Salasar Services Insurance Brokers Pvt. Ltd.

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Registered Office : 23A, NETAJI SUBASH ROAD, 6TH FLOOR, KOLKATA - 700001
Branch Offices : Kolkata, ICC, New Delhi, Mumbai, Guwahati, Raipur, Noida, Kanpur & Dibrugarh, Ahmedabad
Telephones : (033) 3049 2601 – 2620

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Banks rush to buy cyber security cover as digital payments rise

At a time when cyber threats are on the rise for banks for increasing cashless transactions and effects of demonetization, insurers see rise in demand for cyber insurance and cyber liability insurance, in particular. This is despite the fact that the industry base for cyber insurance is currently as low as Rs 60 crore. There are various cyber insurance covers available in the country, but it is the cyber liability insurance which is in maximum demand for the banks, say insurers.

Non-life insurers that provide cyber insurance cover include New India, National, ICICI Lombard, Tata AIG, HDFC Ergo and Bajaj Allianz. Country's largest lender State Bank of India (SBI), which fell victim to cyber frauds some time back, is now considering insurance to protect its 30 crore customers. 3.2 million debit cards belonging to different banks were hit by cyber frauds where their ATM details were compromised. Several victims even had reported unauthorized usage from locations in China.

The worst-hit card-issuing banks in the episode included SBI, HDFC Bank, ICICI Bank, YES Bank and Axis Bank. Banks either had to replace or asked users to change the security codes of as many customers. Even though SBI didn't suffer any big financial losses due to the data compromise episode, still as a precautionary measure, it had blocked 6 lakh debit cards. Bank of Baroda, which had seen around 1 lakh of its debit cards being compromised in the recent episode, is also keen to go for such insurance covers in future.

GROUP HEALTH COVER CAP UP 1ST TIME IN 5 YEARS

For the first time in past five years, the average health insurance cover provided by organizations has increased from Rs 3 lakh to Rs 3.5 lakh, and room rental cover during hospitalization has increased to Rs 4,000 from Rs 3,000 per day. Also, another trend in health insurance is that employees are chipping in to buy a wider range of benefits from employer-funded group covers.

Until now, insurance companies have been periodically hiking health insurance rates due to high claims in group insurance policies. Many employers had been responding to the rate hikes by placing curbs on covering parents or other restrictions on the cover. But employers are now discovering that employees are willing to pay out of their pocket for a wider cover.

The trend of growing dependence on employer cover even as companies pull back is clearly visible on parent coverage. According to Marsh, cost-sharing is crucial for sustainability of the parental cover. "Only 35% companies fully pay for parents' insurance as against 41% in 2015 and 45% share premium cost as against 35% in 2015," the survey said. Because of this cost sharing, the proportion of organizations that facilitate parents' coverage has increased to 80% from 76% in the previous survey.

Almost 90% of the respondent employees were found to be willing to share premium costs, and buy organization-offered and -facilitated voluntary benefit plans. Of this, approximately 37% respondents are willing to part with 3-5% of their salary and 30% are willing to spend in excess of 6%.The survey showed that as compared to last five years, for the first time the median sum insured of medical insurance has increased from 3,00,000 to 3,50,000 along with an increase of Rs 1,000 in room rent eligibility limit.

CARE FOR PARENTS, ELSE YOUR PAY WILL BE CUT: ASSAM GOVERNMENT WARNS ITS EMPLOYEES

Presenting a Rs 2,349.79 crore deficit budget on 7th Feb 2017, it was said every government employee must take care of his or her parents. If they don't, the government will deduct a part of the employee's salary and give it to the neglected parents for their sustenance. The government also decided to provide each of about 5 lakh employees' two sets of khadi and handloom dresses annually. Giving thrust to 'swadeshi values', the finance minister proposed to annually reimburse each employee up to Rs 1,000 spent on two sets of khadi or handloom apparel.

Rs 287 crore has been allocated in the budget for paying Rs 5,000 to each of 6.5 lakh tea plantation workers who opened bank accounts. A separate allocation has also been made to transfer Rs 12,000 in the account of each pregnant plantation worker. Besides, a fleet of 40 mobile medical units would be provided across some 850 tea estates to meet healthcare needs of the plantation workers.

These proposals are expected to assuage tea garden workers who had faced hardships after demonetization of high-value banknotes in November last year. Plantation workers, their dependents and 'ex-tea tribes' (Adivasi communities no longer associated with the tea industry) comprise about 18% of Assam's voters and are a deciding factor in at least 30 of the state's 126 assembly seats. Other proposals in the budget include setting up of a wildlife court in Kaziranga National Park, primary to try cases of rhino poaching and entertainment tax rebate of 50% for multiplexes that guarantee screening of regional films for a substantial period of time.

NEW INSURANCE POLICY FOR MIGRANTS

Nepali migrant workers can get health insurance coverage for 15 types of critical illness from tomorrow as the Insurance Board has fixed the insurance premium at Rs 400 for the same. The IB has already instructed the insurance companies to provide coverage for critical illness to migrant workers in their term life insurance. The government has made insurance mandatory for those going overseas for employment.

The 15 types of critical illness defined by the government include cancer, kidney failure, primary pulmonary arterial hypertension, multiple sclerosis, major organ transplant, coronary artery bypass grafts, aorta graft surgery, heart valve surgery, stroke, myocardial infarction (first heart attack), coma, total blindness, paralysis, benign brain tumour and mental illness caused due to an accident (traumatic). Along with the provision to insure for critical illness, the insurance coverage for migrant workers has now reached Rs two million.

INDIA SEES LARGE RISE IN CYBERCRIME

Cyber security incidents are seeing a significant rise in India in the past year, said a recently released joint study from PwC and the Associated Chambers of Commerce & Industry of India (ASSOCHAM).

The Indian Computer Emergency Response Team (CERT-In) has reported close to 39,730 security incidents in the first 10 months of 2016, noted the study titled 'Securing the cashless economy. This compared with 44,679 and 49,455 observed during the years 2014 and 2015 respectively, The study also noted that with more time to detect and time to respond to these attacks, the return on investments for cyberattacks is greater in emerging markets like India as compared to developed markets like the US.

Rise of mobile wallets and e-commerce

Demonetisation has given an impetus to e-wallet services. Mobile wallets have witnessed a massive rise in app downloads. With programmes for financial inclusion, digitisation of the economy and increased use of smartphones, online transactions are already quite popular among the urban Indian population. The result has been that leading mobile wallets have witnessed growth of upwards of 100% in app download numbers and have similarly seen an increase of upwards of 400% increase in wallet recharges, said the study.

This smartphone revolution has led to the emergence of e-commerce, m-commerce and other services, including app-based cab aggregators, who encourage digital payments for use of various services. The value added services such as cash back, bill payment facilities, loyalty points, rewards and ease of use have promoted increased usage of such digital platforms.

Cyber security resilience needs improvement

The impact of this transformation makes it imperative for financial service players to revisit and enhance their cyber security resilience. The number of incidents occurring in banking systems has increased in the last five years, with the most major recent incident the ATM card hack in October 2016 that affected 3.2 million debit cards.

Dr. Ajeet Bajpai, Director General, National Critical Information Infrastructure Protection Centre, NTRO said that users should question why, for example, a banking app would want to access the camera and audio of their phones. He added that biometric solutions may actually be more compromising, and further transactional literacy would be needed.

Monitoring, testing and hyper-interoperability

The study noted that more intelligent transaction monitoring will have to be carried out as part of continuous surveillance. Crisis response and recovery strategies will have to step up, and security awareness of all the stakeholders. Security assessment and testing will need to be embedded into the agile development life cycle. Agile security testing methods based on automation will have to be adopted.

With the new digital era creating hyper-interoperability across different value chain players and the creation of multiple application programing interfaces (APIs), this means that the customer gets a more seamless experience but there is a risk of malware injections through such APIs. With faster proliferation of interfaces, protecting APIs will become critical to ensure malware and persistent threats do not propagate through such untrusted / untested APIs.

Stronger authentication required

In the new cashless world, frauds will be driven mainly by impersonation and will become a daily affair. Accordingly, the need for stronger authentication of transactions will gain significance. The current techniques of authentication based on location and timing will no longer be adequate, and adaptive authentication will need to be embedded into transaction processing. Regulators and organisations will need to invest in strong processes and technology to prevent the misuse of context-driven rich personally-identifiable information.

In the new digital/ cashless economy, mobility-based solutions will continue to gain prominence, hence, security concerns will no longer be limited to the organisation architecture boundaries. In order to ensure endpoint security containerised apps with built-in advanced persistent threat (APT) capabilities will have to be developed. Controls for in memory data and additional controls like device certification will be considered. To ensure security of data in endpoints, there may be a requirement for guidelines to define the kind of sensitive data that end devices retain. Hence, the next generation financial infrastructure may involve the adoption of advanced end-user device management solutions.

Real-time with no boundaries

The study found that given the interdependence on the all the players of the interconnected and overlapping financial ecosystem, it becomes crucial to identify any anomaly at a pace which mirrors real time or near real time.

The security boundaries of the various players will be extended to end users, third parties and other ecosystem partners. Security controls will no longer be defined in contracts limited to uptime and resolution of vulnerabilities, but will actually be embedded in the partner ecosystem. The process for monitoring of parameters will also have to be integrated with the company's incident response framework.

With cybersecurity programmes going beyond the traditional scope, regulators may have to start thinking across industries and develop an awareness programme that addresses this need.

HEALTH PREMIUMS LIKELY TO GET COSTLIER FROM NEXT FISCAL

Health insurance premiums are likely to get costlier from FY18 with general insurers seeking a price revision from April 2017. Both public sector as well as private sector general insurance companies have sought a premium hike of 18-20 percent in the health policies. A senior public sector insurance executive said that they have written to IRDAI seeking a revision of premiums. They have sought a hike of 20 percent in premium. Group policies are renewed every year and premiums are revised upwards or downwards based on the claims experience in the particular group of customers.

As per current rules, premium of a health product cannot be changed for a period of three years after a product has been approved. Any change in price has to be approved by Insurance Regulatory and Development Authority (IRDAI) before it can be charged to customers. The regulation, as they stand now, stipulate that once pricing is changed, it could again be hiked only after three years. As per the IRDAI Health Insurance Regulations 2016, premiums that have been revised after three years can be revised again after one year based on the claims experience. The regulator had mandated that insurers can offer individual health products with a minimum tenure of one year and a maximum tenure of three years, provided that the premium remains unchanged for the tenure. Health inflation is said to be in the range of 15-18 percent and this is linked to medical costs including room rent and price of devices. With this, health insurance claim costs have also gone up, both in cashless and reimbursement policies. Premiums for health insurance products are worked out on the basis of the type of the policy, inclusions, network hospitals and location. Hospitals in the metro region have a higher claim payout due to higher room rent and allied costs of surgery and doctors.

For instance, a cover of Rs 1 crore with critical illnesses and other benefits covered for a 25-year-old male could cost Rs 45,000-Rs 50,000. If he is a smoker, the premiums go up since the risks of ailments associated with it is also higher. Company officials also said that since the health sector does not have a regulator, hospitals also tend to overcharge customers with a health insurance policy and the insurer in turn is required to bear the costs. While there is a call to have standardised rates across hospitals for similar procedures, this is yet to be implemented in the country.

WHERE INSUFFICIENT EVIDENCE DOES NOT CONCLUSIVELY PROVE THE CARRIER'S LIABILITY

Where insufficient evidence does not conclusively prove the Carrier's liability, the recovery from the Carriers is not possible due to a general lack of evidence to support the claim. Most often the damage to a consignment is not noted until after the cargo has been delivered to the consignees. This means that there is usually a delay before the cargo is surveyed. Since the Carrier's responsibility will most often end at the Container freight station where cargo is de-stuffed from the container, the resulting delay between destuffing and survey provides a window in which the damage could have occurred outside the carrier's custody, yet still be covered under the policy.

In such cases, a claused delivery receipt will prove that the consignment was delivered in damaged/shortage condition.

However, where the consignment is delivered in apparently sound packing/ intact seal container but damage/shortage of the consignment is subsequently detected after opening of the packages and/or destuffing of the containers, it is virtually difficult to make the Carriers responsible, if no evidence of damage to packing cases is observed.

In such circumstances, the Carriers will not participate in joint survey with the insured and/or their representatives unless it can be proved that the packages/containers have not been handled with due care.

The carriers may not accept the liability in the following cases

1. Where the Carriers refuse to accept liability for the loss and the claim is not for a value which would make legal action attractive
2. Where the Carriers do not respond to claims without legal intervention which is not justified due to value/evidence

However, it is to be ensured that the end of the day we are left with a reasonable underwriting surplus. To achieve this, not only proper underwriting control is necessary but it is also of utmost importance that necessary steps are taken to minimize the losses.

1. To apply immediately for survey by Carriers or other Bailees Representative if any loss or damage be apparent and claim on the Carriers or other Bailees for any actual loss or damage found at such survey
2. If the container is delivered, damaged or with seals broken or missing or with seals other than as stated in the shipping documents to clause the delivery receipt accordingly and retain all defective or irregular seals for subsequent identification

Since the containers carrying the consignment of the insured were delivered in apparently sound condition, the insureds were unable to approach the Carrier to attend for a joint survey with the insureds.

As the insureds did not commit any breach in policy condition by not exercising their right to preserve recovery against the Carriers, the claim is to be considered as "Standard one".

LISTING OF STATE GENERAL INSURERS MAY BE STAGGERED. HERE IS WHY?

The public listing of five non-life general insurance companies will most likely be spaced out. New India Assurance and General Insurance Corporation of India (GIC Re) will probably be hitting the capital markets in FY18 while others will be listed in subsequent years. Last month, the Cabinet gave its nod to list five non-life general insurance companies as part of government's move to reduce its stake to 75 percent from 100 percent in the insurers. Oriental Insurance Company, National Insurance Company, New India Assurance, United India Insurance and national reinsurer General Insurance Corporation of India, or GIC Re are the five insurers who will be listing. "The aim is to complete the process of listing of at least two players by March 2018. Solvency and underwriting performance are the top criteria," said a senior ministry official. The reasoning behind this more staggered listing process is to give investors enough time between each initial offer.

The chairman of a public sector general insurance company on road to listing explained that it will not be wise to get all the PSU non-life insurers listed at the same time. "We do not want investor appetite to wane with multiple listings in the same year. Hence, the government may decide on only one or two listings for FY18," he added. A final note on the process and structure of the listing of the five entities will be circulated by the government among the stakeholders in the next few weeks. Among other reasons for the staggered process is also the fact that the solvency ratio of two of these insurers namely National Insurance (126 percent) and Oriental Insurance (114 percent) are below the prescribed minimum limit of 150 percent. A solvency ratio is a measure of the risk an insurer faces of claims that it cannot absorb. Further, the ministry also wants all the four general insurers to improve their underwriting positions and have a better pricing mechanism to minimize losses, so that a better picture can be presented at the time of listing of the entities. All these PSU insurers will also have to deal with minor hiccups like convincing their employee unions and take them into confidence before the IPO drafts are filed with the respective regulators.

ICICI Prudential Life Insurance is the first insurance company to get listed on the stock exchanges. It listed on September 29, 2016. While it is trading at a healthy price currently, it had listed below its issue price of Rs 334 a share on both Bombay Stock Exchange and National Stock Exchange even after the public issue was oversubcribed by 10.5 times. After the Cabinet nod, the insurers have begun discussions to get a banker on-board for the Initial Public Offering (IPO). The timeline of the IPO will also be given by the government and once appointed, the bankers will take the deal forward. After bankers begin the process of valuation and take a decision on how much divestment of stake will be done, the respective boards of the insurers will meet to give their approval to the structure. Following this, the insurance companies will need to take an approval from regulatory bodies like Insurance Regulatory and Development Authority of India (IRDAI) and Securities and Exchange Board of India (Sebi).

Post this, a draft red herring prospectus (DRHP) will be filed with Sebi for approval. Once this final approval is secured, roadshows will begin to gauge investor appetite for the IPO.

ORIENTAL INSURANCE, NATIONAL INSURANCE AND UNITED INDIA INSURANCE LIKELY TO BE MERGED TO FETCH BETTER VALUATIONS

India's state-owned general insurance giants Oriental Insurance, National Insurance, and United India Insurance, who together have 34 per cent of the total market share and underwriting total direct premium of over Rs. 33,000 crore, are likely to be merged to create a stronger entity to fetch better valuations at the time of listing.

In January the government formally approved to list five state run general insurers while announcing its intent to pare its stake in these firms to 75 per cent in one or more tranches. "It is in a preliminary stage. We are looking at various options," a senior finance ministry official said. The listing plans of GIC Re, the state-owned reinsurer and New India Assurance is already in the works, the official said.

"Consolidation in state-run companies is being explored across all sectors. In insurance, it is necessary that we have presence of staterun entities as they serve the larger purpose of financial inclusion and also to ensure there is there is enough competition," he said. Finance minister Arun Jaitley in his budget speech said one of the themes under the broad agenda in financial sector is 'growth and stability through stronger institutions.' "In that spirit, we are looking at various options," the above quoted finance ministry official added.

According to insurance regulator Insurance Regulatory and Development Authority of India (IRDAI) annual report 2015-16, market share of Oriental declined to 8.63 per cent in 2015-16 from 8.75 per cent in the previous year and National Insurance fell to 12.43 per cent from 13.27 per cent in 2014-15.

These three firms have also been struggling with their solvency ratio, a measure of excess of capital and assets over the insured liabilities. Thus, the government may not be able to unlock their full potential if individually listed.

"We have to look at all aspects, including HR issues. These decisions take time," the above quoted official added.

Oriental Insurance Company has a solvency margin of 1.1% and National Insurance Company is at 1.26 per cent against the regulatory requirement of 1.5 per cent. United India stands at 1.56 per cent but had notched up net losses of Rs.429 crore in the first half of the current fiscal.

"By these methods, central public sector enterprises (CPSEs) can be integrated across the value chain of an industry. It will give them capacity to bear higher risks, avail economies of scale, take higher investment decisions and create more value for the stakeholders," Jaitley said in his budget speech.

SIGNIFICANCE OF FINANCIAL SECURITY IN REINSURANCE

A. Managing Reinsurer's Security

1. Importance of Credit rating:

When reinsurances are ceded and accepted it is important to establish the credit rating of the reinsurer with reference to his:

a) Business continuity
b) Ability to settle, and
c) His country's foreign exchange position

Where this was previously a matter for individual internal evaluation by insurers and brokers based upon assessment of balance sheet and historical technical result of each reinsurance transaction, such evaluation has now been augmented by agencies performing credit rating.

This credit rating is used by insurers and reinsurers to inform the markets of their financial strengths.

Furthermore, the opinion does not take into account:

a) Deductibles,
b) Surrender or cancellation penalties,
c) Timeliness of payment,
d) Nor the likelihood of the use of a defense such as fraud to deny claims.

For insurers and reinsurers with cross-border or multinational operations, including those conducted by subsidiaries or branch offices, the ratings do not take into account the potential that may exist for foreign exchange restriction to prevent financial obligation from begin met.

Credit rating are based on information furnished by rated insurer or reinsurers or obtained by the rating agency from other sources it considers reliable. No audit is performed in connection with any rating and an agency may on occasion rely on unaudited financial information. Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of required information or for other reasons.

Credit ratings do not refer to an insurer's or reinsurer's ability to meet non-policy (i.e. debt) obligation. Assignment of ratings to debt issued by insurers or to debts issue that are fully or partially supported by insurance policies, contracts, or guarantees is a separate process from the determination of an insurer's or reinsurer's credit rating and follows rating procedures consistent with credit rating definitions and practices.

2. Managing Reinsurer Security

Rating are recognized worldwide as the benchmark for assessing insurers' financial strength. Ratings done by agencies are expected to reflect an In-depth Knowledge of the insurance and reinsurance industry developed by an agency over a period of time, Insurance and reinsurance professional develop confidence in use and understanding of an agency's rating and rely upon it in their decisions.

Global rating coverage of the insurance and reinsurance industry includes:

a) Life,
b) Nonlife (including auto and homeowner carriers)
c) Title,
d) Health care (including third party administrators)
e) Alternative risk vehicles (e.g., captives and pools)
f) Lloyd's (including comprehensive analysis on its managing agents) and
g) Reinsurance.

Credit rating goes beyond individual companies and assesses a country's overall strength for reliability, return and repayment of principal and interest from an investor's viewpoint. Such ratingis known as sovereign rating.

It is an established convention that the individual insurer rating however good is subordinate to its country's rating. Hence a well rated insurer in a country would be poorly rated if the country's sovereign rating is poor.

The analytical process in evaluation by an agency incorporates a host of quantitative and qualitative measures, including comparisons to peers and industry standards as well as assessment of an insurer's and reinsurer's operating plans, philosophy and management.

Rating methodology is continually fine-turned and adapted by agencies to reflect ever-changing industry, regulatory and legal developments, as well as changes in underlying business fundamentals.

Dealing with reinsurance would expose an insurer or a reinsurer to credit risks and potential stains on liquidity. He would need to manage his reinsurance security risk diligently. Although he may deal with well rated insurers or reinsurers it is likely that credit risk associated with reinsurance recoverable is higher than industry standard. Managing reinsurance security along these lines would leverage profits from risk taking.

B. Establishing Criteria for security Evaluation

3. Selecting Reinsurers:

Traditionally reinsurers were chosen on the strength of their professional reputation and for their technical support services. This led to the emergence and growth of giant professional reinsurers whose priority is to deal directly without the use of an intermediary.

Otherwise, largely, reinsurers were chosen by broker's reference in his efforts to place covers. The broker presented his internal evaluation of the financial and reinsurance performance to the ceding insurer or reinsurer in facilitating an informed decision for selecting a reinsurer. With the emergency if credit rating even regulators find it useful as a tool to limit the credit risk of the whole market in India IRDA has stipulated the use of reinsurers with eating not less than BBB.

This can change with relative new financial strengths of the Indian market. In selecting the reinsurer this must be complied.

An insurer or reinsurer in any market can define a rating level, higher than stipulated by the Regulator if there be such stipulated, as an internal guideline to transact for reinsurance.

This would be the first step in selecting a reinsurer. Other issues pertaining to the reinsurance performance in the class and arrangement would be examined following this initial assessment.

4. Establishing Criteria for Security Evaluation: As adopted by credit Agencies

The rating agencies assess the capacity of insurers and reinsurers to settle claims. This provides the policyholders with a reliable option about the soundness and capacity of insurers or reinsurers as is the case with bank deposits and other debt instruments.

The methodology used involves an examination of the insurer's investment portfolio, investment goals, asset quality and liquidity traits, all of which will enable the eater to come to a conclusion about the risk profile of the portfolio. The rating process will not be specified to any specific policy or contract.

The rating process throws light on the insurance companies' pricing strategies, hedging operations, asset-liability management and exposure to reinsurance.

The key areas that a credit Rating Agency look at include:

a) The regulatory framework
b) Industry analysis
c) Business and product profile
d) The selling and distribution system
e) The quality of the management of the insurer
f) Flexibility in product pricing
g) Underwriting (estimates of amounts necessary to cover costs)
h) International operations of the foreign partners
i) The investment and loan portfolio- liquidity and loan profile
j) The extent of reinsurance taken in each line of business and
k) The leverage (the ratio of net premiums written to policy holders' surplus)

C. Financial Strength Ratings:

5. Financial Strength Ratings

The financial strengths are referred to differently as 'very strong' 'strong' to 'poor'.

Credit rating agencies continuously monitor the rating of having assigned it once to an insured and continue to update the market by disseminating information regarding newly assigned rating and changes in earlier rating promptly through press releases and websites.

Credit rating agencies, in all cases, follow an established rating process. They have professional rating committees, comprising members who are adequately qualified and knowledgeable to assign a rating. All rating decision, including decision to change a rating, are taken by the rating committee, CreditWatch highlights the potential direction of rating, focusing on identifiable events and short-term trends that cause rating to be placed under special surveillance.

These events may include:

a) Mergers,
b) Recapitalizations,
c) Voter referenda,
d) Regulatory action or
e) Anticipated operating development.

6. Major Rating Agencies:

The major and popular names of credit rating agencies worldwide are:

a) Standard and poor
b) A.M.Best
c) Moody's
d) Duff& Phelps

In India, the following credit rating agencies are known to investing public.

a) Credit Analysis & Research Limited (CARE)
b) Credit Rating Information Services of India limited (CRISIL)
c) Duff & Phelps Credit Rating India Private Ltd. (DCR India)
d) Investment Information and Credit Rating Agency of India (ICRA)

In India, the IRDA monitors, solvency margin of insurers and reinsurers as a key measure of their financial health and business continuity.

2016 STELLA AWARDS

Interesting awards on liability insurance

It's time again for the annual 'Stella Awards'! For those unfamiliar with these awards, they are named after 81-year-old Stella Liebeck who spilled hot coffee on herself and successfully sued the McDonald's in New Mexico, where she purchased coffee. You remember, she took the lid off the coffee and put it between her knees while she was driving.

Who would ever think one could get burned doing that, right? These are awards for the most outlandish lawsuits and verdicts in the U.S. You know, the kinds of cases that make you scratch your head. So keep your head scratcher handy.

Here are the Stella's for this past year --

SEVENTH PLACE

Kathleen Robertson of Austin, Texas was awarded $80,000 by a jury of her peers after breaking her ankle tripping over a toddler who was running inside a furniture store. The store owners were understandably surprised by the verdict, considering the running toddler was her own son!

Start scratching!

SIXTH PLACE

Carl Truman, 19, of Los Angeles, California won $74,000 plus medical expenses when his neighbor ran over his hand with a Honda Accord.

Truman apparently didn't notice there was someone at the wheel of the car when he was trying to steal his neighbor's hubcaps.

Scratch some more...

FIFTH PLACE

Terrence Dickson, of Bristol, Pennsylvania, who was leaving a house he had just burglarized by way of the garage. Unfortunately for Dickson, the automatic garage door opener malfunctioned and he could not get the garage door to open. Worse, he couldn't re-enter the house because the door connecting the garage to the house locked when Dickson pulled it shut. Forced to sit for eight, count 'em, EIGHT days and survive on a case of Pepsi and a large bag of dry dog food, he sued the homeowner's insurance company claiming undue mental anguish.

Amazingly, the jury said the insurance company must pay Dickson $500,000 for his anguish. We should all have this kind of anguish.

Keep scratching. There are more...

Double hand scratching after this one...

FOURTH PLACE

Jerry Williams, of Little Rock, Arkansas, garnered 4th Place in the Stella's when he was awarded $14,500 plus medical expenses after being bitten on the butt by his next door neighbor's beagle - even though the beagle was on a chain in its owner's fenced yard. Williams did not get as much as he asked for because the jury believed the beagle might have been provoked at the time of the butt bite because Williams had climbed over the fence into the yard and repeatedly shot the dog with a pellet gun.

Pick a new spot to scratch, you're getting a bald spot...

THIRD PLACE

Amber Carson of Lancaster, Pennsylvania because a jury ordered a Philadelphia restaurant to pay her $113,500 after she slipped on a spilled soft drink and broke her tailbone. The reason the soft drink was on the floor: Ms. Carson had thrown it at her boyfriend 30 seconds earlier during an argument. What ever happened to people being responsible for their own actions?

Only two more so ease up on the scratching...

SECOND PLACE

Kara Walton, of Claymont Delaware sued the owner of a night club in a nearby city because she fell from the bathroom window to the floor, knocking out her two front teeth. Even though Ms. Walton was trying to sneak through the ladies room window to avoid paying the $3.50 cover charge, the jury said the night club had to pay her $12,000 ... oh, yeah, plus dental expenses.

Go figure.

Ok. Here we go!!

FIRST PLACE

This year's runaway First Place Stella Award winner was: Mrs. MervGrazinski, of Oklahoma City, Oklahoma, who purchased new 32-foot Winnebago motor home. On her first trip home, from an OU football game, having driven onto the freeway, she set the cruise control at 70 mph and calmly left the driver's seat to go to the back of the Winnebago to make herself a sandwich. Not surprisingly, the motor home left the freeway, crashed and overturned. Also not surprisingly, Mrs. Grazinski sued Winnebago for not putting in the owner's manual that she couldn't actually leave the driver's seat while the cruise control was set. The Oklahoma jury awarded her ... are you sitting down? $1,750,000 PLUS a new motor home. Winnebago actually changed their manuals as a result of this suit, just in case Mrs. Grazinski has any relatives who might also buy a motor home.

If you think our court system is out of control, be sure to pass this one on.