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THE AWARE CONSUMER

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THE PRESCRIPTION
National Health Assurance mission

AFTERWORD
Look into the Indian Insurance industry

Insuring your INSURANCE

Insurance being one of the most demanding commercial products in protection of a family's safety must be well researched

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VIEW  POINT

BEJON KUMAR MISRA | bejonmisra@consumerconexion.org

Better SAFE than Sorry ... Insure

WITH OVER 350 million life policies in force, ample premiums and double-digit growth in both life insurance and non-life insurance, India is one of the biggest countries in the insurance sector. Indian insurance business is dignified to mark an incredible leap of progress in the coming years. The liberalization in the sector steered the access of foreign companies with substantial capital commitments and growthdesires in the Indian Insurance business. Low penetration, availability of a wide variety of products like whole life insurance, endowment plans, pension plans, and unit-linked insurance plans are the key factors that would give a great push to the insurance industry.

Post privatization, the Indian insurance industry has witnessed significant growth. The insurance industry in India is estimated to grow to US $350 billion by the fiscal year 2020, due to the solid monetary growth and higher individual disposable incomes in the country. The insurance companies in the Indian market wooing their customers on their several attractive products and services. The industry has been filliped by products innovation, exciting distribution channels, coupled with targeted publicity and promotional campaigns by the insurers.

The government now has permitted to increase Foreign Direct Investment (FDI) limit from 26% to 49% which would further help to invite investments in the insurance business. Recently, Insurance Regulatory and Development Authority (IRDA) allowed life insurance companies that have finalized 10 years of operations to increaseinvestment through Initial Public Offerings (IPOs). Insurance products are covered under ExemptExemptExempt (EEE) system of taxation, which offers around 30% of tax benefit on selective investments.

Increasing life expectancy, promising savings and more employment in the private sector is projected to fuel demand for pension plans. Similarly, robust growth in the automotive industry over the next decade would be a key contributor for motor insurance industry.

B.K.M

The government now has permitted to increase Foreign Direct Investment (FDI) limit from 26% to 49% which would further help to invite investments in the insurance business.

"Consumer Rights Are Our Fundamental Rights, IT is our Duty to ensure we are not shortchanged"

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With the growing cost of healthcare and medical treatments across private hospitals in India, healthcare insurance has become almost mandatory for every individual.

The "sustainable development" can be termed as achieving the requirements of the present generation without forfeiting the future generation needs.

NHAM recommends that the central government provides security schemes to mitigate risks due to disability, health shocks, maternity and old age.

We need to make better arrangements for our loved ones to meet their basic living amenities or to prepare for their future.

THE AWARE CONSUMER

UNLOCKING CONSUMER POTENTIAL

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THEY SAID IT

PAUL LALONDE CLU
PRESIDENT / ADVISOR AT TWIN POWER FINANCIAL

"My family is my highest priority and I'm proving it to them by sacrificing a small portion of my income to protect our lifestyle against any curveballs that come our way."

ROUNDUP

Introduction to INSURANCE

INSURANCE CAN BE stated as a promise of payment for particular probable upcoming losses in exchange for an episodic payment. Insurance is intended to guard the economic well-being of an individual, company or other entity in the case of unpredicted loss. In other word Insurance is something that people buy to safeguard themselves from losing money. People who buy insurance need to pay a premium to the companyand for this if something bad happens to the insured person or thing, the company will pay money back. The insurance transaction includes the insured supposing a guaranteed minor payment to the insurer in exchange for the insurer's promise to reimburse the insured in the event of any unforeseendamage.

A unit which delivers insurance is identified as insurer, insurance company, or insurance carrier. A person or unit who buys insurance is known as an insured or policyholder. Some procedures of insurance are required by law, while others are optional. Agreeing to the terms and conditions to the insurance policy creates a contract between the insurer and the insured. The insurance policy contains all the conditions and circumstances under which the insured will be remunerated financially. The insured need to submit a claim to the insurer, if any, damage or loss happens to the insured entity.

Insurance has a long history in India. In 1818, Oriental Life Insurance Company began its operations in India as the first insurance company, however, in 1850, Triton Insurance Company as relatively late competitor set up its base in Kolkata. The Indian insurance history can be generallydivided into three ages: 1) Pre Nationalization 2) Nationalization and 3) Post Nationalization.

In 1956, Life Insurance was the first insurance

DATA BRIEFING

The insurance industry in India is estimated to grow to US $350 billion by the fiscal year 2020

company to be nationalized, consolidating operations of various insurance companies formed Life Insurance Corporation of India.Further, in 1973, General Insurance was nationalized and followed the suit with United India and Oriental as its subsidiaries. The process of opening up the insurance sector has further initiated against the background of Economic Reform process, whichled to form Insurance Regulatory Development Act in 1999 and further the formation of Insurance Regulatory and Development Authority (IRDA) in 2000. Consequently,Indian Insurance was opened for private companies and Private Insurance Company effectively started operations from 2001.

Present day, the Indian insurance industry consists of 53 insurance companies of which 24 are life insurers and 29 are non-life insurers. Among the life insurers, Life Insurance Corporation of India (LIC) is the sole public sector industry. Additionally, there is a sole national re-insurer namely, General Insurance Corporation of India (GIC Re). Insurance Regulatory and Development Authority (IRDA) is the sole regulator for insurance in India.

Types of Insurance

THERE ARE BASIC two forms of Insurance namely Life Insurance and General insurance.The General Insurance- Fire Insurance, Marine Insurance and Accident Insurance.There are two basic life insurance policies viz. Traditional Whole Life and Term Life Insurance. A whole life policy is a type of policy where one can pay till death while term life policy is a policy for a fixed time duration. The certain basic forms of life insurance policies are:

• Term Life Insurance

Term plans are the simplest and affordable form of life insurance as premiums are comparatively cheaper when compared with other types of life insurance policies. They provide life cover with no savings/profits component. A fixed amount is paid to the beneficiaries if the insured person expires over the policy term, while there is no payout, if the insured person survives. The term life insurance are basically popular in advance countries, but were not so popular in India.

• Whole Life Policy

A whole life policy covers a policyholder over his life irrelevant of term insurance. Here the validity of the plan is not defined so the policyholder enjoys the life cover throughout his life. The policyholder needs to pay the regular premium till his death as there is no pre-defined policy tenure.

• Endowment Plans

Endowment plans vary from term plans in one critical facet, i.e. maturity benefit. Contrasting term plans which only pay out the assured amount along with profits only in case of an eventuality over the policy term, endowment plans pay out the assured amount under both scenarios i.e. death or survival. However, endowment plans have higher premium for paying out an assured amount in either cases of death or maturity.

• Unit Linked Insurance Plans (ULIP)

Unit Linked Insurance Plans are the modified version of traditional endowment plan, i.e. payout the assured amount on death/maturity. ULIPs differ from traditional endowment plans as the performance of ULIP is linked to the markets. One can choose the allocation for investments in stock/debt markets. ULIP and mutual funds have many similarities, unlike ULIPs are the mish mash of investment and insurance, while mutual funds are a pure investment avenue.

• Money Back Policy

A money back policy is another type of endowment plan where the policyholder is benefited with periodic payment over the policy term. The balance assured sum is released to the insured on his survival while the beneficiary have the full assured amount on his death during the policy tenure.

Lessons for insured and insurer

INSURANCE CAN protect one from unpredicted loss. When one decides to take out insurance there are certain things needs to know so that the insurance policy and insurance claim works fine. Here are some steps for the insured:

Applying for insurance

When you purchase insurance you usually need to complete an application form, basically known as proposal form and acts as a record of insurance claims. The insured person has right to take a copy of their application form. You must answerthe insurer's questions honestly and take reasonable care that all your replies are true and accurate. If you unknowingly provide incorrect or incomplete information to your insurer, your insurer can't refuse the claim.Intentionally incorrect information to your insurer may refuse your claim, avoid the policy or return the paid premiums. If there is any change in your circumstances, you should state your insurer immediately or as soon as you can. You must check your policy regularly to see what changes you have to report.

Information that insurer must give to the buyer

To help you compare which insurance policy is best for you insurers must provide you the essential information to help you choose better policy. The insurer must explain the terms and conditions to the buyer that meet their needs. If the insurer does not recommend a suitable policy or mislead the buyer over policy, the buyer may also be able to claim compensation for mis-selling. The insurer must provide the details quotation about what kind of service they are offering. Here are the some key facts that insurer must include:

- Details of the insurer.
- Features and benefits of the insurance policy.
- Significant or unusual exclusions.
- Policy tenure.
- Whether you have any cancellation rights.

The insurance policy must contain the term of an agreement between the insured and insurer, including the personal and policy details. It is important for the buyer to make sure that the information in policy is correct. The insurance contract will also be treated differently in the future. The insurer can either change the terms and conditions of the policy, or end the policy before the fixed tenure with reasonable notice and return paid premiums.

INSURANCE AND TAX DEDUCTIONS

WHEN IT COMES to filling taxes, getting the best returns is not about skill- it's about what you know. Unluckily, many taxpayers miss out on deductions and credits simply because they just aren't aware of them. Several of the most unnoticed deductions pertain to health and medical expenses, and insurance premiums. A Life insurance policy is one of the best chosen investment ways in India that helps in tax planning. Investing in the Life insurance policy not only ensure you in a financially secure future, but can offer several tax deduction benefits. In India, investing in Life insurance policy, one can avail the following tax benefits under the Income Tax Act, 1961:

- Deductions
- Exemptions

Tax Deductions from gross income:

Sec 80C

Under sec 80C one can avail the deduction amounting to Rs.1,50,000. The deduction would be available for life insurance premium paid to 10% of the actual capital sum assured. Renunciation of plan before premium has been paid for two years will result in reversal of tax benefit.

Sec 80CC

- Deduction in respect of contribution to pension funds
- Maximum Rs.1,00,000.
- Surrender/Withdrawal will be subjected to tax.
- Pension receives will be subject to tax.

Sec 80CCE

- Under section 80CCE, the overall limit for deduction u/s 80C, u/s 80CCC and 80CCD(1) is Rs. 1,50,000.

Sec 80D

- Deduction in respect of medical insurance premium.
- Individual or HUF whether resident or non-resident.
- Premium can be paid by any mode other than cash.
- For individuals the maximum deduction is Rs.15,000 and for senior citizens age 60 years and above the deduction is Rs.20,000.
- Deduction for payment made for preventive health checkup subject to maximum of Rs.5,000. (inclusive in the abovesaid limit of Rs.15,000 or Rs.20,000).

Additional deduction allowed for individuals for taking health insurance for parents as under:

- Where parents are aged below 60 years Rs.15,000.
- Where parents are aged 60 years and above Rs.20,000.

Illustration (For Men/Women below 60yrs/Sr. Citizen upto 80yrs/ Sr. Citizen above 80yrs)

Particulars	Men/Women below 60yrs	Sr. Citizen	
		Above 60yrs- below 80yrs	Above 80yrs
Gross Total Income	12,00,000	12,00,000	12,00,000
Deduction u/s. 80C	150,000	150,000	150,000
Deduction u/s. 80D	15,000	20,000	20,000
Total Taxable Income	**10,35,000**	**10,30,000**	**10,30,000**
Tax on Income			
Upto 2.50/3.00/5.00 lakh	-	-	-
*2.50/3.00 lakh - 5.00 lakh	25,000	20,000	-
5.00 lakh - 10.00 lakh	1,00,000	1,00,000	1,00,000
10.00 lakh - Above	10,500	9,000	9,000
	1,35,500	**1,29,000**	**1,09,000**
Add: Surcharge	-	-	-
Add: Education Cess @ 3%	4,065	3,870	3,270
Total Tax Payable	**1,39,565**	**1,32,870**	**1,12,270**

Note: Income tax rates are applicable for F.Y 2013-14 only.

Basic exemption limit for Men/Women below 60yrs/Sr. Citizen upto 80yrs/ Sr. Citizen above 80yrs is Rs. 2.50 Lakhs, 3.00 Lakhs & 5.00 Lakhs respectively.

Investing in the Life insurance policy not only ensure you in a financially secure future, but can offer several tax deduction benefits.

Exemptions:

Commuted pension: Sec10(10A)(iii)

Commuted Pension received from Pension fund (Pension Plans approved by IRDA) would be tax-free.

Sec10(10D)

- Any sum received from a life insurance policy as maturity proceeds, death benefits are tax free subject to fulfillment of the conditions mentioned therein.
- An insurance policy in respect of which the premium payable for any of the years during the term of the policy exceeds 10% of the actual capital sum assured will not be eligible for Sec 10(10D) benefit. This will not be applicable for any sum received on the death of a person.

Finding the proper life insurance Policy

Once you have identified the need to take life insurance, picking the proper life insurance can be perplexing, but it is also a significant decision. Some of the tips to select the best life insurance policy are as follows:

• Occupy an insurance advisor

Even though this may seem unimportant, occupying a consistent and experienced insurance advisor at the initial stage in your pursuit for life insurance is critical. Most persons are not capacitated to take a conclusion by themselves and need the capability of an insurance advisor.

• Calculate the life cover

The insurance advisor will assist you,evaluate the amount of life cover or the sum assured. He will consider sources of your income, number of dependents, your debts and responsibilities and your expenditures based on your lifestyle and arrive at a life cover. He will also select the best plan, be it- a term insurance plan, endowment plan, unit-linked plan or a combination of plans, to help provide you with an optimum life cover.

• Compare insurance plans

Today, there are many insurance companies in the market proposing a variety of plans, one must need to be sure with the most suitable one. The insurance advisor will do the assignment by comparing life insurance plans from different insurers across relevant parameters recommending the most suitable plan based on their need.

Pursuance of Indian insurance industry

There is extensive realistic indication to justify the relationship between the performance of the insurance industry and economic expansion of any country. In spite of it, there is a lack of practical research in developing countries and analytical studies are restricted in number, mostly in developing countries like India, where the insurance infiltration and density are very rare compared with international levels. In India, the growth rate of the number of new policies issued and the insurance premium are undergoing a negative drift for the lastsome years. Reasons and contributing factors for this state of affairs is highly essential.

Modern day, our financial actions are being driven by the process of “Globalization”, which has united regional frugalities, societies and beliefs, motivated by a global network of communication, transportation and trade. In general, as frugalities become more linked to other markets, not only the chances have increased, but the rivalry also has increased to amajor extent. This progression in turn, has also thrown up new competitions like growing disparity across and within regions and instability in financial markets. Though liberalization has eased cross border investment in the form of flow of assets, which can be used for rebuilding economy. Similarly, the lives of the people have also improved at an exceptional pace and the globalization process has brought the revolutionary moves in their financial and social systems and certainly offered unmatched opportunities. However, all these reforms and opportunities have further associated with the risks linked to the possibility of unpredictable future actions.

The key objective of 'Insurance' is to manage the risks in the commercial and households as well.

These fiscal risks gave birth to the practice of selecting the most remunerative way for investments and certainly people today are selecting 'Insurance' against the covered risks and for safeguarding their money. The key objective of 'Insurance' is to manage the risks in the commercial and households as well. Insurance is one of the most demanding commercial products which protect the families from any unforeseen events in life. It is obvious that investments are essential for financial development and savings are the major source of investments. Insurance products are the major mechanisms for the mobilization of savings of the families, particularly from the middle and lower group of society.

Insurance industry in India

THE INSURANCE INDUSTRY in India consists of 53 insurance companies of which 24 are life insurance companies and 29 non-life insurance companies. India was ranked 10th among 147 countries in the life insurance with a share of 2.03%, according to the estimates for the fiscal year 2013 and was ranked 19th among 147 countries in non-life insurance with a share of 0.66% for the same fiscal year. The life insurance market grew at a compound annual growth rate of 16.5% from US $11.5 billion in the financial year 2003 to US $52.9 billion in financial year 2013 whereas non-life insurance market rose at a CAGR of 14.9% from US $2.9 billion to US $11.6 billion during the same fiscal year (according to IRDA).

Below table shows the Annual Report- 2012-13 of the IRDA observed that the prospects for the growth of life insurance business in India.

	Total Real Premium			Insurance Premium		
Regions/Countries	Growth Rate (%)			(in US $ billion)		
	Life	Non-Life	Total	Life	Non-Life	Total
Advanced Countries	-0.2	1.1	0.3	2200.25	1653.02	3853.27
Emerging Countries	6.4	8.3	7.4	407.84	379.83	787.67
				898.41	380.37	1278.78
Asia	-6.5	2.2	4.1	-34.4	-18.7	-27.6
				52.17	13.4	65.58
India	-1.1	2.5	-0.4	-2	-0.66	-1.41
				2608.09	2032.85	4640.94
World	0.7	2.3	1.4	-100	-100	-100

International Comparisons

The negligible growth rate and contribution of life insurance industry in India can be attributed to the low insurance penetration and density compared to other companies around the world. India has the lowest insurance penetration and density when compared to the selected countries in the world and are even low compared to the world average. It can be observed that the non-life insurance penetration and density were high in the United States, France and Switzerland while the life insurance penetration and density were high in Taiwan, Hong Kong, United States, Japan and France. Switzerland has the highest insurance density of US $7701 succeeded by Hong Kong and United Kingdom for the fiscal year 2013.

Among the southern states Tamilnadu has the lowest insurance penetration which has declined from 1.81% to 0.58%. Though Kerela has the highest insurance density, it has declined from Rs.1199.9 to Rs.769 and Andhra Pradesh has the lowest insurance density. However, the insurance penetration and densityhave declined in both southern and northern states of India during the period 2006-07 to 2012-13. In northern states Delhi has the highest insurance penetration followed by Chandigarh.

Below graph shows the Declining Penetration and Density of Individual Business In India-State-wise:

Selected States	Insurance Penetration (%)			Insurance Density (in Rs.)		
	2006-07	2010-11	2012-13	2006-07	2010-11	2012-13
Andhra Pradesh	1.71	1.04	0.63	641.5	709.2	559.6
Karnataka	1.63	1.17	0.73	651.8	800.2	624.0
Kerala	2.54	1.72	NA	1199.9	1397.4	769.0
Tamilnadu	1.81	1.12	0.58	836.7	923.7	596.8
Average of 4 states	**1.92**	**1.26**	**0.65**	**832.5**	**957.6**	**637.4**
Chandigarh	6.95	3.54	NA	8755.2	6966.6	4862.8
Goa	1.18	1.29	NA	1387.9	2955.0	2096.9
Delhi	2.86	1.74	0.91	2541.9	2769.8	1983.9
Maharashtra	1.23	1.21	0.80	689.1	1135.4	975.0
Average of 4 states	**3.06**	**1.95**	**0.86**	**3343.5**	**3456.7**	**2479.7**
All India	**1.56**	**1.14**	**0.66**	**552.6**	**698.8**	**514.0**

Source: IRDA

Performance of Insurance Industry in India

For evaluating the performance of the insurance industry in India the following four effects are considered:

- Premium income
- Market share of insurers
- New policies issued
- Claims settlement ratio

The data presented below, explain Insurance Penetration and Density in India compared to the other countries around the world.

Countries	Insurance Penetration in 2013 (%)			Insurance Density in 2013 (in US $)		
	Life	Non-Life	Total	Life	Non-Life	Total
1. India	3.1	0.8	3.9	41.0	11.0	52.0
2. Switzerland	5.3	4.4	9.6	4211.0	3490.0	7701.0
3. Taiwan	14.5	3.1	17.6	3204.0	682.0	3886.0
4. Hong Kong	11.7	1.6	13.2	4445.0	557.0	5002.0
5. United Kingdom	8.8	2.8	11.5	3474.0	1087.0	4561.0
6. Japan	8.8	2.3	11.1	3346.0	861.0	4207.0
7. United States	3.2	4.3	7.5	1684.0	2296.0	3979.0
8. France	5.7	3.2	9.0	2391.0	1345.0	3736.0
World	3.5	2.8	6.3	372.6	283.1	655.7

Premium income

There are 53 insurance companies in India as on March 2014 of which 24 are life insurers and 29 are non-life insurers and GIC is the sole national reinsurer. The total premium income recorded in the insurance sector (life and non-life) has been increasing in the recent years. In absolute terms, the premium income of the insurance industry has been significantly increased in 2013-14 compared to the year 2004-05. The calculations reveal that the percentage increase in premium income was high at 303.9% in non-life insurance industry than compared to the increase of 279.3% in life insurance industry in the year 2013-14 over 2004-05. At industry level, private sector witnessed a good improvement compared to the public sector, both in life and non-life insurance industry. The growth rate over the previous year show that the growth rate has decreased in the case of life insurance industry in 2013-14 (9.43%) compared to the year 2004-05 (24.31%). However, the growth rate has improved in the case of non-life insurance industry from 12.09% to 12.13% for the same period.

Below is the graph showing Premium income of life and non-life insurers in India. Figures in the brackets denote the growth rate in percent.

Insurer	Total Premium Income		Gross Direct Premium Income	
	Life Insurance		Non-Life Insurance	
	2004-05	2013-14	2004-05	2013-14
Public Sector	75127.30 (18.25)	236942.30 (13.48)	13972.96 (4.77)	38599.71 (10.21)
Private Sector	7727.50 (147.65)	77340.90 (-1.35)	3507.63 (55.35)	32010.30 (14.52)
Industry	82854.80 (24.31)	314283.20 (9.43)	17480.59 (12.09)	70610.02 (12.13)

Market share of Insurers

The market share of the insurers are evaluated on the basis of premium income of life and non-life insurance industries in India. The share of public sector has declined and the private sector has improved significantly in 2013-14 compared to 2003-04. The market share of private insurers have increased both in life and non-life insurers in 2013-14, compared to 2004-05. Particularly the private insurers in non-life insurance have performed well as their share has increased from 20.1% to 45.3% and also in life insurance from 9.9% to 24.6%. On the contrary, the market shares of the public insurers have decreased from 90.1% to 75.4% and from 79.9% to 54.7% in life insurance and non-life insurance industries respectively during this period.

Below is the graph representing the market shares of life and non-life insurance in India.

Insurer	Market Shares (in Per cent)			
	Life Insurance		Non-Life Insurance	
	2004-05	2013-14	2004-05	2013-14
Public Sector	90.1	75.4	79.9	54.7
Private Sector	9.9	24.6	20.1	45.3
Industry	100.0	100.0	100.0	100.0

New policies issued

The number of policies issued represents the spreading capacity of the insurance industry by attracting the people towards the insurance products. The market share of the public insurers has decreased from 91.5% to 84.4%, in spite of a total increase in the number of new policies issued accounting for a net increase of 43.9% in 2013-14 over 2004-05 with reference to life insurance policies and a net increase of 42.4% in non-life insurance policies with a net increase of 178.64 lakh policies issued. On the contrary, the market share of the private insurers has increased from 8.5% in 2004-05 to 15.6% of the life insurance policies and from 10.7% to 41.4% of non-life insurance policies. The performance of life insurance sector with respect to issue of new policies is somewhat dissatisfactory when compared to the performance of non-life insurance sector. Totally, 146.61 lakh new policies were issued by the insurers in life insurance and 552.46 lakh policies in non-life insurance during 2004-05 and 2013-14 indicating a net increase of 55.9% and 117% respectively.

The table below represents the picture of new policies issued by both life and non-life insurers. Number of policies in lakh. Figures in brackets denote the share in percent.

Insurers	Life Insurance		Non-Life Insurance	
	2004-05	2013-14	2004-05	2013-14
Public Sector	239.78 (91.5)	345.12 (84.4)	421.42 (89.3)	600.06 (58.6)
Private Sector	22.33 (8.5)	63.60 (15.6)	51.07 (10.7)	424.47 (41.4)
Industry	262.11 (100.0)	408.72 (100.0)	472.07 (100.0)	1024.53 (100.S0)

Claim settlement ratio

The insurance bond is an agreement wherein the insurer agrees to compensate a certain sum to the insured upon the happening of events specified in the policy and upon the nature and conditions of the insurance policy. A claim is thus a request on the insurer to payout it as a part of the promise and its settlement either at the time of maturity or to the beneficiary in the case of death of the policyholder.

Claims settlement ratio refers to the number of claims that the insurer has paid to the policyholder. Thus, if an insurer has a claim settlement ratio of 90%, it means that the insurer has paid 90 out of 100 claims filed.

Below the graph represents Claims settlement ratio of life insurance industry, 2013-14.

Insurer	Total Claims Paid			
	Individual Death Claims		Group Death Claims	
	No. of Policies	Benefit Amount (in Rs. Crore)	No. of Policies	Benefit Amount (in Rs. Crore)
Private	110410 (88.3)	2385.33 (78.1)	143530 (90.8)	1222.25 (91.3)
LIC	746212 (98.1)	8475.26 (95.2)	266367 (99.7)	1882.83 (99.6)
Insurance Industry	856622 (96.8)	10860.59 (90.8)	409897 (96.2)	3105.08 (96.1)

Source: IRDA (2015)

Insurance Regulatory and Development Authority (IRDA)

INSURANCE REGULATORY and Development Authority of India (IRDA) is an autonomous supreme jurisdictiveorganization which controls and develops the insurance industry in India. IRDA standardizes the Indian insurance industry to guard the interests of the policyholders and work for the systematic development of the insurance industry. The key objective of the IRDA is to safeguard the benefits of policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected there with or incidental thereto. The organization has its headquarters at Hyderabad, Telangana where it shifted from Delhi in 2001.

In India, insurance has a deep-rooted history. It finds reference in the texts of Manu (Manusmrithi), Yagnavalka (Dharmasastra) and Kautilya (Arthasastra). The script talk in the terms of sharing of resources that could be re-distributed in the times of misfortunes such as floods, fire, epidemics and drought. This was perhaps a pre-cursor to present day insurance industry. Ancient Indian history has conserved the initial traces of insurance in the form of marine trade loans and carriers' contracts. Insurance in India has grown with time severely. In 1938, with a vision to protect the interest of the Insurance public, the previousregulation was modified by the Insurance Act, 1938 with the comprehensive provisions for operative control over the actions of insurers.Further, the Insurance Amendment Act of 1950 eliminated the majoragencies. Though, there were a numerous of insurance companies and the level of rivalry was high. There were also accusations of partial trade practices. Therefore, the Government of India decided to nationalize insurance business.

In 1993, the Government set up a committee under the chairmanship of R.N Malhotra, former Governor of RBI, to advise recommendations for the improvements in the insurance region.The objective was to counterpart the improvementsintroduced in the financial sector. In 1994, the R.N Committee submitted its report stated that, among other things, it proposed that the private sector should be allowed to enter in the insurance industry. They specified that foreign companies should be permitted to enter in the Indian insurance industries, preferably as amutual venture.

In 1999, the Insurance Regulatory and Development Authority (IRDA) was created on the recommendations of the Malhotra Committee report,as a self-governing body to regulate and develop the insurance industry. The IRDA was established as a legislative body in April, 2000. The mainpurposes of the IRDA include expansion of competition so as to enrich customer satisfaction through improved consumer choice and lower premiums, while ensuring the financial security of the insurance market.

The IRDA started the market in August 2000 with the requisition for application for registrations. Foreign companies were allowed ownership of up to 26%, while today it has been increased to 49%. The Authority has the power to frame guidelines under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various guidelinesranging from registration of companies for carrying on insurance business for protection of policyholders' interests.

Organizational structure of the IRDA:

As per the section 4 of IRDA Act' 1999, Insurance Regulatory and Development Authority (was constituted by the Parliament) specify the composition of the Authority. IRDAI is a ten member body consisting of:

- A Chairman (T.S. Vijayan)
- Five whole-time members
- Four part-time members

All the members where appointed by the Government of India.

Recently, Finance Minister of India announced the setting of the insurance repository system. An insurance repository system is a facility to help policy holders buy and keep the insurance policies in electronic form, rather than as a paper document. Insurance Repositories such as share depositories or mutual fund transfer agencies, will hold electronic records of insurance policies issued to individuals and such policies are called 'electronic policies' or e-policies'.

Section 14 of IRDAI Act, 1999 lays down the duties, powers and functions of IRDAI.

Subject to the provisions of this Act and any other law for the time being in force, the Authority shall have the duty to regulate, promote and ensure systematic growth of the insurance business and re-insurance business. Without prejudice to the generality of the provisions contained in sub-section (1), the powers and functions of the Authority shall include:

- Issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration.
- Protection of the interests of the policyholders in matters concerning assigning of policy, nomination by policy holders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance.
- Specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents.
- Specifying the code of conduct for surveyors and loss assessors.
- Promoting efficiency in the conduct of insurance business.
- Promoting and regulating professional organizations connected with the insurance and re-insurance business.
- Levying fees and other charges for carrying out the purposes of this Act.
- Calling for information from, undertaking inspection of, conducting enquiries and investigations, including audit of the insurers, intermediaries, insurance intermediaries and other organizations connected with the insurance business.
- Control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938 (4 of 1938).
- Specifying the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by insurers and other insurance intermediaries.
- Regulating investment of funds by insurance companies.
- Regulating maintenance of margin of solvency.
- Adjudication of disputes between insurers and intermediaries or insurance intermediaries.
- Supervising the functioning of the Tariff Advisory Committee.
- Specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organizations referred to in clause (f).
- Specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector.
- Exercising such other powers as may be prescribed.

Principles of Insurance

THE MAIN CONCEPT of each insurance policy is to provide protection and financial security to the policyholder in any unforeseen calamities. Insurance idea was started to distribute risk among the group of people.The insured must never ever try to misuse this safe financial cover. Co-operation is the basic principle behind every insurance contract.

Principles of insurance include:

Nature of contract

The nature of the contract is a fundamental principle of insurance policy. An insurance policy comes into existence when one party makes an offer or proposal of a contract and the other one accepts the proposal. An insurance policy should be simple. The individual entering into a contract should accept it with his free consent.

Principal of utmost good faith

The insured and insurer both should have the faith over each other. As a client it is the responsibility of the insured to disclose all the facts to the insurer. Any scam, mislead or misrepresentation of facts can result in cancellation of the insurance policy.

Principle of insurable interest

The insured must have interest in the subject matter of the insurance. If there is no insurable interest, an insurance company will not issue a policy. An insurable interest must exist at the time of the purchase of insurance policy.

Principle of indemnity

Indemnity refers to security or payment against loss or damage. The principle of indemnity states that an insured may be reimbursed by the insurance company with the payout equivalent to actual loss and not the amount exceeding the loss. The principle of indemnity is observed more strictly in property insurance than in life insurance. The key feature of this principle is to set back the insured to the same economic situation that existed before the loss or damage happened.

Principle of subrogation

The principle of subrogation allows the insured to claim the sum from the third party responsible for the loss. It allows the insurer to follow legal methods to recover the amount of loss.

Principle of loss minimization

The principle of loss minimization permits that the insured must take all the essential steps to minimize the losses to inured properties.

Principle of proximate cause

Proximate cause literally means 'nearest cause'. This principle of proximate cause is applicable when an accident may be caused by more than one reason. In this case the most dominant cause of loss is considered and the reimbursement is raised.

Healthcare Insurance

AS SAID, "HEALTH is wealth." Healthcare insurance insures an individual against the expenditures arising due to a medical emergency and the uncertainty of health such as serious illness or hospitalization. These plans prevent a medical emergency from rotating into a financial emergency. Healthcare insuranceguarantees that health care needs are taken care of without draining one's saving and conceding one's upcoming goals. Healthcare insurance is an agreement that needs the health insurer to pay some or all of one's health care costs in exchange for a periodic premium. Further benefits of health insurance plans include regular health monitoring and cashless treatment across the empanelled hospitals.

There is no discussion on the significance of having medical insurance in a country like India that ranks very low on the human life index. Every individual must opt for a good healthcare insurance that offers medical costs, hospitalization costs, treatment and laboratory test costs and even serious illnesses. One needs to safeguard the protection of health of oneself and the family as well. With the growing cost of healthcare and medical treatments across private hospitals in India, healthcare insurance has become almost mandatory for every individual. Healthcare insurance not only guarantee health security, but also provides a hassle-free claim compensation.

Key features of Healthcare insurance:

Cashless treatment

Every healthcare insurance company or its Third Party Administrator has tie-ups with a network of hospitals and nursing homes called as empanelled hospitals or network of hospitals. These empanelled hospitals provide cashless treatment to the insured just by providing the policy number and rest everything will be managed by hospital and insurance company. This type of the plan is most chosen because there is no stress of claim compensation and documentation.

Pre and Post Hospitalization

This feature of healthcare insurance takes care of both pre and post hospitalization charges for a period of 30-60 days depending on the plan chosen. It takes into account expenses incurred during a certain number of days prior to hospitalization and post hospitalization for a specified period from the date of discharge as part of the claim, provided the expenses are related to the sickness.

Ambulance charges

The policyholder is free from burden of transportation or ambulance charges as it is provided by the insurer. This is an add-on benefit and one must opt for it while picking a healthcare insurance.

With the growing cost of healthcare and medical treatments across private hospitals in India, healthcare insurance has become almost mandatory for every individual.

No claim bonus

No claim bonus (NCB) is a benefit provided if the insured does not claim for any treatment in the previous year.

Medical check-up

Healthcare insurance offers the policyholder to receive regular medical check-ups.

Tax benefits

Indian Income Tax Act offers a wide range of tax deduction slab to the healthcare insurance.

Co-payment

This feature offers small amount health premiums to the insurer. Healthcare insurance provides co-payment option wherein there is a pre-defined amount of intended deductibles stated in the policy to be paid by the insured. So in case of treatment, some amount is paid by insured and the rest is paid by the insurer.

Healthcare portability

Healthcare portability provides the freedom to the policyholder to switch from one health insurancecompany to another without losing continuity benefits with respect to pre-existing illnesses. Health insurance portability has come as a relief for policyholder who were trying to switch their insurance company but were unable to do so earlier. With healthcare portability, one can opt out the policies of the desired insurance company.

Economic reforms and insurance industry

The Indian economic development got a boost through several economic reform actions taken by the government. Insurance serves various valuable economic functions that are mostly distinct from other forms of financial arbitrators. Insurance industry substantially support the economic growth by refining the investment climate and sponsoring a more efficient mix of activities, in the absence of risk management instrument. The Indian insurance industry is one of the most booming sectors of the Indian economy and is growing at the rate of 15-20% annually.

Investments are essential for economic development and can be made through savings. Insurance industry is a major mechanism for the mobilization of saving of people, particularly from the middle and lower groups. Insurance companies have huge funds stored through the payments of small premiums from their policyholders. These funds are invested in ways that contribute considerably for the economic growth of the countries in which they do business. The system of insurance provides several direct and indirect benefits to the policyholders and their family as well as to industry and commerce and to the community and the nation as a whole.

Insurance industry plays a significant role in the economy. A world without insurance would be much less developed economically and much less stable. The risk transfer function of the insurance industry contributes to the creation of a more stable operating environment for individuals and companies which further allow them to concentrate their attention and resources on core business.

Insurance industry promotes economic reforms as:

- Insurance industry decreases the capital investment that businesses need to operate.
- Insurance industry promotes investment and innovation by building a better environment.
- Insurance industry develops as a better security option.
- Insurance industry further contribute in the modernization of financial markets and firms.
- Insurance industry sensibly promotes the sustainable economic development.
- Insurance industry mitigate the several risks of losses.

A look at Indian insurance industries

INSURANCE INDUSTRIES are the key contributor to the financial sector of an economy and also delivers a major social security in developing countries. The evolution of the insurance industries in India has been incredible. In the recent past, the insurance industry has undergone a massive change and the transformation has been remarkable. There are several private and government insurance companies in India that have become identical with the term insurance in the recent years.Proposing a varied product portfolio and outstanding services the countless insurance companies in India have managed to make their way into almost every Indian household. The Indian insurance industry had full-fledged from its state of childhood to adulthood.

In the fifties and sixties, the Indian insurance business was mostly focused in the urban areas and was confined to the higher class of the society. In 1956, the LIC was formed with the capital of 50 million. One of the main purposes of setting up the LIC was to extend the reach of insurance cover and make it accessible to the lower segment of the society. LIC observed minimum growth in the 1960s and 1970s. Factors like poor infrastructure, low saving, low investment, and high illiteracy were the main cause of slow growth. However, the positive change in the industry, infrastructure, capital formation, the saving rate resulted in tremendous growth of the Indian insurance industries over some last decades.

With the increasing population, increasing life expectancy and escalating working class in India, the future of the insurance segment appears floating. India's insurance population is expected to touch 75 crore in 2020 and it is in the top insurance markets around the world. In 2014, according to a KPMG report on Global Financial Institutions in India, Indian insurance industry ranked 10th among the 147 countries in the life insurance business, with a share of 2.03% during the financial year 2013 in terms of business done.

The Indian insurance industry comprises of 53 companies, including 24 life insurance companies and 29 non-life insurance companies. The government is determined to get parliamentary approval for its insurance legislation and is looking to call a joint session to get it passed. Recently, a commerce ministry reports states that India's life insurance business is the largest in the world with about 36 crore policies and is projected to rise at a Compound Annual Growth Rate (CAGR) of 12-15% over the next five years. The insurance industry strategies to hike the infiltration levels to 5% by 2020, and could top the US $1 trillion mark in the next seven years. The development of the Indian insurance industrymostly looks favorable due to the government's efforts to strengthen the industry. In July 2014, the cabinet approved the proposal to ease Foreign Direct Investment (FDI) limit in the domestic insurance sector to 49% from the earlier 26%, hints at the government's intent to bring capital and investment into the insurance industry.

LIC (Life Insurance Corporation of India)

भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

LIFE INSURANCE Corporation of India was founded in 1956 when the Parliament of India passed the Life Insurance Act, 1956 that nationalized the private insurance industry in India with the purpose of spreading life insurance much more widely and in particular to the lower class of the society with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost. Over 245 privateinsurance companies and provident societies were merged to create the state owned Life Insurance Corporation. LIC consisted of 154 life insurance companies, 16 foreign companies and 75 provident companies and had initially 5 zonal offices, 33 divisional offices, 212 branch offices and corporate office. Today LIC had expanded their business around 350 million policies with an estimated capital of Rs.15,60,482 crore (US $230 billion). LIC deals in a variety of insurance products to its customers like insurance plans, pension plans, unit-linked plans, special plans and group schemes.

The Oriental Life Insurance company was the first insurance company on Indian soil offering life insurance coverage, was establishedin 1818 with its headquarters in Calcutta. The chief concern of the Oriental Life Insurance company was the Europeans settled in India and charged Indians heavier premiums. However, later with the efforts prominent people like BabuMuttylal Seal, the foreign life insurance companies started insuring the Indian people.In 1870, the Bombay Mutual Life Assurance Society was established as the first Indian insurance provider company. Surendranath Tagore (son of Satendranath Tagore) had founded Hindustan Insurance Society, which later became Life Insurance Corporation.The Life Insurance Act, 1938 was the first statutory body governing not only the life insurance but also non-life insurance to provide strict control over the insurance industry. Later, in 1956, the Life Insurance Act, 1938 was amended for the nationalization of life insurance industry. Finally, the Indian Parliament passed the Life Insurance of India Act on 19th June 1956 forming the Life Insurance Corporation of India, which started functioning on 1st September 1956 with its headquarters in Mumbai.

As of now, LIC functions with 2048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 1381 satellite offices and the corporate office. LIC's Wide Area Network (WAN) covers 113 divisional offices and connects all the branches through a Metro Area Network (MAN). LIC has further collaborated with several banks and service providers to facilitate the policyholders in several cities in order to offer on-line premium collections. With anidea of delivering easy access to its policyholder, LIC has launched its SATELLITE SAMPARK offices. These offices are smaller, leaner and closer to the customers and will offer servicing facilitiesanywhere in the recent future.

In 2000, the Government of India initiated a program to liberalize the Insurance sector and opened it up for the private sector. Fatefully, LIC emerged as a beneficiary from this process with stronger performance than private sector.The LIC which regulates 70% of the Indian life insurance market, has recently introduced the third gender as an option in its proposal forms in line with the Supreme Court 2014 verdict recognizing it. Till today, policyholders could choose between 'male' and 'female' as gender option. LIC continues to be the dominant life insurer in today's scenario with a compound annual growth rate (CAGR) of about 24.53%, while the total life premium CAGR was 19.28% matching the growth of the life insurance industry and also outperforming general economic growth during 2013.

The slogan of LIC **"Yogakshemam Vahamyaha"** is in Sanskrit language and quoted below the LIC's logo in Devanagri script which explains as "Your welfare is our responsibility" in English. This slogan is derived from ancient Hindu script, the Bhagavad Gita's 9th chapter, 22nd verse.

GIC (General Insurance corporation of India)

आपत्काले रक्षिष्यामि
GIC Re

THE WHOLE GENERAL insurance business in India was nationalized by the Government of India through the General Insurance Business (Nationalization) Act (GIBNA) of 1972. 55 Indian insurance and 52 other general insurance operations of other companies were nationalized. The General Insurance Corporation of India (GIC) was designed in execution of section 9(1) of GIBNA and was established on 22nd November 1972 with its headquarters in Mumbai under the Companies Act, 1956. GIC was shapedas a regulator to look after the business of general insurance in India.

The Indian Government further transferred all the possessions and processes of the nationalized general insurance companies to GIC and other public-sector insurance companies. After the procedure of merging and unification, GIC was re-designed with four fully possessed subsidiary companies namely National Insurance Company Limited, New India Assurance Company Limited, Oriental Insurance Company Limited and United India Insurance Company Limited. The GIC and its subsidiary companies had a complete supremacy on the general insurance industry in India until the revolutionary Insurance Regulatory and Development Authority Act (IRDA), 1999 came into existence on 19th April 2000. The IRDA Act, 1999 further modified the GIBNA Act and Insurance Act, 1938 and had ended the domination of GIC and its subsidiary companies and liberalized the Indian insurance industry.

The General Insurance Business (Nationalization) Amendment Act, 2002 was passed by the Indian Parliament and has ended the supremacy of GIC and its subsidiary companies over the Indian insurance industry and has transferred the subsidiaries ownership to the Government of India. As a consequence of these reforms, GIC became the sole Re-Insurer in India and is now called GIC Re. GIC Re has spread its operations and is now rising as a significant Re-Insurer in SAARC countries, Southeast Asia, Middle East and Africa, Europe and America and has extended its international branches in London, Moscow, Dubai and Kuala Lumpur and is further planning to inaugurate offices in key regions.

GIC's slogan 'AapatkaleRakshisyami' is in Sanskrit language which translates as 'A savior in emergency' in English. The slogan can be seen in the logo, written in Devanagri script.

Insurance industry a sustainable momentum

TODAY THE CONCEPT of sustainable development is essential and insurance industry is playing a vital role in the sustainable development by adopting it as an objective. Now the new idea is developing in the recent scenario is Sustainable Insurance, which is a plannedtactic towards sustainability with an objective to lessen risk, develop advanced solutions, improve business performance, and giving contribution to economic, environmental, and social sustainability. In this competitive and fast shifting business time a sufficient effort is required to achieve the goal of sustainability.

The "sustainable development" can be termed as achieving the requirements of the present generation without forfeiting the future generation needs. Today, we see globally that sustainable development is a most concern phenomenon, including our country India because we don't want our future generations to grieve from lack of resources which is clearly most essential for the existence. The changing prospects of the society and rising awareness about sustainability has forced many organizations to accept sustainable business practices and insurance is one of them, by accepting sustainability as a goal to survive in the environment. In the recent time, the insurance industry has been at the spearhead of the corporate world in shifting the society to the risk of climate change and the dangers to the livingvariety and the increasing pressure on essential ecosystems. Insurance industries are also gradually identifying the need to develop products and services that address the requirements of a rapidly changing world.

Insurance plays a very significant role in developing a sustainable business organization through its products and services. By insuring the society, business organizations against the unforeseen threats, it improves the living standard of the society and builds confidence to take challenges and catch the opportunities available in the business society. According to Riegel and Miller, "Insurance is a social device whereby uncertain risks of individuals may be combined in a group and thus made more certain; small periodic contributions by the individuals providing a fund out of which those who suffer losses may be reimbursed." Insurance offerseconomic assistance and protection against the risks to the society with an element of saving and investment.

A sustainable trade operates in the interest of all and confirms a long term health and survival of trade and is linked with the social, economic and environmental system. Sustainable insurance is a practice of sustaining a balance between the insurance industry and the society, doing trade activities without wasting the natural resources for the betterment of the whole society. The idea of sustainable insurance improves the economy, which is a calculated method where all activities in the insurance value chain, including interaction with the investors, are done in a progressive and responsible way by recognizing, evaluating, managing and monitoring risk and opportunities related with environmental, social and governance issues. Sustainable insurance aims to decrease risk, develop creative solutions, improve business performance, and contribute to environmental, social and financial stability.

The principles for sustainable insurance provide a universal roadmap to improve the innovative risk management system and insurance solutions that we need to promote renewable energy, clean water, food security, sustainable cities and disaster-resilient communities.The principles for sustainable insurance acts as a base upon which the insurance industry and society as a whole can shape a sturdier relationship, one that puts sustainability at the heart of risk management in pursuit of a more dynamic and better managed world.

The contribution of the insurance industry in environmental sustainability concerns are as follows:

- The involvement of insurance industries in the reimbursement of all sorts of environmental losses, whether it is man-made or natural.
- The risk management and claim handling should be carried carefully.
- Insurer must provide loss prevention advice to business organization, general public and to the society regularly.
- Implementation of technology and online insurance market reduces the paper work which saves the environment.
- Sustainable insurance improves the living standard of the society through inventive insurance schemes.

National Health Assurance Mission

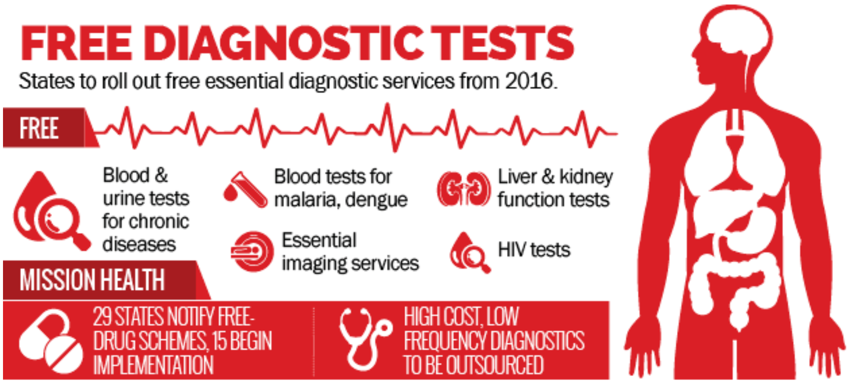
POOJA KHAITAN

NHAM recommends that the central government provides security schemes to mitigate risks due to disability, health shocks, maternity and old age.

RASHTRIYA SWASTHYA BIMA YOJNA (RSBY) formally 'National Health Assurance Mission' launched by the former Prime Minister Manmohan Singh is a government-run health insurance scheme for the Below Poverty Line (BPL) family. NHAM offers cashless insurance for the hospitalization in public as well as private hospitals. The scheme started enrolling on 1st April 2008 and has been implemented in 25 states of India. As of February 2014, around 36 million families have been joined in this government health scheme. RSBY was under the Ministry of Labor and Employment. Now, the central government transferred it to the Ministry of Health and Family Welfare from 1st April 2015.

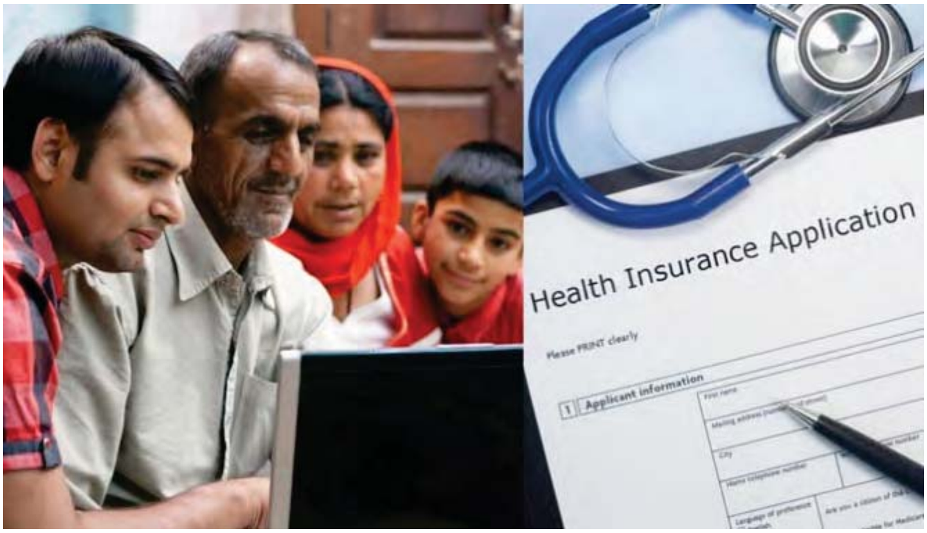
The key objective of NHAM includes:

- To identify the difference with respect to public health structure, their socio-economic conditions and the administrative network.
- The health insurance scheme purposes the initiation of health insurance projects in all the districts of the state in a phased manner for BPL families.



The NHAM offers social security and healthcare assurance for all. NHAM recommends that the central government provides security schemes to mitigate risks due to disability, health shocks, maternity and old age which the BPL family are most vulnerable. Every BPL family holding a yellow ration card pays Rs.30 as the registration or renewal fee to get a biometric enabled smart card having their fingerprints and photographs. This allows them to receive inpatient medical care of up to Rs.30000 per family per year in any of the empanelled hospitals. Pre-existing illnesses are covered from the day of registration, for head of the family, spouse and up to three dependent children or parents.Furthermore, transport expenditures of Rs.100 per hospitalization will also be compensated to the beneficiary subject to a maximum of Rs.1000 per year per family. The government pays the premium as per their sharing ratio to the insurer selected by the state government. At every state, the state government sets up a State Nodal Agency (SNA) that is responsible for executing, monitoring and part financing of the scheme by coordinating with insurance company, hospital, district and local authorities.

Some of the features of NHAM:



- **Empowering the beneficiary**

NHAM offers the joining BPL family with the liberty of choice between private and public hospitals and makes them potential customer worth appealing on account of the significantreturns that hospitals stand to earn through the scheme.

- **Business model for insurance companies**

The scheme has been intended as a business model for the socio-economic sector with incentives built for each investor. This business model design is noteworthy in both terms of development of the scheme in addition to its long term sustainability.

- **Insurer and Hospital**

The insurer is paid, premium for each registered family under this scheme. Therefore, the insurer has the motivation to register as many families as possible from the BPL list and will cover most of the beneficiaries.However, a hospital has the incentive to provide treatment to a large number of beneficiaries as it is paid per beneficiary treated. While the insurer will monitor the partaking hospitals in order to prevent unnecessary procedures or fraud resulting in excessive claims.

- **Monitoring and Evaluation**

NHAM is developing a strong monitoring and evaluation system. An intricate backend data management system is being put in place which can track any operation across India and provide periodic systematic reports.

"Let's Not Fall Victims to Fraud Be Aware"

INSURANCE

- A guardian to customer

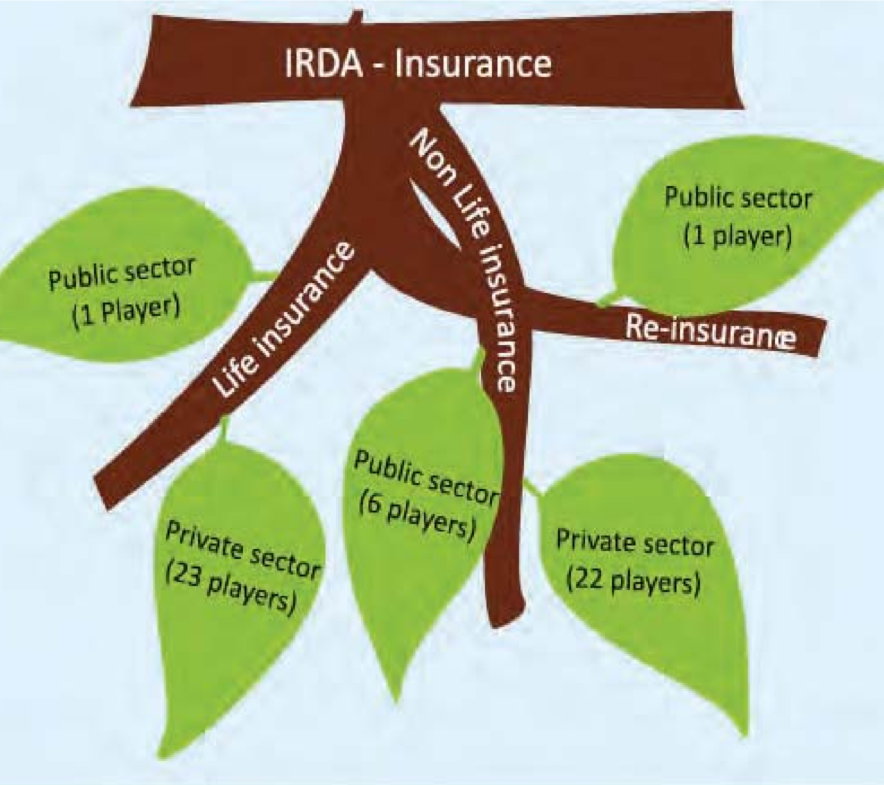
We live in challenging times and often think of who will take care of our family, if something disastrous happens tomorrow. We cannot avoid actions such as the death of loved one, a vehicle accident or extreme weather calamities damaging our homes and disturbing our usual businesses. These are part of uncertainties of life and the loss is a traumatic experience. We need to make better arrangements for our loved ones to meet their basic living amenities or to prepare for their future. They will not have to cope with financial crisis during these stressful hour. However, steps can be taken to mitigate the consequences of such unpredicted events as a Life Insurance plan that guards your family as a Guardian and ensures that your family is monetarily secure even if tomorrow you are no longer around to care for them.

There is a countless investment plan for a person to choose from. Today, investments include gold, property, fixed income, mutual funds and certainly life insurance. Life insurance is a unique investment that helps you to meet your dual needs- saving for life's important goals and protecting your assets.

Technology trending in the insurance industry

TECHNOLOGY IS CHANGING rapidly so as in the insurance industry. Technology hasn't slowed down to wait for the outdated insurance industry to catch up. From banking to health applications and from delivering groceries to online shopping, today we often find ourselves on the edge of the smart devices. The insurance industry has witnessed a prolonged period of fading premium prices and motionless revenues, and the worldwide financial crisis continues to put increased pressure on growth and profitability. These challenges are estimated to strengthen in the upcoming years due to slow GDP growth, low long-term interest rates, growing competition from mediators, and an increase in regulation. In this economic environment, adaptation of updated software platforms and technology infrastructures are the acute areas of attention for reducing the costs and improving service effectiveness.

The technology is gradually participating in the aspects of our everyday lives with connected world and insurance industry stands to gain the benefits from this trending technology.The right software choice is more significant than ever. Processing has developed increasingly complex, time sensitive and data dependent. With the rising costs of the insurance premiums, average policyholders are demanding the change or an alternative to the current system. Soon we will see the introduction of newly emerged tech that are helping the customers and can provide innovative insurance products and assistance.Subsequently, innovative and evolving technologies that assistbetter information distribution and collaboration have crushed the barriers which were basic to traditional processing,



making it more critical than ever for policyholders, agents and professionals to work in a planned way to process insurance in a seamless and efficient manner.

Technology has the ultimate influence to bring revolutionary change in any field that we usually see today in online shopping, online travel and hotel booking and so on. Spreadsheets, agents and physical paperwork are predominant today for any proposal form. The old firm struggle with legacy systems and complex regulatory requirements. However, the introduction of new technology will further increase the cost and efficiency. These technologies has begun to break down some of the old paperwork barriers to promote sustainability in the insurance industry and has provided several incentives to innovate.The insurance industry transactions can be painfully slow and most clients struggle with problematic processes and uselessformalities, and come away considering that insurance is what you buy and hope, never to have to use and then, when one most need help, the experience feels feudal.The traditional insurers must opt these innovative technologies in order to strengthen their business. However, the policyholders may be considered as the biggest beneficiaries. With the introduction of new technologies, customers need not go through the intermediaries to find proper insurance policies, to file paperwork and process the claims.

Change has been slow, but has started to speed up. Many companies in the insurance industry are going digital and interacting the policyholders directly rather than through mediators. Today, most of the policyholders want to handle all of their transactions online. In time, policyholders will be able to get instant help on their query from the insurers.

Here are some features that how an insurance acts as a guardian:

- **Risk cover**

Life is full of challenges and uncertainties today and in this situation life insurance acts as a safeguard for your family to live their dreams against any unexpected instance.

- **Future planning**

Life insurance not only provides for financial support in the event of ultimately death, but also offers a long term investment plan. One can meet their goals like children's education and their marriages, building homes or a pension plan.

- **Caring health**

Life insurance plan offers the several benefits of protection against critical diseases to hospitalization expenses and can protect from the rising incidence of lifestyle diseases and racing medical expenses.

- **Builds the habit of saving**

Life insurance is a long-term investment plan and one need to pay the premiums at a regular interval time, which builds the habit of saving and ultimately these small periodic investments over a long period ensures a decent amount to meet the necessity at various stages of life.

- **Assured annuities plans**

Life insurance is one of the best plans for retirement planning. The money saved during the earning life span can be utilized to facilitate as a steady source of income after the retirement.

- **Mortgage redemption**

Insurance acts as an effective tool to cover mortgages and loans taken by the policyholders so that, in case of any unexpectedincident, the liability of repayment does not fall on the grieving family.

Insurance and Consumer awareness

Although the insurance industry is in existence since long in the nineteenth century, the level of awareness towards the right and duties regarding insurance is negligible. Creating the awareness of the consumer towards the rights and duties towards life insurance products after the privatization of the insurance sector with distinct reference to the Indian insurance business. We need to understand the level of awareness and duties of the policyholders across the demographic profiles and insurance policies prevailing in the Indian market.

Insurance is a combinedposture of risk. Insurance whether life or non-life; offer the policyholder with anequitable degree of security and reassurance that they will be reimbursed in the event of a misfortune or a threat. Insurance also supports the capitalists or individuals to protect themselves from the calamitousdamages and to anticipate probable risk snags. It is quite clear that the better insurance system is needed to promote the economic goals of the emerging Indian state.The Indian insurance industry needs a substantial growth in the distribution of insurance sector. The competition in the Indian insurance industry has increased with the arrival of the big private sector insurance companies in the market, to fulfill the meet of their policyholder, the companies will need to revamp their business model and so is the duties of the consumer increased.

Insurance is an agreement between the insurer and the insured where the insurer promises to pay a designated beneficiary a sum of money upon the happening of a particular event. The policyholder pays premium periodically. Nowadays, numerous people have been taking the insurance, the level of awareness towards the right and duties of the consumers needs to be focused. Some of the consumer awareness tips include:

- Creating the general public awareness programs towards the right of the insurer and insured.
- Creating the general public awareness programs towards the duties of the insurer and insured.
- Creating awareness about the insurance policy and investment plans.

Social Insurance Security schemes

In 2015, our Prime Minister, NarendraModi has launched three ambitious social security schemes out of which two are insurance and one is a pension plan, namely-'Pradhan Mantri Suraksha Bima Yojana', 'Pradhan MantriJeevanJyotiYojana' and 'Atal Pension Yojana' in order to widen the process of financial inclusion.

These schemes are especially targeted to the unorganized sector and economically weaker population, but others can enroll themselves as well.

- Pradhan MantriSurakshaBimaYojana will offer a renewable one year accidental death cum disability cover of Rs.2 lakh at Rs.12 premium every year. The insured will get Rs.1 lakh in case of partial permanent disability.
- Pradhan MantriJivanJyotiYojana will offer Rs.2 lakh cover at Rs.330 premium every year. The bank account holders between 18 to 50 years are eligible to get enrolled in this scheme. The life risk cover will get terminated after 55 years of age.
- Atal Pension Yojana will offer a formal pension to the customer who don't pay income tax. The eligible age group is 18 to 40. The government has promised to contribute 50% of total contribution or Rs.1000 annually whichever is lower. The customer will get guaranteed minimum pension of Rs.1000 to Rs.5000 per month from the age of 60.

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