,200
e-carts	3,438

B Trailers	Premium with effect from 01st April 2016 (Rs.)
Agricultural Tractors upto 6 HP	510
Other vehicles including Miscellaneous & Special Type of Vehicles (Class-C), (For each trailer, for more please multiply by no. of trailers)	1,307

C1a Four wheeled vehicles used for carrying passengers for hire or, reward with carrying capacity not exceeding 6 passengers	Premium with effect from 01st April 2016 (Rs.)	
	Basic TP Premium A	Premium (per licensed passenger) (B)*
Not exceeding 1000 cc	6,396	1,230
Exceeding 1000 cc but not exceeding 1500 cc	8,408	1,035
Exceeding 1500 cc	11,144	1,183

C1b Three wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers	Premium with effect from 01st April 2016 (Rs.)	
	Basic TP Premium A	Premium (per licensed passenger) (B)*
except e-rickshaw	1,733	829
e-rickshaw	1,125	538

C2 Four or more wheeled vehicles used for carrying passengers with carrying capacity exceeding 6 passengers for hire or reward	Premium with effect from 01st April 2016 (Rs.)	
	Basic TP Premium A	Premium (per licensed passenger) (B)*
	10,294	629

C3 Motorized three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity exceeding 6 passengers but not exceeding 17 passengers	Premium with effect from 01st April 2016 (Rs.)	
	Basic TP Premium A	Premium (per licensed passenger) (B)*
	4,155	829

C2 Three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity exceeding 17 passengers	Premium with effect from 01st April 2016 (Rs.)	
	Basic TP Premium A	Premium (per licensed passenger) (B)*
	10,294	629

C4 Motorized Two wheelers used for carrying passengers for hire or reward	Premium with effect from 01st April 2016 (Rs.)	
	Basic TP Premium A	Premium (per licensed passenger) (B)*
Not exceeding 75 cc	702	473
Exceeding 75 cc but not exceeding 150 cc	702	473
Exceeding 150 cc but not exceeding 350 cc	702	473
Exceeding 350 cc	1,615	473

{ * - TP Premium is the total of a basic Amount (A) plus an amount derived by multiplying the Licensed carrying capacity by the amount in (B) }

D Special Types of Vehicles	Premium with effect from 01st April 2016 (Rs.)
i) Pedestrian controlled Agricultural Tractors with Horse Power rating not exceeding 6HP, Hearses and Plane Loaders	897
ii) Other Misc & Spl types of vehicles	3,822

E Motor Trade (Road Transit Risks)	Premium with effect from 01st April 2016 (Rs.)
i) Distance not exceeding 2400 kms	1,088
ii) Distance exceeding 2400 kms	1,308

F Motor Trade (Road Risks) (Excluding Motorized Two Wheelers) - (Named Driver or Trade Certificate)	Premium with effect from 01st April 2016 (Rs.)
1st named driver or certificate	985
For additional drivers/ certificates up to 5 (per driver/certificate)	476
For additional Drivers/ Certificates exceeding 5 but not exceeding 10 (per driver/ certificate)	307
For additional Drivers/ Certificates exceeding 10 but not exceeding 15 (per driver/ certificate)	266

F Motor Trade (Road Risks) (Motorized Two Wheelers) - (Named Driver or Trade Certificate)	Premium with effect from 01st April 2016 (Rs.)
1st named driver or certificate	530
For each additional Driver/ Certificate	264



INDIAN GENERAL INSURANCE PREMIUM REPORT, 2016

Market Position	INSURERS	Premium (INR Crores)		Growth	Market Share %		
		2014-15	2015-16		2014-15	2015-16	
1	New India	13,209	15,174	↑	15%	15.60%	15.74%
2	National	11,242	12,011	↑	7%	13.27%	12.46%
3	United India	10,692	12,215	↑	14%	12.63%	12.67%
4	Oriental	7,408	8,318	↑	12%	8.75%	8.63%
5	ICICI Lombard	6,678	8,091	↑	21%	7.89%	8.39%
6	Bajaj Allianz	5,230	5,832	↑	12%	6.18%	6.05%
7	IFFCO Tokio	3,330	3,700	↑	11%	3.93%	3.84%
8	HDFC ERGO	3,182	3,380	↑	6%	3.76%	3.51%
9	AKC	2,740	3,509	↑	28%	3.24%	3.64%
10	Reliance General	2,716	2,792	↑	3%	3.21%	2.90%
11	Tata AIG	2,714	2,959	↑	9%	3.20%	3.07%
12	Cholamandalam MS	1,890	2,452	↑	30%	2.23%	2.54%
13	SBI General	1,577	2,040	↑	29%	1.86%	2.12%
14	Royal Sundaram	1,569	1,703	↑	29%	1.85%	1.77%
15	Shriram General	1,497	1,713	↑	14%	1.77%	1.78%
16	Star Health	1,469	2,008	↑	37%	1.73%	2.08%
17	Bharti AXA	1,457	1,265	↓	-13%	1.72%	1.31%
18	Future Generali	1,438	1,555	↑	8%	1.70%	1.61%
19	ECCG	1,362	1,321	↓	-3%	1.61%	1.37%
20	Apollo Munich	803	1,022	↑	27%	0.95%	1.06%
21	Universal Sompo	701	904	↑	29%	0.83%	0.94%
22	Magma HDI	474	404	↓	-15%	0.56%	0.42%
23	Max Bupa	373	476	↑	28%	0.44%	0.49%
24	L&T General	332	472	↑	42%	0.39%	0.49%
25	Liberty Videocon	284	409	↑	44%	0.34%	0.42%
26	Religare	276	503	↑	82%	0.33%	0.52%
27	Cigna TTK	22	144	↑	559%	0.03%	0.15%
28	Raheja QBE	22	29	↑	33%	0.03%	0.03%
29	Kotak Mahindra		4	↑		0.00%	0.00%
INDUSTRY TOTAL		84,686	96,402	14%			

ASSESSMENT OF PARTIAL LOSS UNDER MARINE CARGO INSURANCE?

In case of partial loss, where the value of the goods are increasing with the covering the distance like in fruits and vegetables , the claim assessment should be done as per section 71(3) of the Marine Insurance Act which states “the basis for settlement of claims for partial loss namely , that where the whole or any part of the goods have been delivered damaged at destination; the measure of indemnity is such proportion of the sum fixed by the policy as the difference between the gross sound and damaged values at destination bears to the gross sound value”. It can be explained with the help of illustration:

The insured value of consignment is Rs 4.40 lakhs and it was damaged partially and value of arrived damaged goods is Rs 1.60 lakhs and sound value of these goods is Rs 4.00 lakhs. As per customary method the claim would be assessed as per invoice value of the damaged goods i.e Rs 1.60 lakhs .But as per the stated section the claim would be assessed as Rs 2.64 lakhs not the invoice value of damaged goods.

Gross Arrived Damaged Value: Rs 1,60,000/-

Gross Arrived Sound Value (Damaged Goods): Rs 4,00,000/-

Difference: Rs 4,00,000/- -Rs 1,60,000/- = Rs 2,40,000/-

Depreciation= $240000 * 100 / 4,00,000 = 60\%$

Claim amount 60% of Rs 4,40,000/- = Rs 2,64,000/-

It seems to be illogical but the Surveyor should follow the law of land.



BROWN & WHITE GOODS' EXTENDED WARRANTY INSURANCE

In this age of consumerism, manufacturers of brown and white goods vie with each other to provide value added service to customers. One such value addition is through an extended warranty insurance cover. This insurance is majorly reinsurance driven as no insurer will sell it off the shelf. Let us briefly see the features of this product.

This insurance will indemnify the Insured, for both parts and labour, based on the original purchase price of the electronic good/appliance, if the electronic good / appliance fails to operate, due to any sudden and unforeseen mechanical or electrical breakdown, not caused by or arising out of any exclusions mentioned here below, occurring during the validity of this insurance, after the expiry of manufacturer warranty.

Terms and Conditions :

Brown & White Goods' Extended Warranty applies to the parts and labour in respect of the product stated on the dealer Invoice for electrical and mechanical defects only.

What is Covered ?

Product repairs from authorized service centers carried out free of cost to its normal operating condition after it has suffered a covered failure. This Extended Warranty program covers the labour, parts and associated charges, excluding transportation towards on-site repairs, necessary to repair the product subject to the exclusions listed as below.

Product Flexibility:

Extended Warranty only covers a product which:

- ✿ Is purchased as new from retailer, dealer/distributor.
- ✿ In case of consumer products such as electronics and major appliances, the use is or has been limited to domestic and personal use. Office products such as facsimile machines and computers are covered for home and office use.

Exclusions :

1. No liability is accepted towards losses which are covered under the electronics, Appliance manufacturer's warranty or similar guarantee.
2. Loss or damage caused by wear and tear or normal deterioration.

3. Any defect that is not initially covered by manufacturers or suppliers warranty.
4. Routine maintenance, cleaning, lubrication, adjustments or alignments, overhaul, modification and de-scaling.
5. Any defect caused as a result of improper usage, negligence, transit/transportation damage and willful misuse.
6. Loss or damage caused by extraneous perils such as Fire, Explosion, flood, earthquake, accident, sand, water, or other natural calamities, voltage fluctuation, theft, attempted theft, malicious damage, and accidental damage.
7. Reception or transmission problems resulting from external causes / perils.
8. Video/audio head, plugs, batteries, control knobs, connecting cords, remote control, cartridges, cabinets, smart cards, dust bags, air/water filters, fuses, light bulbs, fluorescent tubes, related starters, attachments, cables, light covers or rain covers and other consumables as applicable.
9. Data/hardware corruption arising due to computer virus infection.
10. Modification/alteration or any sort made to the circuitry, original design of the appliance.
11. The Serial Number/Model number of the set has been tampered with or removed.
12. Any defect caused by usage of wrong power supply, voltage, video head cleaning, corrosion, rust or stains or any problem with supply of electricity, gas or water.
12. Any appliance, which has been used for commercial or rental purposes.
13. Should necessary spare parts for repair be subject to import restrictions of a country resulting in delay in repairs, there will be no liability on the insurers arising out of such delay.
14. Appliances being recalled by the manufacturer.
15. Claims arising from the failure to follow manufacturer's instructions.
16. Labour Costs, if no fault is found in the appliance is not covered.
17. Cosmetic damage including but not limited to damage to paintwork or dents or scratches.
18. Costs due to rust, corrosion or water damage.
19. Unauthorized repairs performed by third parties.
20. Loss or damage to recording media, software or data, software defects or software generated problems.
21. Any loss or damage to a person or property, direct, consequential or incidental damages arising from the use of or inability to use the appliance.

Specific Exclusions

IT, Office Automation & Mobiles

1. Software, including the operating system and software added to the appliance, third party software or the reloading software.
2. Replaceable printer heads.
3. Previously repaired by a non approved service centre or service agent, including case changes and the like.
4. Loss of stored data during the process of dismantling for repairs.

Consumer Electronics & Home Appliances

1. Air Filters, Evaporator Coils, Condenser Coils, Gas Charging, Circuit Breakers, Voltage Stabilizer, Scanners, Remote Control, Sheet Metal Parts, Thermo-coal parts and all plastic parts.
2. Incomplete installation or incorrect operation or incorrect voltage and, excessive use and maintenance, cleaning or damage resulting from failure to perform normal maintenance as outlined in the owner's manual.
3. Any food or medicine loss due to product failure.
4. Coverage is only provided on Split & Window ACs, upto 3 Ton capacity.

Limitation of liability:

The total repair cost payable under this insurance shall not exceed the purchase price of the electronic good/appliance.

If the costs of repairing the electronic good/appliance including the spare parts and labour are more than or equal to the purchase price of the electronic good / appliance covered by this insurance, then the insurer is entitled to consider the electronic good/appliance as total loss and compensate the insured with the value of the electronic good/appliance after deducting the depreciation rate as per the table below:

Age of the device on the date of failure	Depreciation
Up to 1 year	10%
> 1year up to 2 years	25%

Case Study

HYDERABAD OMBUDSMAN CENTRE CASE NO. IO (HYD) / G - 11.005.423

SHRI FAIZ ANSARI VS ORIENTAL INSURANCE CO. LTD.

AWARD DATED 13.6.2005

The complainant's xerox machine purchased under a loan financed by State Bank of Hyderabad was covered under a Standard fire policy. Machine was damaged in a fire accident on 24.5.2004. Claim was intimated both to insurer and bank. Insurer rejected claim on the ground that there was change of address which was not informed to them. As such, under General Exclusion No. 13, the claim merited repudiation. Complainant contended that change of address was intimated to both bank and insurer on 18.5.2004. Bank has in turn intimated the same to the insurer vide their letter dated 21.5.2004 which is well before the accident. Insurer contended that they received the letter on 3.6.2004. Hence, they are not liable to honour the claim. Held : Complainant produced evidence of having sent the letter to the insurer on 18.5.2004. The date seal of the post office indicates the date of despatch. Since the bank's letter is dated 21.5.2004, it is evident that the intimation was made within time. It is unfortunate that the insurer did not receive the letter. Hence they are directed to honour and pay the claim as per the surveyor's assessment.



Case Study

AHMEDABAD OMBUDSMAN CENTRE CASE NO. 11.002.0049

DR. JAYKUMAR C. SHAH VS. THE NEW INDIA ASSURANCE COMPANY LTD.

AWARD DATED 04.10.2004

CLAIM UNDER P.A. POLICY.

Complainant's wife sustained injury when she fell down from the staircase while climbing it. Respondent offered 3 weeks TTD initially, but revised it upto 5 weeks TTD. However, the Complainant demanded for 6 weeks TTD as recommended by the Treating Surgeon. Complainant pleaded that no reason was adduced by the Respondent for not settling the claim fro 6 weeks TTD. Respondent submitted that their MR recommended for 3 week TTD after physical examination of the insured. On representation from the Complainant they again referred the case to another MR who recommended 5 weeks TTD. Weightage was given to the treating Surgeon's recommendation. Allowed 6 weeks TTD.

