



Salasar Services Insurance Brokers Pvt. Ltd.

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Govt mulls law to cancel driving licence for want of insurance

Approximately 80% of vehicle owners in the city do not renew their motor vehicle insurance. In case of an accident, the owner of the vehicle cannot claim insurance if premiums are not paid regularly.

Third-party insurance is called an 'Act only' because it is mandated under the Motor Vehicles Act so that compensation can be paid for death, injuries and damage to properties of persons other than the owner or driver of the vehicle. A person caught driving without valid insurance is liable to pay a fine of Rs. 1,000 or sentenced to three months' imprisonment, or both, he added. He also said that the government proposes to introduce a law to cancel driving licences and registration certificates of vehicles if the owner or driver is caught without having basic insurance.

HEALTH INSURANCE POLICY ON A TRIAL BASIS

This meant that if an insurer plans a product that would, for instance, offer dynamic pricing based on how active a person is, they could launch it for a few months and test it with a few customers. If the response is positive, they will bring it to the mass market. Your insurance company may soon offer a product on trial to see if it works in the market. With the insurance regulator allowing general insurers and health insurers to bring out pilot products, companies are readying products for a soft launch. Insurance Regulatory and Development Authority of India (IRDAI) notified a set of revised health insurance regulations. This brought a change to several of the existing rules around health insurance sales, pricing and product structure, including sale of products.

This meant that if an insurer plans a product that would, for instance, offer dynamic pricing based on how active a person is, they could launch it for a few months and test it with a few customers. If the response is positive, they will bring it to the mass market. Since IRDAI has asked insurers to encourage the wellness and preventive habits of the policyholders, it is anticipated that most of the pilot products would be a combination of features that encourage fitness and healthy behaviour. Health insurers, in particular, are looking to tie up with gymnasiums and swimming pools to identify if any of their customers visit these places on a regular basis. Based on the number of days of activity and number of hours that an individual works out on a weekly basis, customized insurance and better pricing will be offered.

However, it is not clear what will happen to those policies brought by customers during the pilot period and whether they will be eligible to switch to other products if this product is withdrawn from the market. Further, health Insurers can offer combi-plans, which could be a hybrid of health and any life plan. Since these products have tasted limited success in the past, insurers will also look at testing the waters before making an official launch of the product. Smart cards will also be issued across the board which will be a permanent identity card for customers for cashless products. This could even be valid for lifetime and the concept will soon be piloted with a target audience group.

KERALA GOVT TO PROVIDE FREE MEDICAL TREATMENT FOR MIGRANT WORKERS

Around 30 lakh such migrants in Kerala will get insurance coverage soon, as state officials will start the field work for implementing the same by end of May. By the end of May, proper numbers of internal migrant workers will be chalked out and cards will be provided for insurance coverage. Kerala will be the first state in the country to implement such a kind of scheme.

According to the senior official, the migrants, who are mainly blue-collar workers in the state, will get free medical treatment up to Rs 15,000 at state selected hospitals and they will also be able to claim Rs 2 lakh as accident death compensation.

GIC RE GETS IPO PLANS READY; APPOINTS 5 BANKERS

General Insurance Corporation of India, the state-owned reinsurance company, has moved a step closer to an initial public offering. It has selected HSBC, Citibank, Deutsche Bank, Kotak and Axis as merchant bankers for the planned issue and Cyril Amarchand Mangaldas as its legal consultant.

“We have appointed five bankers for the issue where Citibank is our lead manager,” said Alice Vaidyan, chairman and managing director.

“We should complete our process in six to eight months.”

The company, known as GIC Re, will hold its first meeting with the bankers on the issue on Monday. The corporation is awaiting word from the government on how much stake to offer. “We will dilute 25% in three years,” she said. “Listing will be good for GIC and for our growth expectations.” The government has allowed listing through a combination of an offer for sale of its shares and an issue of fresh equity.

GIC has a net worth of Rs 45,000 crore, including fair value, according to Vaidyan. Valuation of the company will depend on factors such as net worth, combined ratio and investment book. From a book value, net worth and assets point of view, GIC has strong financials.

The company is making underwriting losses but the combined ratio is better than that of most general insurance companies. GIC Re’s combined ratio is at 105%, while for others it is at 110% or more.

GIC Re will close its books on May 29. The company is waiting for general insurance companies to close their financial results. Its results depend on the performance of general insurance companies.

The cabinet approved listing for general insurance companies in January. New India Assurance was the first insurer to appoint bankers. It expects to list in six-eight months. United India Insurance, Oriental Insurance and National Insurance are currently not working on listing their shares.

MASSIVE RANSOMWARE INFECTION HITS COMPUTERS IN 99 COUNTRIES

A massive cyber-attack using tools believed to have been stolen from the US National Security Agency (NSA) has struck organisations around the world.

Cyber-security firm Avast said it had seen 75,000 cases of the ransomware - known as WannaCry and variants of that name - around the world.

There are reports of infections in 99 countries, including Russia and China.

Among the worst hit was the National Health Service (NHS) in England and Scotland. The BBC understands **about 40 NHS organisations and some medical practices** were hit, with operations and appointments cancelled.

HOW DID THE CYBER-ATTACK UNFOLD?

The malware spread quickly on Friday, with medical staff in the UK reportedly seeing computers go down "one by one".

NHS staff shared screenshots of the WannaCry program, which demanded a payment of \$300 (£230) in virtual currency Bitcoin to unlock the files for each computer.

Throughout the day other, mainly European countries, reported infections. Some reports said Russia had seen more infections than any other single country. Domestic banks, the interior and health ministries, the state-owned Russian railway firm and the second largest mobile phone network were all reported to have been hit.

Russia's interior ministry said 1,000 of its computers had been infected but the virus was swiftly dealt with and no sensitive data was compromised.

In **Spain**, a number of large firms - including telecoms giant Telefonica, power firm Iberdrola and utility provider Gas Natural - were also hit, with reports that staff at the firms were told to turn off their computers.

People tweeted photos of affected computers including a **local railway ticket machine** in Germany and a **university computer lab** in Italy. France's car-maker Renault, Portugal Telecom, the US delivery company FedEx and a local authority in Sweden were also affected.

China has not officially commented on any attacks it may have suffered, but comments on social media said a university computer lab had been compromised.

Coincidentally, finance ministers from the Group of Seven wealthiest countries have been meeting in Italy to discuss the threat of cyber-attacks on the global financial system.

They are expected to release a statement later in which they pledge greater co-operation in the fight against cyber-crime, including spotting potential vulnerabilities and assessing security measures.

HOW DOES THE MALWARE WORK AND WHO IS BEHIND IT?

The infections seem to be deployed via a worm - a program that spreads by itself between computers.

Most other malicious programs rely on humans to spread by tricking them into clicking on an attachment harbouring the attack code.

By contrast, once WannaCry is inside an organisation it will hunt down vulnerable machines and infect them too.

Some experts say the attack may have been built to exploit a weakness in Microsoft systems that had been identified by the NSA and given the name EternalBlue. The NSA tools were stolen by a group of hackers known as The Shadow Brokers, who made **it freely available** in April, saying it was a "protest" about US President Donald Trump.

At the time, some cyber-security experts said some of the malware was real, but old.

A patch for the vulnerability was released by Microsoft in March, which would have automatically protected those computers with Windows Update enabled. Microsoft **said on Friday** it would roll out the update to users of older operating systems "that no longer receive mainstream support", such Windows XP (which the NHS still largely uses), Windows 8 and Windows Server 2003.

INVESTIGATION OF FIRE DEBRIS

INTRODUCTION

A fire investigation is an unenviable task. The devastation, charred debris, collapsed structures, water soaked ashes, together with the smoke and stench, makes the task uninviting and seemingly impossible. The basic role of an investigation at a fire scene is twofold: firstly to determine the origin of the fire (the site where the fire began), and secondly to examine what it was that caused a fire to start at or around that location.

An examination would typically begin by trying to gain an overall impression of the site and the fire damage; this could be done at ground level or from an elevated position. From this, one might proceed to an examination of the materials present, the fuel load, and the state of the debris at various places.

Fire debris is a general term used to define the materials collected from a fire scene for laboratory examination. When a fire investigator suspects that a fire might have been deliberately set using accelerants such as ignitable liquids, it is possible to collect and analyse fire debris to see if such products are present. Combustion requires three elements heat, oxygen, and fuel. Fire will be extinguished when any one of these three elements is absent.

Fire does not burn solids or liquids (in general), but rather the gases formed above them. Heat acts to vaporize the liquid or solid, converting it to a gas which then combines with oxygen to "burn" above the liquid pool. Thus, when flammable liquids soak into material or run into "cracks" there will be insufficient oxygen to support combustion. In these cases residue of ignitable liquids can be collected.

CLASSES OF FIRE: -

Class - A

Fire involving solid substances types, textiles, plastics, paper, coal, wood etc.

Class - B

Fire involving liquid, alcohol, petroleum, oil, paint etc.

Class - C

Fire involving gases like methane, Hydrogen, Acetylene, LPG etc.

Class - D

Fire involving metal and their alloys Aluminium, Magnesium, Sodium, Potassium etc.

1. Electrical- (short Circuit/Overheating/static charge etc)
2. Mechanical - (Frictional Spark)
3. Chemical- (Exothermic Reaction /Incompatible Chemical)
4. Open Flames
5. Arson

COMMON CAUSE OF ELECTRICAL FIRE: -

1. Short Circuits

- ✦ Ageing of Insulating materials
- ✦ Damage of Insulating materials
- ✦ Poor Design & workmanship
- ✦ Components Failures & Extraneous factors

2. Overheating

- ✦ Overheating
- ✦ Bad/Loose contacts
- ✦ Corroded joints

- ✦ Poor ventilation
- ✦ Jamming of motors

3. Electrical Sparks

- ✦ Flammable dust/gasses

4. Lighting

- ✦ High Voltage- - High current

5. Static Electricity

- ✦ Belts & Pulleys

6. Human Factors

- ✦ Negligence
- ✦ Misuse
- ✦ Lack of skills
- ✦ Arson

CIRCUMSTANTIAL EVIDENCE FOR INSURANCE FRAUD: -

- ✦ Presence of Incendiary materials
- ✦ Multiple Origin of fire
- ✦ Suspicious Hours
- ✦ Holiday fires
- ✦ Vacant Buildings
- ✦ Recent departure of occupants
- ✦ Removal of valuable objects
- ✦ Building over insured

PROBLEMS IN ARSON INVESTIGATION: -

- ✦ Locating witnesses
- ✦ Locating & preserving physical evidence
- ✦ Determining whether victim is also the suspect
- ✦ Coordinating the investigation between police, fire and insurance agent.
- ✦ Determining if the fire was arson or some other cause

COLLECTION OF EVIDENCE: -

- ✦ Charred debris and related materials from the origin where the accelerant was placed.
- ✦ Igniting devices like fuses candles
- ✦ Samples of dry wall, plaster wood or other materials that may have been penetrated by flammable liquids
- ✦ Sample of the soil that may have been penetrated by flammable.
- ✦ Trace evidence possibly left by the arsonist such as hairs, clothing fibers, materials etc.
- ✦ Suspected clothing worn at the time of crime including shoes
- ✦ Liquid containing possible accelerants

PACKING OF EVIDENCE: -

- ✦ Use airtight glass containers Seal each collected item separately
- ✦ Seal each collected item separately and securely
- ✦ Make all containers with appropriate identifiers
- ✦ Documents locations from which evidence samples were collect by notes/photographs.

COMMON SAMPLING ERRORS: -

- ✦ Influential samples taking samples from the wrong place or materials
- ✦ Ineffective sample preservation techniques
- ✦ No comparison samples
- ✦ Not maintaining an evidence chain custody

COMMON SAMPLING ERRORS: -

Samples are extracted with suitable solvent and injected on the gas chromatographs/mass selective detector (GC/MSD).

The GC will separate all of the samples substances. The MSD will identify the sample substances.

MARINE CARGO ANNUAL POLICY

The Annual Policy is issued only in respect of goods belonging to the assureds or held in trust by them not under any sale or purchase while in transit by road or rail from specified depots/ processing centre to other depots / processing centre. The depots must be owned or hired by the assured but the processing units may not be owned or hired by the insured.

The acceptance of the proposal is subject to the following information:

- a. The particulars of transit.
- b. The total distance involved from one depot to another depot and/ or processing centre.
- c. Description of the goods.
- d. Estimated annual turn over.
- e. Single carrying limit at any one time.

The minimum rate of premium is 30 times of the chargeable rate.

The minimum premium for the policy is Rs. 5000/- only.

REINSTATEMENT OF SUM INSURED

The Sum insured under this policy shall stand reinstated as from the time of happening of an event giving rise to a valid claim and the Assured shall remain responsible to pay additional premium calculated at prorata daily basis for the remaining period of the policy on such reinstated amount counting from the date of the loss.

It is, however, understood that the total liability of the insurer during the policy period shall not exceed twice the sum insured stated in the policy.

SUM INSURED

The sum insured under the Annual Policy shall be the aggregate maximum estimated value on rail and/or road at any one time of all insured goods in respect of a specified transit. If specified transits are to be covered under one policy, the aggregate sum Insured shall be the sum total of the aggregate maximum estimated value on rail and/or road at any one time for each of the specified transits.

CONDITION OF AVERAGE

If at the time of any loss or damage happening to the goods in any specified transit, the total value of goods which were in transit at the time of such loss or damage is more than the sum insured in respect of their specific transit, the Assured shall be considered as being his own insurer for the difference, and shall bear a rateable proportion of the loss accordingly.

Peculiarity of the policy

- ✦ Condition of Average
- ✦ Reinstatement of the Sum insured

RETROCESSION

Inward Reinsurance is written by both professional reinsurers and direct writing companies. Practically, most insurers write inward reinsurance business besides the reinsurers.

WHAT IS 'RETROCESSION'

Retrocession is the practice of one reinsurance company providing services to another by insuring the activities of another reinsurance company. This is done by accepting business that the other company had agreed to underwrite. Retrocession can refer to the process of differentiating or diversifying assets by consolidating and then subdividing them among a number of stakeholders.

Retrocession is a type of insurance wherein a reinsurance company takes on part of the risk assumed by another reinsurance company. Similar to reinsurance, retrocession also aims to reduce risk and the liability burden of the initial reinsurer by spreading out the risk to other reinsurance companies. This process also protects the initial reinsurer and ensures that there are available funds when a huge amount of claims needs to be paid out.

THE FOLLOWING ARE THE KEY PLAYERS IN A RETROCESSION AGREEMENT:

- ✦ Client is the person who purchases insurance coverage.
- ✦ Insurer is the insurance company from whom the client purchases the insurance.
- ✦ Reinsurer is the reinsurance company that takes on part of the risk assumed by the insurer (also referred to as the cedant).
- ✦ Retrocessionaire is the reinsurance company that takes on part of the risk assumed by the reinsurer (also referred to as the retrocedent).

Retrocession is common in places that are prone to natural disasters like earthquakes and hurricanes. Due to the prevalence of natural calamities, insurance companies might not thrive if they do not have access to reinsurance and retrocession.

The coverage purchased by the reinsurance company from other reinsurers may be an excess of loss protection for own exposure to catastrophes or an excess of loss reinsurance protection for accumulation of losses in different branches of the business which may be affected by the same catastrophe.

Spiraling occurs when insurance products are traded and moved several times such that insurance companies already lose track of their origins. When this happens, it is possible that a reinsurance company will accidentally reinsure itself. This is similar to derivatives that are frequently traded in the financial sector.

Note that retrocession is not exclusively used in the insurance industry. It may also refer to the ceding of a territory due to a political agreement, political agitation or a treaty. In this case, the territory is returned to its original owner and all claims on the territory are abandoned.

If you are an insured client and your insurance company availed of reinsurance or retrocession, do not worry because your agreement with your insurance company shall remain valid and binding even if the reinsurer or the retrocessionaire fails to reimburse the insurance company

RETROCESSIONAIRE:

A transaction whereby a reinsurer cedes to another reinsurer (the retrocessionaire) all or part of the reinsurance that the first reinsurer has assumed. Retrocessional reinsurance does not legally discharge the ceding reinsurer from its liability with respect to its obligations to the reinsured.

Reinsurance companies cede risks to retrocessionaires for reasons similar to those that cause primary insurers to purchase reinsurance: to reduce net liability on individual risks to protect against catastrophic losses, to stabilize financial ratios and to obtain additional underwriting capacity.

RETROCEDANT:

In reinsurance transactions, when a reinsurer cedes all or a portion of assumed insurance to another reinsurer, the ceding reinsurer is known as the retrocedent.

THE KEY REASONS TO BUY REINSURANCE (OR RETROCESSION) ARE:

1	Capital efficiency (as an alternative to capital)	<ul style="list-style-type: none"> • to satisfy Regulator (such as C-ROSS), and • to expand efficiently
2	Profitability and portfolio management	<ul style="list-style-type: none"> • smooth peaks and volatility, and • control portfolio
3	Cost efficiencies/ Arbitrage	
4	Market intelligence/ reinsurer's expertise	



BREAKING DOWN 'RETROCESSION'

Retrocession can also refer to the voluntary act of returning ceded property currently under the control of one group to another group that often exhibited previous ownership of the aforementioned property. These property exchanges may potentially be made by request but are not the result of a forced transaction.

RETROCESSION IN INSURANCE

Retrocession occurs when one reinsurance company has other reinsurance companies partially underwrite some of its reinsurance risk. This diversifies the risks in a portfolio and helps to limit potential losses as a result of a catastrophe. For example, if a hurricane causes widespread damage to businesses, homes, automobiles and lives, a single insurer could face bankruptcy without retrocession.

RETROCESSION MARKET:

The very soft retrocessional reinsurance market is beginning to offer savvy underwriters and protection buyers an opportunity to arbitrage the market.

When reinsurance rates move so far and so fast as they have in recent renewal cycles opportunities to arbitrage the market can emerge, if the pricing of traditional reinsurance versus retrocession diverges to a degree. We are beginning to see a market environment that is conducive to this, which can enable underwriters to load up on risk with primary reinsurance deals and then to offload it to retrocession specialists at a cheaper cost, allowing them to profit from the arbitrage on pricing.

Of course this isn't always advised to be a very sound practice or strategy, in terms of sustainable underwriting, but it is yet another sign of the new low's we are seeing in reinsurance and retrocession pricing, as a result of the continued influence of excess and alternative capital on the reinsurance market.

Surplus levels of both traditional and alternative reinsurance capital combined with another benign year for losses in 2014 have led to additional price reductions in non-marine retrocession, according to global brokers, causing it to refer to the retro market as "very soft".

There are no indications of any slowdown in investors seeking access to reinsurance and retrocession as an asset with low-correlation, despite the overall returns falling. This appetite is helping to soften retro rates further as it is now a market largely backed by third-party investors and the capital markets.

The arbitrage opportunity that is emerging due to softened retrocession rates enables reinsurers to keep supporting their clients in a price-competitive market. Whether the opportunity remains for long will depend on how traditional reinsurance rates follow retro rates down

The softer retrocession market could also reflect pricing in the catastrophe bond market, where some of the capacity is deployed into retrocessional deals. It will be interesting to see whether there is an uptick in reinsurers issuing catastrophe bonds in 2015, as they seek to take advantage of cheaper capital from investors and lock-in retrocessional coverage using securitization.

RETROCESSION AND PROPERTY EXAMPLE:

Retrocession, in regards to property, applies to a situation where ownership of a particular property is relinquished to another party voluntarily. A well-known international act of retrocession is when Hong Kong was given back to the Chinese from the British in 1997. Britain claimed ownership of Hong Kong after the Opium Wars, and additional territory was subsequently leased to the British by the Chinese. On July 1, 1997, the lease ended and Britain officially transferred control of the area back to the Chinese.

INDIA: MOST ARE AWARE OF HEALTH INSURANCE, BUT LACK KNOWLEDGE

Awareness of health insurance among Indians is around 70%, but there remains poor understanding of what goes into health insurance, according to a survey commissioned by IRDAI.

The study, conducted by the National Council of Applied Economic Research (NCAER), shows that fewer than 50% understood the benefits of health insurance. In addition, awareness of key health insurance clauses was poor: fewer than 17% of urban households knew about pre-existing diseases being excluded and under 12% were aware that the insurance had exclusions.

The survey covered 30,200 households across the country. Considerable thought went into making sure that the sample represented the country and that the results could be benchmarked to a similar survey done in 2010.

The results also show that awareness and understanding of life insurance has improved significantly over the years. Over 83% of urban households are aware of life insurance. Over 75% of insured urban people said that life insurance is meant to compensate for loss of life. This proportion was about 51% five years ago.

The number of people who believe that life insurance compensated for damage or rebuilding assets has decreased. Life insurance is now increasingly seen as a savings and protection tool, wrote Mr Kapil Mehta, a co-founder of the insurance broker SecureNow, in the Mint publication.

General insurance continues to be under-penetrated. Customers are not satisfied with their general insurance. Over half the sample cited high premium and cumbersome processes as issues. Homes are generally the most expensive asset of any household. Yet the awareness of home insurance is less than 40% of urban households.

Accident is accident and is payable under Group Accident Policy (Madras HC Orders Oriental Insurance to Pay Compensation to Injured Worker)

In 2005, a worker named D. Siyasankar got his hand injured badly while shifting a granite stone at his work. He was administered 17 stitches at a private hospital and later shifted to a government hospital. He claimed that he had suffered a permanent disability of 15% and lost 17% of his earning capacity therefore he should be paid suitable compensation.

The employer said the injuries to Siyasankar were trivial and he had not reported with documents proving loss in his employment opportunities. Further, he was covered by a group insurance policy of Oriental Insurance. Sivasankar filed an insurance claim, but the insurer Oriental Insurance Company rejected it. The Sivasankar filed a complaint before the commissioner for workmen's compensation seeking a compensation of 1.5 lakh. The Deputy Commissioner of labour partially allowed the claim and ordered Oriental Insurance to pay Rs 53,394 to the claimant within a month.

Then the insurer moved the Madras High Court, saying, since it was a group personal accident policy, it did not cover a claim under the Workmen's Compensation Act. Unless the policy specifically covered a claim under the Workmen's Compensation act, no direction could be issued for making the payment, it said. The viewpoint of the Counsel for Sivasankar was that the insurance policy was valid at the time of injury, there was no illegality in the order. Justice R Mahadevan said an insurer could be directed to pay compensation even if it was not covered under the provisions of the Workmen's Compensation Act. As Sivasankar was injured during employment, he was correct in approaching the commissioner.

In a recent verdict, the Madras High Court has ordered public sector insurer Oriental Insurance Company Limited to pay compensation to a worker injured on duty.

“The concept of insurance is to indemnify the insured against the claims” the court added.