Salasar Services Insurance Brokers Pvt. Ltd.

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Salasar Newsletter October - 2017

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Insurance on anvil for adventure tourism

The Centre has proposed mandatory insurance coverage for adventure tourists, tourism operators and hotels to safeguard them against any losses, including injury and death in a terror attacks like 26/11. In India, where no specific adventure insurance policy exists, the past is witness to many situations where such specialised insurance would have been useful and immensely helpful. With the exponential increase in adventure tourism in the country, especially among domestic tourists, there is "an urgent" need for specific insurance products, to cover all parties in the adventure sports ecosystem, it stipulates.

An adventure tour operator should have one of the three insurance policies — a third-party liability insurance, a comprehensive general liability insurance or a tour-operator liability insurance. Adventure (tourism) operators must also consider having personal accident and group medical covers for their staff, as well as a directors and officers liability insurance. Their accidental insurance should provide coverage for death and disabilities, accidental hospitalisation, basic medical evacuation and repatriation covers. Special emphasis on the need to have "360 degrees" insurance coverage for the tourists. A basic adventure policy (for tourists/clients) must have accidental protection or coverage for death and disabilities, accidental hospitalisation and basic medical evacuation. It should cover them on air, land and water, while on the mountains and ice.

CAN INSURERS DENY YOUR CLAIM IF IT IS FILED LATE?

The Supreme Court, in a recent ruling, has said that insurance claims cannot be denied on grounds of delay alone First the insurance regulator made it clear and now a Supreme Court ruling: insurers can't reject an insurance claim on grounds of delay alone. The Supreme Court ruled a case in favour of a vehicle stolen case whose intimation was done after a week, however, in a motor insurance policy, a notice needs to be given immediately to the company and police on happening of theft. In fact there have been judgements in the past that say that delay in informing a theft claim to police and the insurer is a breach of policy terms and condition.

The trouble with delays

The problem however is that this timeline is not communicated to the policyholders clearly at the time of sale. This is one of the main reasons why genuine claims can get delayed. So, make sure you inform the insurer as soon as a claim occurs. Also, at the time of buying a policy, add this question to the must-ask list: "What is the process and deadlines for filing a claim?"

From an insurer's point of view, a delayed claim is cause for suspicion. There has been ample historical data globally that point out that delayed claims are prone to be fraudulent, so insurers prefer to have a deadline to report a claim. Also, the sooner a claim is made, better is the chance for the insurer to run a thorough investigation. Also, if there isn't a deadline, then the insurers won't know their liabilities and won't be able to provision for it.

So, what are these timelines? In case of motor insurance, typically insurers have a timeline of up to a week to register a claim. But it's always advisable to ask the insurer and get clarity. While a delay 'technically' allows an insurer to deny your claim, Irdai prohibits it: until the reasons for delay are ascertained and the insurer is sure that the delayed claim would've been rejected even if it was reported on time, it cannot reject a delayed claim.

IOT DOSE FOR HEALTHCARE

Claim processing will be faster with use of technology

India's is going to see the rollout of the world's biggest IOT network. It is going to be formed by several smaller networks coming together, including those that connect healthcare institutions. Both, the patient and the institution, benefit from an IOT ecosystem.

These are interesting times for healthcare outfits in India. The Internet of Things (IOT) technology is making sweeping strides across the globe and India is losing no time in adopting it into its institutions in its own way. It's unique way has the technology percolating to inhabitants of rural India, taking top-notch healthcare expertise to them.

Let's see how IOT is set to revolutionise healthcare in India:

Connected Ambulances: Ambulances are equipped with antennae, medical devices and physicians which can work together to transmit patient data to the ER of the corresponding healthcare institution. This can help the institutional staff to put the data together and prepare for the next step in their healthcare without having to spend additional time once the patient arrives. Needless to say, this has the potential to save lives.

Holistic diagnosis: Patient's data collected from various medical devices like monitors, x-ray images and therapeutic devices can be analysed in a short time to come up with a holistic picture about their health status. Thus, human error and slowness are overcome in a IOT enabled healthcare institution. Reduce insurance processing time: Insurance companies seek a lot of data in the form of artefacts that record the healthcare process. Often, patients have to spend a lot of time waiting while the insurance data is collected and submitted to the insurance company. They are also inconvenienced by having to lug around the artefacts from place to place. With IOT enabled healthcare outfits, data can be instantly transmitted to the insurance companies, slashing the time required in processing. Healthcare to reach remote locations: As data drives the healthcare process, a transmission of the same to remote locations can help remote diagnosis, ward off epidemics and do away with the time and money involved in patient travel. Thus, IOT has the potential to revolutionise the way healthcare is practised in a developing country like India.

Reducing the need for face to face interaction: Quality healthcare providers can better use their expertise by sticking to work that requires higher order reasoning. Meanwhile, connected devices including fetal monitors, ECGs, temperature monitors and blood glucose meters can help them do away with a personal follow up of each patient who comes for diagnosis.

A note on wearable technology that facilitates superior healthcare:

According to a Market Research, the global wearable technology is likely to reach $5.8 billion in 2018, up from $750 million in 2012, amounting to a CAGR of 40.8 per cent. More and more people in urban India are relying on wearable devices for patient monitoring. They monitor calories consumed, steps taken and medicines taken, amongst other things. Once they are also connected to the bigger IOT net work, this data is also used as an input for patient treatment

The way forward: Address vulnerability – a chink in the IOT armour

As more people have an internet presence, more of their data is exposed to security breaches. Right now, there's a shortage of skills to deal with the explosion of data in the near future. Patient data, particularly financial data is quite vulnerable. Also, a new network requires regulation and data management such that the right data reaches the right professional at the right time. If that bit is taken care of, healthcare is set to scale new heights.

INDIA : HEALTH INSURER LAUNCHES INNOVATIVE HEALTH ATMS

Max Bupa Health Insurance has launched health ATMs - the first such innovation in the country. The machines conduct non-intrusive medical tests and issue health policies for up to INR1 million (US$15,400) without manual intervention.

The health ATMs will initially be installed in branches of banks that partner Max Bupa for distribution, reported *Times of India.*

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"This will simplify the purchase journey for health insurance products and more importantly ensure that the policy is delivered seamlessly to them. What ATMs did to banking, we should be able to do for health insurance with these machines," said Ashish Mehrotra, MD & CEO of Max Bupa.

The company will initially launch around 20 machines in Bank of Baroda within a month. This will be expanded to 100 in three to six months.

Max Bupa is working with a health startup to launch this service. To keep this simple the company has decided to restrict the medical tests to non-intrusive tests and provide simple indemnity covers instead of the company's flagship policy which requires more documentation. To buy the policy, the proposer has to key in his mobile number and enter the validation code and biometrics in the machine. The machine will then measure various parameters starting from height, weight, blood pressure, blood oxygen levels and temperature. The data will be used to calculate parameters such as body mass index, bone mass, and muscle mass. The data will be transmitted and analysed real-time to arrive at a health score. The machine will then offer suitable products.

Initially, the offering will be available to bank customers as this would take care of the “Know your customer” requirements. In future, the company is looking at using biometrics for customer authentication.

LOSS PREVENTION FOR PROJECT CARGO

Project cargoes like Generators, Turbines, Boilers, Vessels, Reactors, Castings, Heavy diesel engine are heavy machineries ranging of 25 MT to over 1000 MT and of more than 100 meters in width and height. Some have irregular footprints so that it becomes difficult to find their centre of gravity. Many cannot be sent in conventional 20 or 40 ft containers. Project machineries are generally transported by Sea and special types of vehicle during land transportation. These require special handling and most of these heavy items are shipped in unpacked and with protective wrapping which may suffer superficial damage on account of scratching, denting, bruising etc.

The General insurance industry suffers substantial losses due to accident to the oversized machinery during transportation. The contributory causes are overturning of the trailer, breaking of bridges, culverts and striking with railway bridges/trees etc.

Machinery in general and project cargo in particular are often carried in barges. This again would require a surveyor to supervise and approve tug, tow, towing and stowage etc. arrangement. The use of desiccants and rust-inhibitors are an essential pre-requisite as sweat/condensation during transit is a frequent occurrence and such claims are generally not recoverable under the policy. Last but not the least; it is important that machinery shall not be kept in open in port/terminal/railway siding for a long time. They must be cleared as quickly as possible-otherwise they will be exposed to elements. During monsoon months, serious damage to sophisticated equipment has been reported from Indian ports and airports.

OVER-DIMENSIONAL CARGO

Special attention is required during inland movements (from factory to port of loading and from port of discharge to final premises or project site) by trailers and railway systems of ODC and heavy lift machinery.

Any machine having dimension in excess of 12 M length and/or 2.5 M width and/or 2.5 M height and any item weighing over 25 MT or any item having the height of 15ft from the ground after loading on to the conveyance etc. qualifies as over dimensional cargo requiring special attention. Similarly any items that do not fit into a conventional 20 or 40ft container or with irregular shapes or footprint also require special attention during transportation/handling.

For instance during railway transit, the cargo may be damaged due to coupling/shunting impact by rail. Machinery can also be damaged due to bad road conditions during the journey and at the project site. The accident to the carrying vehicle often occurs due to under-prepared roads leading to the project site if it is not properly maintained to withstand heavy load of the vehicle with machinery

Major losses have been reported due to collapse of structurally week bridges and culverts when the over- dimensional cargo/heavy cargo passed through them-such cargoes often require a route survey to be done to ensure that the road condition is suitable to complete the transit safely and over-head transmission lines and strength of the bridges are studied and certified to be fit for the machinery to be transported. The surveyor should ensure that relevant authorities like PWD, RTO, NH, SH etc. for transportation of oversized cargo have given clearances.

The surveyors engaged for supervision should be asked to examine whether the carrying trailer and stowage on board trailers are proper (this would include study of carrying capacity of trailer, its dimensions, loading and unloading arrangement, brakes/lights and stowage arrangement (which would include lashing/bolting/blocking/padding etc.).

It is important to note that final stage in a successful business deal is safe delivery of consignment. It is easy to believe that arranging for transportation and obtaining insurance policies are only obligation of the Assured, but when things go wrong, the Assured suddenly discovers that the consequences still fall on them heavily. These could range from damage to the reputation of the Assured, a lost opportunity in a new market, delays to completion of a project, or contractual liability for late delivery

Cargo risk management is about applying the same commercial sense of loss minimization adopting on site and to protect the cargo of the Assured in transit. Every shipment is subject to different hazards depending on a number of factors, including the nature of cargo, destination, mode of transportation and routing. It is worth mentioning that between 70% and 80% of cargo losses could be avoided by proper risk management.

FINANCE MINISTRY WARNS PSU GENERAL INSURERS ON HUGE UNDERWRITING LOSSES

The government's warning has come at a time when PSU insurers are getting ready to come out with initial public offers (IPOs) and list their shares on the bourses.

The Finance ministry has warned state-owned general insurance companies for huge underwriting losses and their dependence on investment income for profits. In a letter to the chiefs of PSU non-life insurers, the Department of Financial Services said, "It has been brought to the notice of this department that the public sector general insurance companies (PSGIC) are violating government advisories leading to huge underwriting losses. As a result, these companies are solely dependent upon the investment income (profit from sale of investment)."

"These are limited investments and are fast depleting as a result of indiscriminate disposal by the companies to make up for the losses on underwriting premiums. Such an arrangement is not sustainable in the long run and has the capacity to permanently harm the competitiveness of the public sector insurers," the DFS letter said. The four PSU non-life insurers are: New India Assurance, Oriental Insurance, United India and National Insurance.

According to the Insurance Regulatory Authority of India (IRDAI), the underwriting losses of the non-life insurance companies rose to Rs 14,962 crore in 2015-16, from Rs 10,576 crore in the previous year. The underwriting losses increased by 41.47 per cent over previous year, it said. IRDA is yet to come out with losses for fiscal 2016-17.

Of this, PSU insurers' losses increased by 54.42 per cent to Rs 10,839 crore in 2015-16 from Rs 7019 crore in 2014-15. The private sector insurers' losses increased to Rs 3,662 crore in 2015-16 from Rs 2495 crore in 2014-15. The government's warning has come at a time when PSU insurers are getting ready to come out with initial public offers (IPOs) and list their shares on the bourses.

The DFS letter cited one case of violation of advisory/ internal circulars on health insurance and stated that "clarification has been called from a PSGIC and disciplinary action is also contemplated". "It may be noted that an appropriate pricing mechanism for pricing group health insurance should take into account the existing incurred claims ratio (ICR), management expenses, medical inflation, commissions, likely increase in quantum of claims due to ageing of covered group, increase in size of group, cost of underwriting of business and other associated factors," the letter said.

"Thus, in order to protect the interests of the policy holders, ensure that the PSGICs continue to be effective players in the market for provision insurance services on a long-term basis and ensure that unhealthy underwriting practices in these companies do not cause unnecessary financial strain on their financial stability, it's desirable that prudent underwriting practices suggested in government advisories are followed strictly," the DFS letter to insurance CMDs said.

On the high underwriting losses, KK Srinivasan, Former Member, IRDAI, said, "the excuse of some PSU Insurers that private sector insurers are also making underwriting losses is flimsy. The proportion of underwriting loss to total premium written in PSU insurers is alarming. For example, the total premium of New India, the largest non-life PSU, is only double that of ICICI Lombard the largest private sector non-life insurer, but its underwriting loss is over seven times that of ICICI Lombard. Alarming indeed."

"It is high time that the government moved in and punish PSUs which are indulging in reckless sale of investment assets to cover up their underwriting losses before it is too late," Srinivasan said.

However, PSU insurers said they are making efforts to bring down underwriting losses. "We are adhering to careful underwriting of GMC (group medi claim) in line with the avowed objective of commercial prudence. OIC's approach of prudent underwriting is acknowledged in the Indian market. Hence we are comfortable with the guidelines since we are already following the same. Being fully owned by the government, we are committed to actively participate in the mandated programmes such as PMFBY and PMSBY and strive our best to marry commercial prudence with our obligation to achieve spread of insurance to the bottom of the pyramid," Oriental Insurance (OIC) CMD AV Girija Kumar said.

"We are deeply committed to control underwriting losses. And in the interests of policyholders and shareholders we have unhesitatingly provided best actuarial estimates reserving fully as of March 31, 2017 and no liability was carried forward. This highlights OIC's commitment to excellence in governance practices. We are looking forward to the future with confidence as a company with strong financials and investment book and particularly sound underwriting and governance practices."

AN INTRODUCTION TO SOLAR PANEL INSURANCE

Despite many years of commercial solar applications and an increasingly larger and international solar market, solar panel insurance products are not yet standardized or normalized in the insurance industry. A number of insurers offer solar panel insurance policies, however the premium can be still prohibitively high. To underwrite a fair and comprehensive solar PV policy, underwriters will need to understand the PV technologies and products with lots of field data in order to run through their risk modeling. But comprehensive data is lacking: insurance companies have no traceable experience to deal with solar panel projects, yet

DIFFERENT TYPES OF PV INSURANCE

Even though solar insurance products and standardized yet, demand for PV insurance is increasing. In general large PV systems require liability and property insurance, and many developers may opt to add policies such as environmental risk insurance.

1. GENERAL LIABILITY INSURANCE

General liability Insurance covers policyholders for death or injury to persons or damage to property owned by third parties. General liability coverage is especially important for solar system installers, as risk is greatest during installation.

2. PROPERTY RISK INSURANCE

The solar system owner usually purchases property insurance to protect against risks not covered by the warranty or to extend the coverage period. The property risk insurance often includes theft and catastrophic risks.

3. ENVIRONMENTAL RISK INSURANCE

Environmental damage coverage indemnifies solar system owners of the risk of either environmental damage done by their development or preexisting damage on the development site.

4. BUSINESS INTERRUPTION INSURANCE

Business interruption insurance is often required to protect the cash flow of the solar project.Realistic or not, often there are concerns about the warranties offered by solar panel manufacturers. What if there is a functional defect or performance problem due to technical faults in the PV system in 10 years, will the solar panel manufacturer be willing to help if the warranty is already outdated or even worse: will the manufacturer still be around to help

Chinese solar panel manufacturers in general offer guarantees, which are backed up by the manufacturer itself or by one or more Chinese insurance companies.

Regular solar panel guarantees are:

- 5+ years product warranty
- 10 years on 90% performance output
- 25 years on 80% performance output

However, how solid are guarantees offered by Chinese solar panel manufacturers? Quite solid, however it depends on your choice of solar panel manufacturer. Basically, we can divide the PV manufacturers in two groups:

1. The first group of solar panel manufacturers offers guarantees that are backed-up by a consortium of Chinese insurance companies

2. The second group of solar panel manufacturers takes responsibility for the insurance themselves, by including the risk on their balance sheet. Regardless which guarantees are offered, the validity depends on the manufacturer's own (future) ability to solve defects. In case the manufacturer would go bankrupt, the likelihood of ending up with auseless warranty is quite high In case a solar system is under-performing or certain PV panels are defect, under the guarantee conditions, the manufacturer will support in the form of solar panel replacements or additional PV power.

STILL HIGH PERFORMING IN 15 YEARS

Property insurance typically covers solar system components beyond the terms of the manufacturer's warranty. For example, if a PV module fails for reasons covered by and during the manufacturer's warranty, the manufacturer is responsible for replacing it, not the insurer. However, if the module fails for a reason not accounted for in the warranty, or if the failure is beyond the warranty period, the insurer must provide compensation for the replacement of the PV module.

HOW TO PROTECT THE END-USER?

End-users basically insure anything nowadays and are often more than willing to pay for insurance in return for certainty. The question is however if an insurance on the product warranty and/or the PV performance output is needed.

Solar panels, diodes and inverters are semiconductor devices. They suffer from DOA (usually do to shipping), early life failure and early life fatigue. Typically after the units pass the first 3 years of life, tracking of the individual panels and inverters will indicate those panels that are failing.

The best protection for end-users is to closely monitor their solar system installation.

By evaluating the solar system, any product defects or weak PV performance can be spotted in an early stage of the product lifetime, and can be replaced by the solar system installers, with the help of manufacturer guarantees.

WHAT ARE THE COSTS OF PV INSURANCE

Currently PV insurance costs are high (NREL):
"Insurance premiums make up approximately 25% of a PV system's annual operating expense. Annual insurance premiums typically range from 0.25% to 0.5% of the total installed cost of a project depending on the geographic location of the installation. PV developers report that insurance costs comprise 5% to 10% of the total cost of energy from their installations, a significant sum for a capital-intensive technology with no moving parts."

PRACTICAL SOLUTIONS

Without advising you to exclude any solar panel insurance, here are 4 practical solutions to reduce risks

1. The provider of any PV warranty should have produced longer than the warranty itself
2. Purchase insurance on those risks that are well understood by the insurance industry, which includes catastrophic events such as fire, hail, earthquake, etc.
3. Quantify all other risks along the project design path: 1. Manufacturing 2. Installation 3. Maintenance. Find which party can mitigate every particular risk in the best manner. Hire this party to cover the particular risk.

4. CONCLUSION

The truth is that the insurance industry has no established idea about the risks of PV installations. Insurance is based on statistics, which are not there yet. The only way for insurance companies to respond is to assign the highest possible risks to solar PV projects and charge for that accordingly.

Solar panel project developers are already able to purchase PV insurance from several insurance companies. Many insurance carriers and brokers are quietly and conservatively testing the water by doing some low-risk insurance deals for solar projects. I am afraid the solar PV industry will be in for some period of complexity and confusion over what insurance to buy, what coverage to have, what carriers to deal with.

One final note: Insurance is no substitute for quality!

SOLAR PANEL QUALITY INSPECTIONS

Performs independent quality inspections on-site at solar manufacturers.

ADVANTAGES:

1. Replace defects prior to shipment
2. Independent testing report
3. 100% certainty about product quality
4. International testing crew specialized in solar PV panels, inverters and mounting racks

SALASAR VENTURES INTO CROP INSURANCE

Though Crop Insurance has been there in India over last four decades, the same has been popularised like never before when Pradhan Mantri Fasal Bima Yojana (PMFBY) was introduced in 2016.

Salasar had a modest start in Crop Insurance in 2016 when we first time had done enrolment of about three hundred farmers in Madhya Pradesh during Rabi season in last quarter of the year under. However mid this year in 2017 during Kharif season, we were allotted two districts in West Bengal and five districts in Assam for enrolment of farmers.

In the enrolment exercise we have done enrolment for both Loanee & Non-Loanee farmers in 2 different states for different insurers

As an intermediary our role lies in promoting IEC (Information, Education & Communication) activity in the districts and effectively engage with the department of agriculture to successfully implement the scheme under Govt. of India. While this scheme is to benefit the farmers for various crops, it is of prime importance to ensure create awareness about the scheme and bring as many farmers as possible under the scheme.

Salasar Services has been able to successfully deploy more than hundred people in field to the IEC activities and enrollsubstantial number of farmers in the present Kharif season 2017 for the work allotted.

Like any other Crop Insurance scheme, it is important to understand/assess the extent of loss caused by various act of god perils. The actual yield is measured during harvesting through Crop Cutting Experiments to get the yield estimate across areas that are covered under insurance (PMFBY). CCEs are conducted by the State Govt. Agricultural department and Bureau of Statistics and Applied Economics. It is important for the Insurance Companies to get the data collected through CCE activities for which they deploy agencies to co-witness and ensure the experiments are conducted in an unbiased & transparent manner.

Further Insurance companies have to understand the loss of yield under mid-term adversities (caused by flood like natural calamities) which is generally widespread in nature and Localised calamities reported at individual level. Insurance companies have to do the inspection and visit the places immediately where this kind of damage is reported. The insurers deploy agencies to investigate and report through a Claims Survey.

Salasar Weather Services Pvt. Ltd., a sister concern of 'Salasar Services (Insurance Brokers) Pvt. Ltd.'isinto the business of providing back-office and Field support/assistance in Crop Insurance & related activities. The firm is equipped to handle both Crop Cutting ExperimentsandClaims Survey.

We have done Crop Cutting Experiments and Claims Survey at Gram Panchayat level in current Kharif season. Few pics are attached which were taken in the present season.

CLAIMS SURVEY DURING FLOOD (GEO TAGGED AND TIME STAMPED DATA)

IEC ACTIVITY (1):

IEC ACTIVITY (2):

FORM FILLING UP:

CROP CUTTING EXPERIMENTS: