5th Seminar on Current Issues In General Insurance On 26 & 27th July, 2018

Role of General Insurance Council

R Chandrasekaran
Secretary General, General Insurance Council
Sg@gicouncil.in

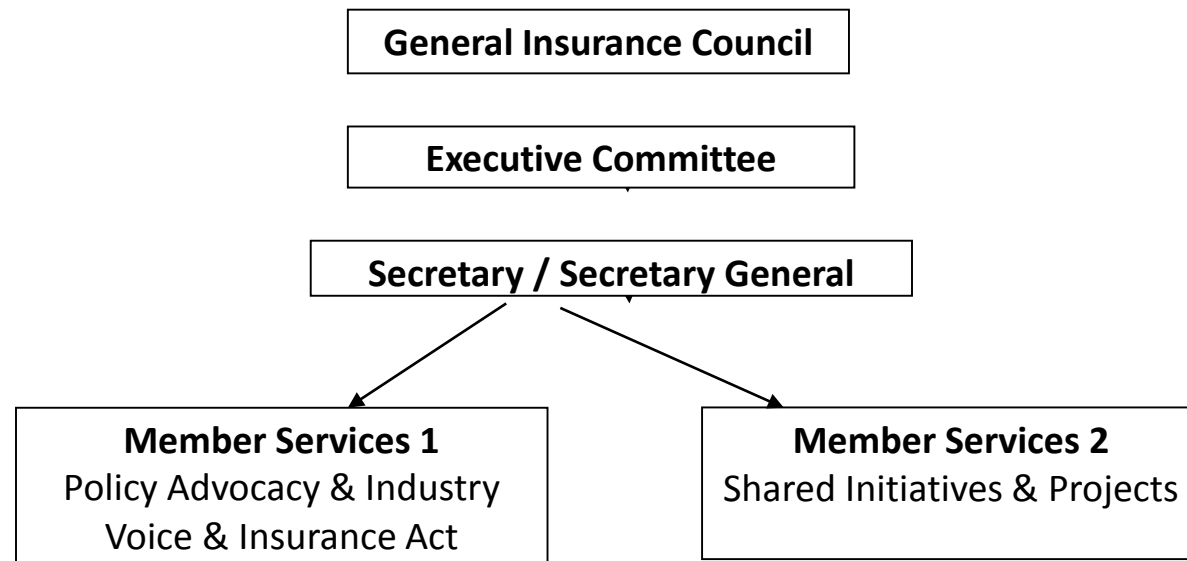Institute of Actuaries of India

General Insurance Council

- Sec 64-C of the Insurance Act :

"General Insurance council is a representative body of insurers, who carry on general, health insurance business and reinsurance in India, shall be deemed to have been constituted under this Act"

Structure of General Insurance Council

General Insurance Council

Executive Committee

Secretary / Secretary General

Member Services 1
Policy Advocacy & Industry
Voice & Insurance Act

Member Services 2
Shared Initiatives & Projects

Role of the Executive Committee General Insurance Council Sec 64 L of Insurance Act:
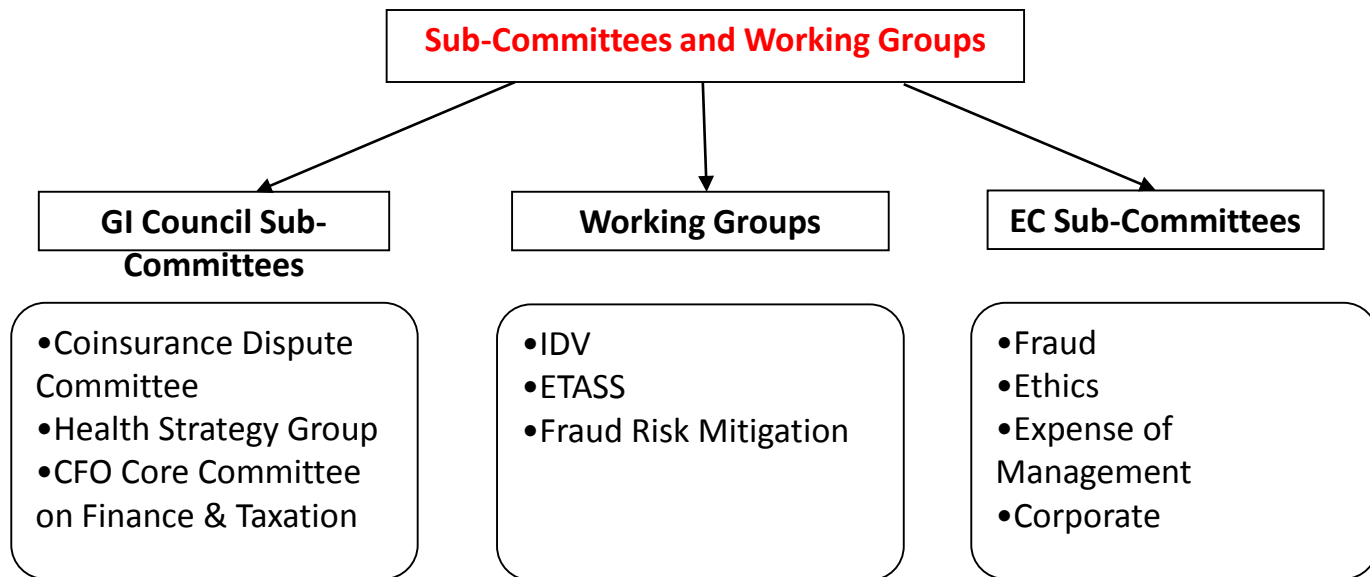
1. To **aid and advise insurers**, carrying on General Insurance business **in the matter of setting up standards of conduct and sound practice** and **in the matter of rendering efficient service to holders of policies of general insurance**

2. To **render advice to the Authority** in the matter of **controlling the expenses** of such insurers carrying on business in India in the matter of commission and other expenses

3. To **bring to the notice of the Authority** the case of **any such insurer acting in a manner prejudicial to the interests of holders of general insurance policies**.

4. To **act in any matter incidental or ancillary** to any of the matters specified in clauses above, as with the approval of the Authority **may be notified by the General Insurance Council in the Gazette of India.**

Member Services 1
Policy Advocacy & Industry Voice & Insurance Act

Member Services 2
Shared Initiatives & Projects

- Policy/ IRDAI Regulations / Acts
- Legal, incl Supreme Court & High Court cases
- Govt/ IRDAI Interactions
- Finance & Taxation
- PR & Image Building
- Member Relations / International Associations/ MoUs
- Section 64H functions of the Insurance Act
- Secretariat / Administration / Council Accounts
- EC / GI Council Meetings & Follow-up initiatives

- IT Enabled shared data services
- Online MIS & Yearbook
- Data Mining & Data Analysis
- IT Projects
  - ETASS
  - Vahan
  - IDV
  - Other projects
- Fraud Risk Mitigation
- Indian Market Wordings
- GI Council Website & Updation
- Education / Knowledge

Sub-Committees and Working Groups

GI Council Sub-Committees

- Coinsurance Dispute Committee
- Health Strategy Group
- CFO Core Committee on Finance & Taxation

Working Groups

- IDV
- ETASS
- Fraud Risk Mitigation

EC Sub-Committees

- Fraud
- Ethics
- Expense of Management
- Corporate

- Policy Advocacy & Industry Voice

Policy advocacy – Industry voice - Collective Bargaining

- Policy/ IRDAI Regulations / Acts

- Govt/ IRDAI Interactions

- Section 64H functions of the Insurance Act

- Legal, incl Supreme Court & High Court cases

- Member Relations / International

  Associations/ MoUs

- Engaging various stakeholders – FICCI / CII /

  ASSOCHAM

Expert groups of the GI Council

- **Motor Insurance:**
  - Comprising of member insurer representatives who are well versed in Automobile repairing and costing of such repairs
  - To engage with OEMs on labour schedules to be applied by dealers while servicing / repairing vehicles.

- **Health Insurance**

  Health Insurance Strategy Group

  Health Insurance forum of IRDAI (Co-ordination) - expected

- IT Enabled Shared Data Services

Shared Platforms for Member companies

1. PMSBY- (De-duplication)

– All claims under this scheme are uploaded here for check and deduplication by other insurers.

2. Online MIS (Monthly and quarterly Business figures)

– All Member insurers enter the monthly and quarterly financial data, and can view the details on an industry level and at an individual company level – **again Real time**.

3. Fraud Risk Mitigation Portal

– All Member insurers contribute basic data of Policy and Claim frauds detected / Suspected in their companies and use the database as a reference while analyzing claims or investigating frauds.

Single Window access for stakeholders

- **Schengen Visa Authority -Portal for Verifying Policy (since 2012)**

Schengen Visa officials access the Schengen portal with a single login, and verify the policy genuineness and validity and details of travel insurance policies from all member companies issuing Overseas Travel Policy

- **TN and Goa Police - Verification of valid and genuine Motor TP insurance policy** (since 2016)

Through GI Council, the Police access the various insurance companies <u>in real time</u> to check validity of motor vehicle insurance policy. Online sharing of documents by the police on accident cases helps to speed up Compensation claims.

- **For General Public**
    - **Office Locator (since 2014)**
    - **IDV of Vehicles (since 2017)**

Addressing the Uninsured vehicles

Interface with Vahan (MoRTH) Data base

The policy validity of an insured vehicle is now updated in Vahan database **on a daily basis via IIB.**

This data is accessible to enforcement agencies to help identify uninsured vehicles and to reduce insurance frauds after accidents.

Market conduct

<u>Motor Insurance Service Providers</u>

The issue of **pay outs to Motor Dealers** for Insurance Services provided was taken up with IRDAI

After due consultation process IRDAI issued guidelines capping the payment of Distribution fees to MISPs uniformly across the industry.

These regulations brought out some out of discipline and uniformity across the industry vis-à-vis Dealer outlets.

There are instances of violations of these guidelines. GI Council formed a **Watchdog Committee** of CEOs and has brought to the attention of IRDAI instances of violation by Member Insurers for proper action.

Spreading of Ethical Practices

Electronic Transaction Administration and Settlement System

ETASS Application (LIVE since 1st April 2017)

Concerns of Delayed settlement of Inter-company balances arising out of coinsurance business are on a constant rise. **(a) Over due balances (b) high turnaround times and (c)lack of transparency**

ETASS application was envisaged as a common platform for binding of risks, reconciliation and settlement of balances between the coinsurers.

- Coinsurance transactions (premiums, claims, endorsements, payments) between the companies are uploaded on the system for information to followers. All aspects of coinsurance, across all LOBs, from sourcing to settlement are covered.

- A workflow of confirmation by both parties ensures there is no ambiguity in the shares allocated and the payments disbursed.

- ETASS Mandates are issued to ensure adherence to the process laid out.

Coinsurance Dispute Resolution Committee

- Comprises of select CEOs of member companies who will preside over any outstanding disputes between the companies. Committee hears all aspects of the dispute cases between the insurers and to provide solutions. So far 4 Disputes between Member companies have been resolved; and the decision of the committee has been implemented.

Insured Declared Value

- Motor insurance portfolio is prone to high competition, leading to high discounts and wrong valuations.

- The Lower or varying IDVs applied to vehicle has the potential to lead to

    a) Decrease in the premiums collected

    b) Right Indemnity is not reaching the Policy holder in cases of total loss.

- GI Council launched the IDV project to ensure all insurers have a standard base of valuation of a vehicle.

- The masters of the 4-wheeler private cars is now made in line with all the models available with the OEMs

- A state wise value of IDV for each make-model-variant of the vehicle updated on a monthly basis was adopted.

- Enforcing the correct value of IDV to be used by insurers and other parties selling insurance

- Similar exercise for 2 Wheelers is underway and would be rolled out by 1st August 2018.

Fraud Risk Mitigation Measures (1)

Insurers are facing exodus of funds by way of fraud claims. The frauds include a nexus of various stakeholders. To stem these frauds and to bring in ethical practices, GI Council launched initiatives to identify and control frauds within the industry.

- **Fraud Risk Mitigation Portal**

A data sharing platform wherein companies share information of frauds detected /proven/suspected, and use this information during future underwriting and claim processing. Over 18000 cases are presently within the system.

- **Fraud Analytics Pilot Project**

Voluntary data contribution of policy and claims transactional data for 2015-2017 by Member companies on which Pilot data analytics were run. Patterns based on various parameters and list of suspects have been for further action and investigations.

Fraud Risk Mitigation measures (contd.)

- **Health Strategy Group**

The instances / cases of proven fraud reported in the FRMP from Member companies with multiple cases of occurrence are scrutinised further by a **Screening committee** and the **Health Strategy Group.** Further action to be taken on an industry level is recommended.

Health Strategy Group consist of 10 Members

2 each from PSU, Private Insurers and Standalone Health Insurers

4 External Independent experts (a Retired High Court Judge, a Retired DCP and a Practising advocate, a CEO of a Hospital chain and a Forensic expert.

- **Investigation & Fraud Detection Certification Course**

In collaboration with Insurance Institute of India, GI Council has initiated a pilot course on Investigation and Fraud Detection for those desirous of making a career in the insurance industry as claim investigators.

Standardization Measures

Standard and Uniform Data Masters

- GI Council aims to establish standards of digital data capture amongst the member insurers

- Uniform and identical masters for
    - Company codes
    - Office Codes
    - Unique Reference numbers for each coinsurance transaction
    - Lines of Business & Sub-class of business for policy transactions
    - Vehicle master – 4 wheeler private cars and 2-wheelers (IDV Masters)
    - Standard Policy Number format (under progress)

- Contributions in Data formats for data sharing between IIB and member companies

Indian Market Wordings (Commercial)

- Pursuant Product Filing Regulations, IRDAI advised GI Council to work on standardized Indian Market Wordings for Commercial policies.

- Standardised Wordings already in place:
    - Standard Fire and Special Perils Policy (SFSP)
    - Machinery Breakdown Insurance (MBD)

- Standardised Wordings (Work in progress)
    - Industrial All risk policy (IAR) (Under progress)
    - Property All risk policy (PAR) (Under progress)
    - Electronic Equipments insurance (Under progress)

Thank you