Institute of Actuaries of India

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the Actuary INDIA

THE MAGAZINE OF THE INSTITUTE OF ACTUARIES OF INDIA

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INDIAN ACTUARIAL PROFESSION
Serving the Cause of Public Interest

21st Global Conference of Actuaries (GCA) &

Actuaries: Striving for excellence, creating sustainable future.

Actuarial Gala Function and Awards (AGFA 2020)

17th - 19th February, 2020
Mumbai, India

Celebrating 75 years of Indian Actuarial Profession

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Source: M&G plc 10 March 2020

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"A noble man's thoughts will never go in vain. -Mahatma Gandhi."
"I hold every person a debtor to his profession, from the which as men of course do seek to receive countenance and profit, so ought they of duty to endeavour themselves by way of amends to help and ornament thereunto - Francis Bacon"

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From President's Desk

Mr. Sunil Sharma

This is my first message after 21st Global Conference of Actuaries (GCA) held in Feb 2020. I hope and wish that all of you along with your family and friends are safe and healthy.

Looking at the current scenario resulting from spread of COVID19, when I look back, I feel very fortunate for us that we could conduct our mega annual event GCA immediately before the pandemic COVID19 spread its wings worldwide

This years' GCA has been very special for us given that 21st GCA was celebrated along with Platinum Jubilee celebration on the occasion of completion of 75 years of Indian Actuarial Profession. We have received compliments and best wishes from all major global Actuarial Professions including SOA, CAS and IFOA. I would like to convey my sincere thanks on behalf of IAI to the entire actuarial fraternity for their greetings and lovely compliments.

It was a matter of proud and excitement for all of us to release Coffee Table Book (CTB) on the occasion of 75th Year celebration, capturing the entire history of Actuarial profession in India which goes to early 19th century. I would like to thank volunteers and contributors, IAI staff members and Ms. Yogita Arora as Author & Editor for their hard work and collective efforts and also many members of the profession who made CTB a reality.

I must thank Shri. Liyaquat Khan, the eminent Actuary and most experienced past president of IAI and Shri K Subrahmanyam for their passion and driving the whole initiative of designing CTB and ensuring the completion of the project in a record time without compromising the quality. It was great team work under the able and passionate leadership.

This edition of Actuary India includes lot many on AGFA 2020, 21st GCA and Platinum Jubilee Celebration during 17-19th Feb 2020.

Based on the feedback from various attendees, I can mention that all the events i.e. GCA, AGFA and Platinum Jubilee Ceremony organised along with 21st GCA have been a grand success. The event has been attended from people across the country and abroad by Actuaries and other financial Professionals. As we thrive to improve the quality of the event every year by implementing new technology, by bringing in prominent speakers and by selection of diversified and relevant discussion topics, I am sure that all you had a wonderful experience this time than ever.

The partnership for the 21st GCA has been very encouraging and we have received support from all corners. An event cannot be done without support from partners. I would like to thank and acknowledge services and support extended by the all Partners of the event. This time, our Principal partner for the mega event was Met Life GOSC, a prominent offshore centre of Met Life in India. I am delighted to share names of Institutions here; most of them are continuing partners of the mega event, hence contributing and promoting to the Indian Actuarial Profession extensively.

1	Principal Partner	MetLife Global Operations Support Center Private Limited
2	Bag Partner	LIC of India
3	AGFA 2020 partner	K A Pandit Consultants & Actuaries
4	AGFA 2020 partner	ICICI Lombard General Insurance Company Limited
5	Welcome Reception & Dinner Partner	Milliman India Pvt. Ltd.
6	LED wall partner	SBI Life Insurance Company Limited
7	Lunch Partner (Day 1)	HDFC ERGO General Insurance Company Limited
8	Lunch Partner (Day 2)	AIG Analytics & Services Private Limited
9	Flash Drive Partner	Go Digit General Insurance Limited

10	Wireless Mouse Partner	Edelweiss Tokio Life Insurance Company Limited
11	T shirt Partner	Hannover Ruck SE
12	Digital Wall Partner	GIC Re
13	Digital Wall Partner	HDFC Standard Life Insurance Company Limited
14	Lanyard Partner	Kotak Mahindra Life Insurance Company Limited
15	Mobile App Partner	The New India Assurance Company Limited
16	Graphic Recorder Partner	Scor Re
17	Speakers Gift Partner	Star Union Dai-ichi Life Insurance Company Limited
18	Charging Station Partner	Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft- India Branch
19	Partner	IFoA
20	Associate Partner	Cholamandalam Ms General Insurance Company Limited
21	Associate Partner	SBI General Company Limited
22	Associate Partner	Swiss Reinsurance Company Limited
23	Associate Partner	TATA AIA Life Insurance Company Limited
24	Associate Partner	ICICI Prudential Life Insurance Company Limited
25	Associate Partner	CAS
26	Associate Partner	SOA
27	Associate Partner	ManipalCigna Health Insurance Company Limited
28	Associate Partner	General Reinsurance AG India Branch
29	Associate Partner	ECGC Limited
30	Associate Partner	Sriram Life Insurance Company Limited
31	Associate Partner	Agriculture Insurance Company of India Limited
32	Associate Partner	Max Life Insurance Company Limited
33	Associate Partner	India First Life Insurance Company Limited
34	Media Partner	Asia Insurance Review
35	Media Partner	Asia Insurance Post
36	Technical Session partner	Actuview
37	Digital Media Partner	ETBFSI

Current Pandemic situation:

We have been passing through an unprecedented and most difficult time in the history of mankind resulting from the pandemic caused by COVID19. India and the world as a whole is currently undergoing extraordinary situation.

The Covid-19 crisis is one of the major challenges we will ever possibly face as a human being. The only thing that we might know at the moment is that we are getting into unexplored new world. It's difficult to predict how or when this will end, and what shape the world will be in then.

I am really pleased to share with you that the working model of the IAI office has been quickly re-structured to work from home (WFH) in order to cope-up and to manage and overcome the difficult time without affecting any service to members. I am happy to share that, the office has been functioning on a remote-basis for the last 3 weeks without a single break down of any service, hence proved to be very efficient. The office will continue to function within the WFH model till the lockdown period is over.

I am proud that our IAI staff is managing the member's services and all COPs have been processed by the team in time.

Social dis-connect being a mantra of the time, seminars and conferences can no more remain in the existing format; the IAI is exploring all such formats including webinars and Video conferencing and any other adoptable technology for implementation. Irrespective of any shut down and social disconnect, our show must go on.

Appeal for donation:

The prevailing situation shall require financial as well as non-financial support to the initiatives taken by the Government to tackle the current situation and help the distressed fellow Indians.

To provide much needed relief for the people who are directly or indirectly affected by COVID19 , the Council of IAI decided to appeal to all its Fellow, Associate and Students members for their generous contributions to Prime Minister's relief fund and also Maharashtra Chief Minister's relief fund.

We should contribute to the government initiatives to reinforce necessary infrastructure and equipment to fight this epidemic. IAI Stand with Government of India in this fight against COVID 19 Pandemic

To provide much-needed relief for the people affected by the COVID19 and those who are in distress; IAI appeals to all its staff, members and students to donate generously for this noble cause through online transfer.

We expect a consolidated contribution from IAI members to tune of INR 30 million. I appeal to all the members of the Profession to demonstrate their generosity and demonstrate how actuaries can add value to the lives of people by contributing to their level best.

Wishing you all a healthy and productive time along with your families at home.

I would like to sign for now and come back what IAI has been doing on remote seminars and more from IAI Pandemic Research group.

Appeal to IAI members and employees to voluntarily and generously donate for COVID 19 Pandemic Situation

Dear Members,

I hope and wish that you, your family and friends all are safe and healthy.

We all are aware that we have been passing through an unprecedented and most difficult time in the history of mankind resulting from the pandemic caused by COVID19.

India and the world as a whole is currently undergoing extraordinary situation. The prevailing situation shall require financial as well as non-financial support to the initiatives taken by the Government in order to tackle the current situation and to help the distressed fellow Indians in need.

To provide much needed relief for the people affected by the COVID19 disease and people who are in distress, the Council of IAI decided to appeal to all its Fellow, Associate and Students members for generous contributions to the society.

We should contribute to the government initiatives to reinforce necessary infrastructure and equipment to fight this epidemic. IAI Stand with Government of India in this fight against COVID 19 Pandemic To provide much-needed relief for the people affected by the COVID19 and those who are in distress; IAI appeals to all its staff, members and students to donate generously for this noble cause through online transfer.

The members of the Institute of Actuaries of India may contribute voluntarily to PM Cares Fund or/and Chief Minister's Relief Fund - COVID 19, Maharashtra. In this connection, it was further decided to open two separate and exclusive Bank Accounts for receiving voluntary contribution from IAI members to;

a. PM Cares Fund
   and/or
b. Chief Minister Relief Fund – COVID 19, Maharashtra

The Accounts would be operational till 10th of June 2020. The accumulated contributions will be sent to the PM Care fund and Chief Minister Relief Fund – COVID 19, Maharashtra as chosen by the donating members.

Please visit the IAI portal at **https://www.actuariesindia.org/covid19.aspx** as make your contribution.

The contribution(s) such made are tax exempt under section 80 G of Income Tax act.

We expect a consolidated contribution from IAI members to tune of INR 30 million.

I appeal to all the members of the Profession to demonstrate their generosity and demonstrate how actuaries can add value to the lives of people by contributing to level best.

Warm regards,

Sunil Sharma
President
11 May 2020

From Chief Editor's Desk

Ms. Bhavna Verma

The world seems to have changed so much since I penned the previous editorial for the Actuary India. We concluded a wonderful Global Conference of Actuaries (GCA) in February, leading into a unique financial year end under a lockdown scenario and extreme volatility in the investment markets driven by the global Covid-19 crisis, and have now entered the new financial year with renewed perspectives on life and work, business and industry. This unchartered territory takes agility and change management to a whole different level, doesn't it?

Although India has been relatively lesser and later impacted by the Covid-19 pandemic, as individuals and actuaries, we are all attempting to address various chains of thought and questions. For those working in core areas, whether and how to allow for this pandemic in technical assumptions and assessments of valuations and pricing is a key one – it may be early since a generally accepted pandemic model with a near certain spread and fatality assumptions is yet to emerge and we are hopeful that a cure will be found soon enough. Nevertheless, focused modelling efforts around this are keeping several actuaries across the world occupied. For those working in larger risk management areas, there could be several direct or second order impacts of operating in a socially distanced world that need consideration such as increased cyber and operational risks, among others. Of course, we need to see how the business we operate in will be impacted in the larger context over the next few months.

The resultant stock market volatility, moderation of economic activity and governments' response also brings to the fore the need to potentially review correlations between insurance and investment risks? Economic growth forecasts for 2020 of the largest countries across the globe have been cut by around 3-5%; there are few views that the downturn, although deep, is likely to be short and U-shaped rather than prolonged and L-shaped.

On a more generic level, recent events have indeed given us validations such as tail events do occur and technological revolutions or digitization drives can be implemented faster than we believe. Work from home is an effective work model since it allows some additional time to focus on self-health, growth and wellness rather than over-burdening the environment and infrastructure – could this be the new normal?

Under the lockdown, insurance has been classified as an essential service. In a scenario where risk exposure is heightened, 'risk coverage' is undoubtedly an essential service. The circumstances will give a natural and long-deserved push to insurance covers, particularly life and health. Opportunity for product innovation has increased exponentially as customer needs will change and evolve.

This issue of the magazine includes detailed reportage of the 21st GCA sessions, along with perspectives on recent developments, the current scenario and way ahead including those from few of the Advisory Groups of the Institute.

Stay safe and stay motivated! As usual, we would love to hear from you at library@actuariesindia.org, especially in these times of change and new developments.

75 Years Celebration and Coffee Table Book (CTB) Launch

Organised by: Institute of Actuaries of India
Venue: Renaissance Mumbai Convention Centre Hotel, Mumbai **Date:** 17th February, 2020

Dave Finnis, Sunil Sharma, Andrew Rallis, K Ganesh, Subhendu Kumar Bal

The 75 years celebration of Indian Actuarial Profession was celebrated on 17th February 2020 at Renaissance hotel, Powai.

All the guests were treated with a graceful welcome dance Gandeshvandana by Rajeshwari VS, Fellow, IAI. The Lamp Lighting ceremony by esteemed dignitaries Chief Guest Andrew Rallis (President, Society of Actuaries, and Global Chief Actuary, MetLife Inc., Singapore), Sunil Sharma (President of the IAI), Subhendu Bal (Honorary Secretary of the IAI) and Liyaquat Khan (Chairperson, 21st GCA, AGFA 2020 & 75 years Celebration Organizing Group) followed.

The grand celebration of completion of 75 years of the Indian actuarial profession kick-started with Coffee Table Book release at the hands of Chief Guest - Andrew Rallis. Sunil Sharma drove us through the arduous journey of the Coffee Table Book and silent force of many volunteers, who were the pivotal force behind this book, especially acknowledging the contribution of Yogita Arora (Director-IFRS 17, Global Risk Consultants) in turning this idea of coffee table book on Indian Actuarial Profession into a reality in a remarkably short span of time. We were treated with snapshots of this journey through a small exhilarating video presentation. Snippets from actuarial milestones over the years and experts speaking over the journey of the Indian actuarial profession was a treat to watch. After the video presentation few of the chapters were recited by Yogita Arora, Heerak Basu, Liyaquat Khan, Gopal Kumar and Sunil Sharma. All the chapters were interesting and engaging.

Chief Guest, Andrew Rallis felicitated SB Mathur (Ex-Chairman, LIC) for his significant contribution to the Indian Actuarial Profession by a "Non- Actuary". SB Mathur gave insights on the actuarial profession from his LIC working days.

Sunil Sharma felicitated Vijaya Bhosale for her long and wholehearted service in IAI for the last 25 years.

Dave Finnis (Co-Chair of the Education and Practice Sub-committee of the Insurance Accounting Committee, International Actuarial Association, Australia) reminisced his days in India while he worked to enhance actuarial footprint in General Insurance in India. K Ganesh (Member-Life, IRDAI of India) emphasised the future role of actuaries in implementation of IFRS17 or its Indian equivalent Ind AS 117 accounting standard.

Vote of thanks was presided by Subhendu Kumar Bal (Hon. Secretory, Institute of Actuaries of India).

Written by
Nachike Ghate

Actuarial Gala Function and Awards (AGFA) 2020

Organised by: Institute of Actuaries of India
Venue: Renaissance Mumbai Convention Centre Hotel, Mumbai **Date:** 17th February, 2020

Qualified Fellows for the year 2019-20

This year's AGFA started with welcome address by Sunil Sharma, President, Institute of Actuaries of India. He emphasised on expansion of actuarial profession and increasing the global actuarial footprint. After the welcome address, partners for AGFA 2020: Sanjay Datta (Chief, Underwriting, Reinsurance and Claims, ICICI Lombard General Insurance) and Rudresh Pandit (CEO, M/s K A Pandit) shared their valuable opinions from the dais.

Sanjay Datta

Rudresh Pandit

Cultural performance by NCR Actuaries was enthralling. Post this performance awards were given for Best article and Reportage in the Actuary India magazine for the Year 2019 and Actuarial Common Entrance Test (ACET) awards for exams held in year 2019.

Audience were treated with an amazing performance by Math Stars. The children showed some unique dance moves themed on Mathematics. Dancematics Quiz was much appreciated and well participated. Next, the Academic Excellence awards were given out which recognise highest scorers in various actuarial examinations. A stand-up comedy act by Aditya Shah (Member, IAI) was stupendous.

Associates who were admitted from March 2019 to February 2020 were awarded with Associateship certificates. Volunteers are the back bone of any successful event. Volunteers were recognised and rewarded for their dedication and support. Math Stars were felicitated for their amazing performance.

Cultural performance by Mumbai Actuaries set the tone and excitement for the final awards. Mumbai Actuaries came out with flying colours in the cultural performance awards. Finally, the highest honour in the actuarial profession; the Fellowship certificates were awarded to members admitted as Fellows from March 2019 to February 2020.

Written by

Nachike Ghate

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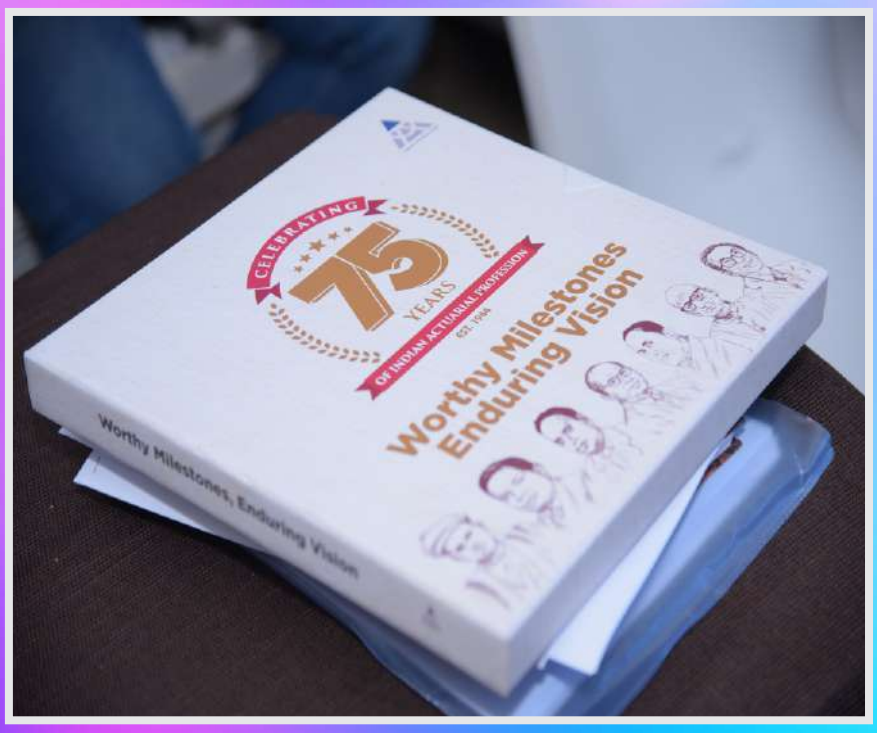
Nachike Ghate is currently working at SBI Life Insurance Pvt. Ltd.

Photo Features

75 years celebration

Institute of Actuaries of India
Statutory body under an Act of Parliament
The Journey of Indian Actuarial Profession
Actuarial Society of India (ASI) formed in Bombay
The Payment of Gratuity Act, 1972
Nationalisation of Life Insurance Companies
Beginning of Indian Actuarial Examinations
First publication of The Actuary India Magazine
The IRDAI Act, 1999 and First GCA
MRAs with IoA, FoA and IAAust
IAI adopts its Vision, Mission and Values Statement
1944
1950
1956
1971
1972
1982
1989
1993
1994
1996
2000
2004
2006
2012
2019
The Insurance Amendment Act, 1950
Nationalization of General Insurance Companies
ASI registered under Literary, Scientific & Charitable Societies Act, XXI of 1860
Formation of Malhotra Committee
Meena Sidhwani and R Padmain became first 2 fellows of ASI
IRDAI (Appointed Actuaries) Regulation, 2000
The Actuaries Act, 2006
75 Years Indian Actuarial Profession
• ASI: Actuarial Society of India
• IAI: Institute of Actuaries of India
• FOA: Faculty of Actuaries
• IOA: Institute of Actuaries
• GCA: Global Conference of Actuaries
• IAAust: Institute of Actuaries of Australia


CELEBRATING
75
YEARS
OF INDIAN ACTUARIAL PROFESSION
EST. 1944
Worthy Milestones
Enduring Vision
Worthy Milestones, Enduring Vision

Actuarial Gala Function & Awards 2020

Best Article and Best Reportage awards being presented during 21st GCA at the hands of Mr. Gopal V Kumar, Chairperson, Advisory Group on Communication

Heerak Basu

Neha Akshit Shah

Ranjan Pant

Swati Jaiswal

Math Star

Academic Excellence Awards

Associateship being awarded during 21st GCA at the hands of Mr. Subhendu Bal, Honorary Secretary, IAI

Ajay Shekhar

Debjyoti Lahiri

Deepika Sachdeva

Khim Singh Pujari

Mayuresh Vinayak Dharap

Padma R S

Piyush Jain

Rahul Jain

Renu Agnihotri

Sahil Kataria

Satvinder Kharb

Surabhi Dalmia

Surbhi Narang

Surekha Dinkar Tambe

Umesh Kumar

Vardhan Chheda

Fellowship being awarded during 21st GCA at the hands of Mr. Sunil Sharma, President, IAI

Abhinav Kumar

Ankit Maheshwari

Anoop Michael

Anshul Mittal

Anupam Sharma

Arpita Jetha

Ashish Swarup Gupta

Gaurav Taneja

Gayathri Khanna

Isha Khera

Jimmy Jacob

Kruti Dinesh Malde

Lasil Jacint Dias

Manish Sen

Mohit Gupta

Pushkar Anant Deodhar

Rohit Singhal

Sabyasachi Das

Saigeeta Bhargava

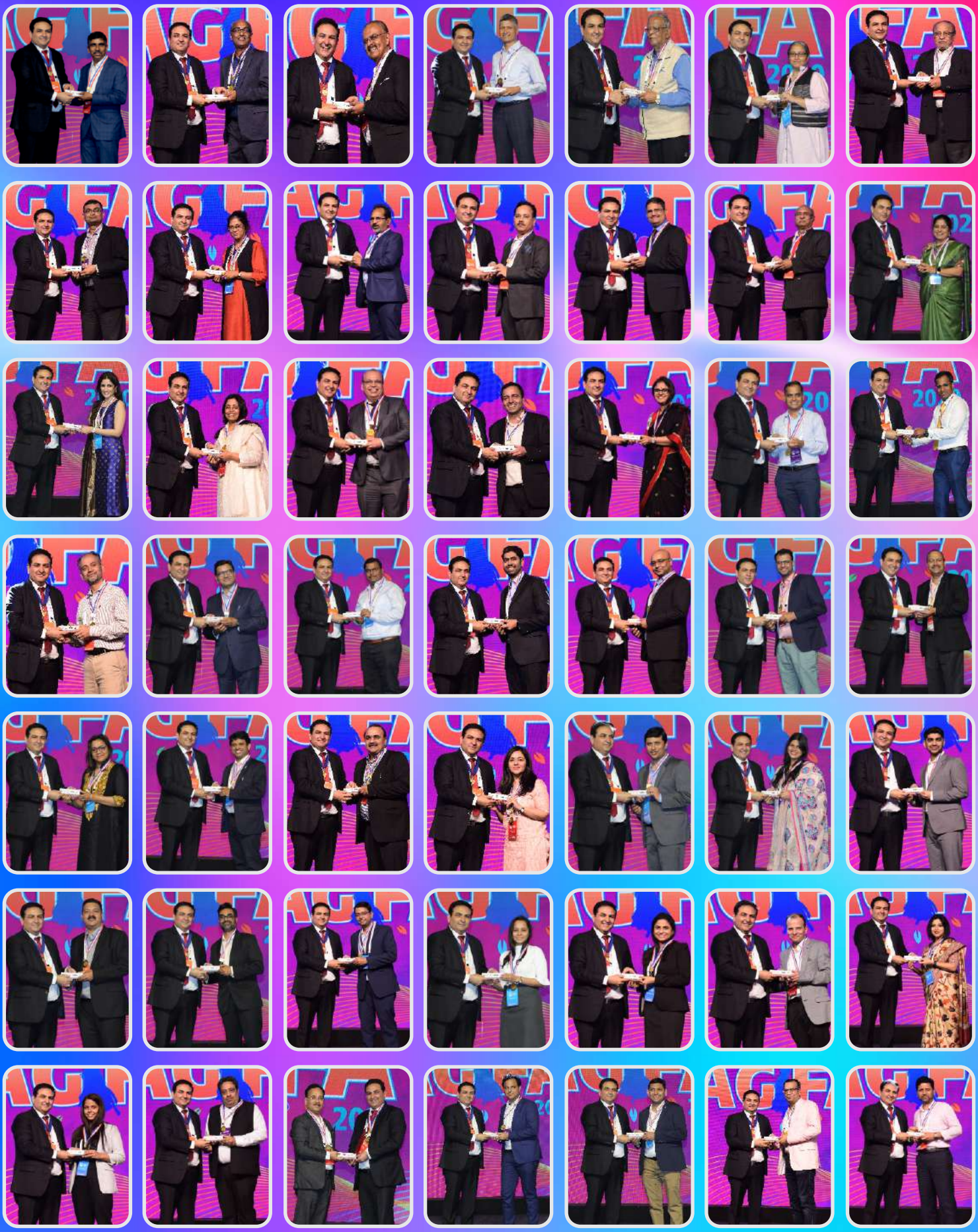
Smita Tibrewal

Sudarshan Mall

Swati Jaiswal

Varun Jain

Volunteers being rewarded during 21st GCA at the hands of Mr. Sunil Sharma, President, IAI



Performances

Welcome Reception & Dinner

21st GCA Inaugural session

Organised by: Institute of Actuaries of India
Venue: Renaissance Mumbai Convention Centre Hotel, Mumbai **Date:** 18th February, 2020

Dave Finnis, Bhargav Dasgupta, Sunil Sharma, Dr. S C Khuntia, Liyaquat Khan, Andrew Rallis, Richard Holloway

The 21st Global Conference of Actuaries was inaugurated by the most elite panel made up of Dr. S C Khuntia, Chief Guest (Chairman, Insurance Regulatory and Development Authority of India), Mr. Sunil Sharma (President, Institute of Actuaries of India), Mr. Liyaquat Khan (Chairperson, 21st GCA, AGFA 2020 & 75 years Celebration Organizing Group), Mr. Andrew D Rallis (President, Society of Actuaries, and Global Chief Actuary, MetLife Inc., Singapore), Mr. Bhargav Dasgupta (Managing Director & Chief Executive Officer, ICICI Lombard General Insurance Company Ltd, India), Mr. Dave Finnis (Co-Chair of the Education & Practice Subcommittee of the Insurance Accounting Committee, International Actuarial Association, Australia) and Mr. Richard Holloway (Vice President, Institute of Actuaries of India).

Key messages

Once the dignitaries lit the ceremonious lamp, the proceedings started off with Dr SC Khuntia who reminded the audience of an Actuary's primary responsibilities including customer centricity, sustainable growth, consolidated product suite etc. He gave an update on the innovations likely to be triggered by the regulatory Sandbox regime. He advised the Institute to determine ways to enhance the Actuarial workforce both in terms of quality and quantity. He said that our country currently has only 460 actuaries for a population of 1.3 billion while it needs at least 1000 qualified actuaries to cater to the multiple domains and industries. His parting words to the audience described actuaries as incorruptible conscience keepers, this is indeed a compliment for our profession.

The President, Mr. Sunil Sharma spoke about his big and bold objectives for the profession. He discussed the many achievements of the institute including the job portal, the coffee table book and focus on increasing awareness about the profession. Mr. Liyaquat Khan took the audience down the memory lane reminiscing about the many years of the Institute's journey. Mr. Andrew Rallis spoke about the main actuarial skill of developing complex models. He also delved into the fundamentals of the three steps of Evolve - Empower - Elevate mechanism. Mr. Bhargav Dasgupta was very complimentary of his company's actuarial function. He also covered the major milestones for the Indian General Insurance Industry. Mr. Dave Finnis spoke further about various research possibilities and data opportunities that the constantly evolving industry landscape has to offer. Mr Richard Holloway then concluded the panel with insights and key takeaways from the esteemed panelists.

Written by

Sana Konnur

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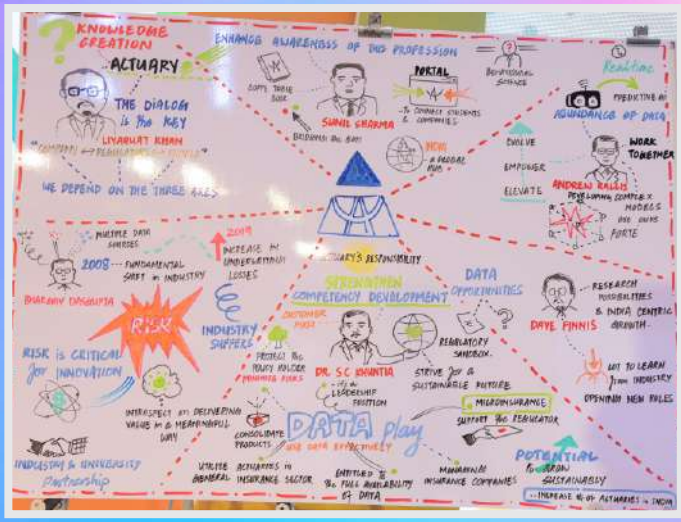
Sana Konnur is currently working as Head Actuary at SBI General Insurance Co. Ltd.

Photo features of Inaugural Session



21st GCA theme award presented by Dr. S C Khuntia, Chairman, IRDAI

Dr. S C Khuntia & Vinay Dwivedi

21st GCA Plenary Sessions

Organised by: Institute of Actuaries of India
Venue: Renaissance Mumbai Convention Centre Hotel, Mumbai **Date:** 18th & 19th February, 2020

Plenary Session 1: The Dialogue - Reflections on the experience leading to success of insurance companies

Speakers: Gopal V Kumar & Raunak Jha from the Institute of Actuaries of India

Bhargav Dasgupta, MD & CEO, ICICI Lombard General Insurance Company Ltd, India

G Murlidhar, MD, Kotak Mahindra Life Insurance Company Ltd, India

The opening session of the 21st GCA was a dialogue between eminent speakers from the actuarial profession and the insurance industry.

The Panel

The panel was constituted by eminent senior management insurance industry professionals.

Bhargav Dasgupta is the MD and CEO of ICICI Lombard General Insurance Company. Mr. Dasgupta has held key leadership positions in the ICICI Group. He holds a PGDBA from the Indian Institute of Management Bangalore and a B.E (Mechanical) degree from Jadhavpur University.

G Murlidhar is one of the founder members of Kotak Life Insurance. He has served the company in various positions of high responsibility over the past decade and was the company's chief operating officer immediately prior to becoming the MD of Kotak Life.

Raunak Jha played the role of moderator in the session while she also chipped in with her views and comments during the discussions. She is an active member of the IAI, an actuary with over 15 years of actuarial and risk management experience.

Gopal Kumar, the other moderator and IAI representative, is a consulting actuary and has more than 19 years of professional experience in the areas of Economic Research, Academics, Business Journalism, Insurance Analytics and Product Development, Management Consulting, Private Equity Advisory, Business Valuations and Actuarial Consulting and Valuations.

The Discussion

The entire discussion was divided into five parts. The first part was an introduction of each speaker where Raunak began by asking the speakers to share the experiences of their journey in the Indian insurance industry.

The next topic that came up for dialogue was about the actuarial profession. Each speaker elaborated on their views of the current state of the actuarial profession in the country. They expressed their opinion of what is the contribution of actuaries to the industry and how actuaries are perceived by other functions. They also highlighted the changing roles and responsibilities of actuaries today, especially as awareness about the profession is increasing and more and more people are entering this profession. They stressed on the need to maintain quality and remain relevant in the digital age.

In the next part of this enlightening first plenary session each speaker elaborated on the companies they represented. Since each speaker was from a different background (life and non-life insurance) they touched upon the growth and opportunities and also the challenges faced by the life and non-life insurance businesses in the country.

Concluding Remarks

The penultimate topic was about the insurance industry. Each of the speakers expressed views on the expected growth rate for the insurance market. They discussed the impact of regulation changes on the future of the profession and the industry. Some interesting points that

were mentioned were on forward looking valuation, listing of insurance companies, the market reality, growing competition and the role of actuaries.

The session was wrapped up with a Rapid Fire round. Here Raunak asked each guest speaker five questions revolving around their life and professional experiences. This was a very interesting conclusion to an engaging opening session for the conference.

Plenary Session 2: India's rise as global actuarial talent hub - The company experience

On the Chair: Amit Kalra, MD & Head, Swiss Re, Bangalore, India

Panel Speakers: Des Thomas, Chief Actuary, Asia, MetLife, Hong Kong

Frank O' Regan, Senior Actuary, EMEA, MetLife, Ireland

Today, India is one of the most promising markets in the world of actuaries. A testimony to this is the increasing number of multinational insurers who are targeting the Indian market to establish and run centers of excellence for majority of their work. This session facilitated discussion of experience of few multinational companies on this front.

On the chair was Amit Kalra (MD and Head, Swiss Re Bangalore) who set the context by sharing a presentation on India's Rise as Global Actuarial Talent Hub drawn from personal experience, research and knowledge.

The speakers, **Des Thomas** (Chief Actuary, MetLife Asia) and **Frank O'Regan** (Senior Actuary, MetLife EMEA) shared their experience of transferring and outsourcing actuarial work. They touched upon some key elements of the process and spoke candidly about the practical challenges that a company faces during the transition of work.

From finding it difficult to trace an actuary to being amongst the top three actuarial hubs in the world, India has come a long way. One of the key reasons for thriving is the increasing number of opportunities for which actuaries are now being considered. This has paved a way for a promising future of the actuarial aspirants.
Some of the key takeaways from this session are summarized below:

What makes India an apt market for outsourcing?

A deep actuarial talent pool, English language skills, overlapping time zone, government incentives - all these make India a preferred location for various MNCs across the globe. However, when transferring work, some key considerations need to be made, as mentioned below:

a) Does the organization have additional capacity or are they considering wholesale transfer?
b) Is the work related to shareholder reporting or statutory reporting? Statutory reporting often has regulatory barriers attached.
c) What is the in-country staff retention plan?
d) Is there any other adjacent outsourcing option?

What are the key steps of transferring actuarial work?

There is always a risk involved when transferring work to a different geography. One of the best way to mitigate risks is by transferring the work in a controlled environment, which includes the below mentioned essential steps:

a) organization structure design:
- adaptability and scalability of the project
- staff deployment plan

b) staff recruitment:
- hiring the right talent
- anonymize CVs for more transparent hiring
- retaining the right talent

c) knowledge transfer:
- train the subject matter experts
- documentation- initial, intermediate and final versions
- dry runs
- parallel runs

d) Transfer process key steps:
- initial assessment
- knowledge transfer and assessment
- weekly leader briefing
- monthly steering
- internal audit/external review

What are the practical challenges in transferring work?

There are quite a few challenges that the company faces when they outsource work. Some of the challenges that

are worth mentioning are:

a) maintaining BAU while outsourcing
b) managing internal stakeholders and their needs
c) dealing with regulatory challenges
d) planning and executing the recruitment plan
e) keeping room for other unexpected issues that may arise

Towards the end of the session the speakers echoed that consolidation of work in global shared services will bring in more innovation and productivity, provided they are managed in a controlled way. Documentation plays an important role in the entire transition process and it is very important to have an iterative approach where the documentation is revisited and revised at each stage.

Plenary session 3: Behavioural Data Analytics for Predicting Insurance Outcomes

Chairperson: Shubhashish Dubey, Chief Data Officer, Axa Business Services Pvt. Ltd.

Speaker: Shailesh Dhuri, Executive Director, Decimal Point

The session on 'Behavioural Data Analytics for Predicting Insurance Outcomes' was initiated by **Shubhashish Dubey** (Chief Data Officer, Head – Business Intelligence & Research, and Actuarial & Data Science, Axa Business Services Pvt. Ltd.). As insurers are moving towards digital future to meet the customer expectation, Behavioral Analytics is the key to transformation. He started with the shifting Customer expectation which is becoming more important than price and product. As a digital footprint, the data for Behavioral Analytics is getting accumulated from time to time. He talked about the customer's need for personalized products due to which advertising & marketing strategies have to be modified by the insurers. In today's world, traditional analytics is being followed by insurer asking questions from customers based upon their smoking habits, physical activities, risk exposure and claim details. These data collection practices may result in incomplete and out dated information. Going beyond the traditional analytics, it is time to analyze the customer behavior using automatic data collection through mobile phones, wearables, telematics, smart home and digital footprint. The data collection using these technologies will be richer in comparison to manual data collection through customers. The insurance industry faces many serious threats namely data privacy & security, financial viability, data volume, availability, integration & accuracy, risk scoring and algorithmic bias. An insurer will be using innovative approach to fraud detection through fraudulent behaviors, image-based fraud detection and trend analysis.

The second half of the session 'Behavioral Analytics in Insurance' was taken over by **Shailesh Dhuri** (Executive Director, Decimal Point). He focused on Behavioral Analytics in Insurance which will create an impact on the insurance industry to lead the disruption in financial services. He started with an open insurance that will bring revolution in insurance industry through Application Programming Interfaces (APIs) and with third-party access to data. An open insurance integration in open ecosystems allows insurers to gather new data attributes and discriminator whereas in closed ecosystem customers engage into proprietary apps through private APIs in the insurance domain. Going forward, collaboration will be the new way of doing businesses through innovative models and attributes. Different types of APIs platform is getting used at different levels (Public/Open, Partner/B2B and Internal) to enhance security, cost reduction and operational efficiency. Different types of insurance will be available under this ecosystem to provide all types of insurances under one roof. The customers will get full control of digitally connected data through open insurance, open investment, open banking and open healthcare. The digital governance framework is designed for establishing rules & regulations, security & consent, policies & Laws, DX & API Care and API governance. The personal Data Protection Act (DPA) has given rights to the customer for decoding the data protection bill. Opportunities like stimulating innovation in product development, new revenue streams, better customer engagement and threats (low entry barrier for new players and high competition) for the insurance industry has been highlighted. The data portability is a must for insurance portability to ensure that customers could keep their benefits even with the new insurance company. The Peer-to-Peer (P2P) insurance is a risk sharing network where a group of individuals pool their premiums together to insure against a risk. He gave examples of Lemonade (P2P) and TROV apps which give an insurance quote in less than three minutes. The actuaries were the first to handle big data to

underwrite the premium using math, statistics & financial theory to collect & analyze data. The expansion of their techniques is machine learning which considers large variables for better decision making by determining the probability of certain events occurring and estimating the cost or risk of certain events. The speaker further gave an example of Health IQ which focuses on rewarding individuals living healthier lifestyles. He also highlighted on the customer characteristics and preferences. He explained how Behavioral Analytics will help actuaries to know customers closely by transforming the business decision making and by creating a unique value proposition. The speaker mentioned about digital data which is coming from web-connected devices that will help insurers to understand the customer behavior. Devices like Wearables helps to monitor health risks associated with profile; Auto Tracker is revolutionizing auto insurance; Google nest API, allows insurer to see whether fire alarm is working and; The Fastag gives insights into the driving pattern. Transformation will occur in the insurance industry and, accordingly, dynamic premium and personalized products will be offered to every customer. Due to this transformation in insurance industry, unique pre-approved deals will be offered and persistency & renewal rates will improve. The identification of high claims in future can also be possible and textual analytics will enable to identify probable fraudulent behavior. He concluded the session by giving an example of textual analytics to predict where and when a riot is likely to happen in the future. Overall, a the session was a thought provoking peek into what seems like the future of actuarial applications in insurance.

Plenary session 4 (Part 1): Climate Change - Impact on Society

Chairperson: Prof. Govindasamy Bala, Scientist, Center for Atmospheric and Oceanic Sciences Indian Institute of Science, India

Speakers: G. Satish Raju, CEO, Swiss Re India

Danny Quant, Principal & Consulting Actuary, Milliman, Singapore

K Ganesh, Member (Life), Insurance Regulatory and Development Authority of India, India

The session opened up with the Chairperson **Prof. Govindswamy Bala** talking about the gruesome impact of the irreversible phenomenon called Climate Change on the society.

The Chairperson carried forward the session in three segments wherein firstly, the current impact and damage to society due to climate change was highlighted. He talked about issues like changes in wind mechanism

posing a big challenge for production of wind power and disruption in crop cycle resulting in an overall reduction in global production. Climate change is already affecting the earth's temperature, precipitation, and hydrological cycles. He highlighted that people's lifestyle and habits have a prominent role to play to avert the impact on weather change, by managing their individual carbon footprint. The unremitting rise of Carbon Dioxide from industrial and personal activities has become the dominant factor in determining our planet's climate now and in the years to come. India is world's third largest emitter of greenhouse gases.

Prof. Bala then threw light upon the foreseeable impacts of the long lasting effect of Climate Change in the near future. The projections of Carbon Dioxide are likely to double in the future if the damage is not contained soon. Planet's average surface temperature has already risen by 1.62 degree Fahrenheit in the past 50 years. Continued changes in the frequency and intensity of precipitation, heat waves, and other extreme events are likely, all of which will impact agricultural production. Furthermore, compounded climate factors can increase spread of infectious diseases. Weather change has also started to impact habitats of other living beings, as they have to adapt to new climatic patterns.

He concluded his part by talking about some measures to make a transformative contribution to solving the climate crisis. Enormous changes in behaviour related to the consumption of natural resources are needed to effectively mitigate climate change.

The session was then taken over by **G. Satish Raju** who emphasized on the impact of Climate Change and Sustainability. He mentioned that 70% of the economic losses, caused by natural catastrophes over the past decade, were uninsured. This financial gap between the insured and uninsured losses has to be borne by the public sector. There are higher costs for reconstruction of properties & infrastructure, emergency response cost and support for the uninsured households on one side and lower revenues, lower investor confidence and lower tourism & tax revenues on the other. He then gave various example of risk transfer solutions that has been

taken by countries across the world like Weather Insurance for farmers in India, Livestock Insurance in Kenya, Earthquake pool in Turkey, Flood Insurance in Bangladesh and Government Drought Insurance pool in Africa. Further, he talked about Swiss Re's four pillars of climate change to insure, invest, operate and share knowledge to tackle sustainability challenges. These pillars are: (1) Advancing knowledge and understanding of climate change risks; (2) Developing products and services; (3) Raising awareness; (4) Tackling our own carbon footprint.

Finally, **Danny Quant** culminated the session by majorly talking about the Actuarial aspect to the phenomenon of Climate Change. By quoting the lines of Isaac Asimov as "Your assumptions are your windows on the world. Scrub them off every once in a while, or the light won't come in", he spoke about the need for actuaries to re look at their assumption setting and modelling. He mentioned that Institutes around the world have been writing papers on Climatic risk to create awareness. Some institutions like the Bank of England have carried out Stress testing to study impact of weather change on businesses. Climate change is being described as the Tragedy of the Horizon wherein if we wait for it to become a defining issue for financial sustainability, it will be too late. There are also other issues surrounding climatic risk like investment issues and demographic issues. However, there is a further implication for actuaries as some of the data contradicts with the perceived judgement. Moreover, even though it may seem, fighting climate change doesn't stand as important in the eyes of public as it is perceived, as only 4% of people find it a critical issue.

Nevertheless, the evidence of current climate change is compelling and there is a dire need for each one of us to take a step back and have a fresh look at our actions to prevent further loss to our natural habitat.

Plenary session 4 (Part 2): Climate Change: Tackling the Impact

On the Chair: Prof. Govindasamy Bala, Scientist, Center for Atmospheric and Oceanic Sciences Indian Institute of Science, India

Panel Speakers: Richard Holloway, MD South East Asia & India, Life, Milliman, Singapore

Douglas Collins, Retired Actuary, Chair, Climate Index Working Group, Casualty Actuarial Society, US

David Sandberg, Managing Director for Research, Society of Actuaries, US

The session began with remarks from **Prof. Govindasamy Bala**. He said that the impact of climate change is such that we might be going away from the habitable zone of climate.

He then invited **Mr. Richard Holloway** on the dais. Richard Holloway talked about the impact of climate change on insurance industry and explained the developments that insurers have made within the insurance sector by giving examples of UK and Singapore. He showed a survey that was conducted on 1,170 insurers which indicated that around 60% of insurers expect an increase in claim size and around 45% of insurers see new opportunities to cater to due to climate change. Overall survey indicated a wide range of views amongst insurers and disclosures are likely to differ significantly. He concluded by saying that this could be a good opportunity for actuaries to promote the profession and to extend the profession into wider fields.

Next on the podium was Douglas J. Collins. He threw light on the ways in which climate change can be measured. Indices created by Actuaries Climate Index (ACI) are used to inform policyholders, insurance professionals and the general public on the incidence and impact of extreme events. ACI is an objective measure of observed changes in extreme weather and sea levels. It is built by geographic grid and region. He then walked us through various graphs relating to ACI and briefed us about the changes that are under consideration for ACI 2. He explained how the components and methodology of Australian ACI is different from USA/Canadian ACI.

Further, he touched upon Accumulated Cyclone Energy (ACE) using the ACI method. ACE is an index used to measure the strength and duration of tropical cyclones. It combines the number of cyclone systems, how long they existed and how intense they became. It is a better measure than maximum wind speed. He illustrated the index using different graphs such as Worldwide ACE by Region and Worldwide ACE_{std} 1961 to 2019.

Last, but not the least, we had David Sandberg on the stage. He emphasized on the actuarial analysis part of

climatic risk. He went talking about history of Society of Actuaries (SOA) involvement and evolution of climatic risk research. Data-driven analysis on weather series around the world is used to highlight key issues confronting the phenomenon of climate change for industries and governments. He listed plenty of data sources that are available for actuaries. Industry continues to identify a variety of climate events that impact both economic and insured losses.

He continued by explaining the opportunities for expanding actuarial profession towards analysis, assessment and mitigation of climate risk. He said that climate risk analysis and Actuarial techniques are quite aligned and presented a set of key opportunities by giving analogy of mortality improvement and enterprise risk management exercise that actuaries perform.

He concluded the session by saying how climate risk financial disclosures began after speech of Mark Carney in 2015 and how growth of same is on rise, now commonly being called TCFD (Task Force on Climate-related Financial Disclosures). TCFD notes that two types of risks should be considered – Physical risks and Transition risks. There are ample data opportunities for actuarial professionals to dig in and refine ACI to an updated version, to bring much more local focus on it.

Plenary Session 5: InsurTech - Need of the hour for Insurance Regulators and the Industry

On the Chair: Hemant Bhargava, Ex-Chairman, Life Insurance Corporation of India, India

Speakers: David Sandberg, Board Member, Society of Actuaries, US

Prayat Shah, Co-Founder & VP, Wealthy Therapeutics, India

InsurTech is a current hot topic in the insurance industry and plenary session 5 was a very interesting session with this focus.

The chair of this session was **Hemant Bhargava**, a veteran from the life insurance industry. He had served as the Chairman and Managing Director of LIC.

The speakers were **Dave Sandberg** from the Society of Actuaries, USA and **Prayat Shah**, Co-founder and VP of Wealthy Therapeutics. Dave is a senior actuary with over 35 years' experience in life, pensions and health insurance. He has held many leadership positions in the American Academy of Actuaries, International Actuarial Association and Society of Actuaries where he is currently a board member. Prayat is one of the founders and VP - Partnerships of Wealthy Therapeutics, a digital wellness and therapeutics company. Prayat, an alumnus of the Nanyang Technological University and The Indian School of Business has a rich varied experience in Pharma, Life Sciences, Sales and Marketing and management consulting.

Dave Sandberg's chosen topic was **InsurTech: New frontiers for Predictions and Judgements**. He began by highlighting when insurance is sustainable and how the insurance value chain looks. Insurtech targets certain sections of this value chain, specifically the customers, pricing, distribution and selling, maintenance and servicing. He also pondered on whether the insurtech solutions coming up in these areas were based on efficiency or the need to transform.

How does the actuarial mind assess this?

As actuaries, Dave highlighted that we should assess the gaps in these new processes, confirm if the assumptions are transparent and identify gaps that could derail the entire process. He stressed the difference between risk and uncertainty and that judgement in design is vital to sustainable insurance. Employing more IT/ machines to do things faster and cheaper is one way to add value.

The other way is by innovation, changed behaviour and creativity of employees and policyholders which should result in greater penetration and coverage and therefore increased business volume. He ended this part of the talk with some risks about how this would affect corporate culture, privacy issues and the problem of wrong/ bad inputs leading to wrong outcomes and reputational damage.

Artificial Intelligence (AI), Analytics and Actuaries

Dave mentioned how AI is changing the nature and understanding of risk, transforming insurance and finance and creating an opportunity for actuaries to

innovate. AI reduces the cost of prediction. He also listed the skills needed to adapt to this new and challenging environment. Dave explained this with examples of property insurance and also mortality and morbidity investigations and evolutions in the accounting profession.

The next speaker of the session was Prauat Shah. Prayat began with an introduction to what is **Digital Therapeutics (DTx)** and how it combines health and medicine. He gave some astonishing statistics about health apps such as - nearly 200 new health apps come up each day, in all there are about 3,20,000 health apps mostly for general wellness, 0.1% of these are based on clinical evidence and many other such interesting snippets of information. He listed some examples of companies that have invested in digital therapeutics and the ones that focus on chronic illnesses.

Prayat went on to give more statistics on the differences in claims experience for policyholders with and without chronic illnesses globally and in Asia. Improving health outcomes would mean lower morbidity and mortality and hence the usefulness of digital therapeutics! DTx products deliver outcomes via smartphones by providing medical guidelines and interventions to users. Customer engagement can further increase profitability. DTx also means better pricing for insurers and reinsurers.

What does a DTx look like?

It is an integrated care platform with an app for the end users with connections to wellness devices, dashboards in clinics for doctor's intervention, paramedical monitoring systems and analytics for insurance. These are customised for each market and also have daily points or rewards schemes to encourage the users and ensure goal completion.

Case examples and Studies

Prayat went on to give examples of how these systems helped patients in life threatening situations. He then explained some case studies that have been performed to prove the effectiveness of DTx. He gave examples of how improvements in medical parameters and risk reduction in patients were achieved. High volumes of data could be gathered in such exercises such as meal logs, blood sugar logs, physical activity and weight logs. He concluded with the results of the study showing how high levels of engagement with the patients produced lower levels of blood sugar, improved nutrition and reduced weight.

The session ended with the speakers addressing questions from the audience. The speakers and chair were felicitated.

Plenary session 6: Actuarial Profession: sustaining profession excellence in the context of changing demands

On the Chair: Andrew Rallis, President, SOA

Panel Speakers: Sumit Ramani, Consulting Actuary, Actuaria Consultants, India

Kendra Felisky, Vice President- International, Casualty Actuarial Society, US

Frank Ashe, Independent Consultant, Australia

Andrew Rallis set the tone for the session by stating that in order to maintain their position as trusted advisors, actuaries need to imbibe a set of five attributes. These are excellence, integrity, listening skills, creativity and resilience.

Topic: Actuaries beyond financial services industry

Sumit Ramani emphasized his belief that actuarial skills have much wider applications than the Financial Industry by giving examples of certain problems in other industries that could also be solved by application of actuarial skills. The first example was the example of the "Ride Later" feature of Uber. Sumit highlighted the fact that the "Ride Later" option essentially offers a guaranteed cab service to the customer at a specified time in the future for a price, which is akin to guarantees offered in life insurance and priced by life actuaries. The second example given was that of Amazon, where the value generated by a particular customer can be compared to calculation of the Expected Present Value of a customer's spending. The last example was that of pay-as-you-go services which is similar to pay-as-you-go insurance plans.

Lastly, with the help of a case study on designing a

betting engine, Sumit conclusively showed that with actuarial skills such as modelling, problem-solving, statistics etc., a growth oriented mindset, business understanding and excellent communication skills, actuaries can successfully move beyond financial services.

Topic: US Topic: Evolving Educational Pathways to Serve a Changing World

Kendra Felisky began the session by explaining that the ever-changing nature of general insurance risks, availability of new technologies and tools and the need to equip actuaries for non-traditional roles prompted Casualty Actuarial Society (CAS) to evolve its curriculum. This has been done by making changes in Basic Education, Continuing Education, New Credentials and International Offerings.

The key changes in Basic Education have been the introduction of Modern Actuarial Statistics to the curriculum with an aim to add predictive analytics from 2021, integrative questions in exams that require demonstration of multiple skills, excel based exams and expansion of the CAS course on Professionalism to include communication skills. In continuing Education, new initiatives such as crash course seminars, speaker mentoring for live events an Micro-learning have been introduced. iCAS , a subsidiary of CAS provides specialist credentials in specialist areas such as Data Science, Catastrophe Modelling etc. Kendra ended with a note on the International Initiatives taken by CAS recently.

Topic: Actuarial practices across the globe with focus on emerging opportunities and sustainability of Actuarial Science as a profession

Frank Ashe reiterated the fact that actuaries need to stay relevant and expressed his concerns that this relevance may be limited to only the insurance industry if necessary steps are not taken by us. He gave an example of how around 40-50 years ago, the banking industry took away potential actuarial work pertaining to Financial Risks. However, actuaries pushed to move back into the financial space and this led to the emergence of the international CERA qualification.

While there is no doubt about the quantitative skills possessed by actuaries, the need of the hour is to effectively integrate these skills with the business side of things. Frank concluded by mentioning that Data Science, Artificial Intelligence and Behavioral Economics are some of the areas where actuaries can use their skills to stay relevant and maintain professional sustainability.

Plenary session 7: IFRS 17: Concepts and Implementation Challenges

Coordinator: Yogita Arora, Director-IFRS 17, Global Risk Consultants, India

Panel Speakers: Dave Finnis, Co-Chair, Education and Practice Sub-Committee at International Actuarial Association, Insurance Accounting Committee, Australia

Mary Trussell, Global Insurance Change Lead Partner, KPMG, UK

Philip Jackson, Principal and Consulting Actuary, Milliman, India

Yogita Arora opened the session by highlighting that though the IFRS 17 has been in discussion for more than a year, there is still limited knowledge about the subject and also concerns about its actual implementation due to the multiple push back of the timelines. She stated that it is important to understand that IFRS 17 is a General-Purpose Financial Reporting and to know the differences between General Purpose Financial Reporting and Statutory Purpose Financial Reporting.

Topic: ISAP 4 & IAN 100

Dave Finnis started his topic with a brief introduction of the International Actuarial Association and then moved on to the three layers of support for IFRS 17 provided by the IAA ; namely International Standard of Actuarial Practice (IASP) 4, International Actuarial Note (IAN) 100 and various monographs that assist with focussing existing educational material on IFRS 17 requirements. ISAPs are model standards of actuarial practice to be modified and adopted by local actuarial bodies as per their requirements and, as such, are not binding on any actuary, unless actuary clearly states so. IASP 4 details the standard of practice required for providing Actuarial Services related to IFRS 17, including preparation of IFRS 17 Financial statements and

advisory to third parties and potential buyers.

IANs are an educational document on an actuarial subject and are issued to assist actuaries in complying with an ISAP. IAN-100 is in the form a series of questions and answers and consists of 15 extensive chapters divided into 4 sections. IAA has also issued 3 monographs on stochastic modelling, discount rates and risk adjustments for contracts under IFRS-17.

Topic: A perspective of IFRS 17- General Purpose Financial Statements vis-a-vis Regulatory Purpose Financial Statements

Mary Trussel opened the topic beginning with a comparison of General Purpose Financial Reporting and Regulatory Purpose Financial Reporting. She explained that these are essentially two different languages of Financial Reporting; Regulatory Reporting serves the needs of the Regulator focussing on the risk, capital and solvency of an insurance company while General Purpose Reporting serves as an economic-decision making tool for investors, lenders & creditors of the company. Under the current scenario for IFRS 17, General Purpose Financial Reporting is closely inter-related to Regulatory Reporting as it borrows heavily from the same. As an example, currently technical provisions/reserves as well as Capital Disclosures & Restrictions on distributions from Regulatory Returns are replicated in the General Purpose Fin statement. However, this is set to change under IFRS 17 with the introduction of separate accounts for insurance contract assets & liabilities and reinsurance contract assets & liabilities as well as the requirement of detailed capital disclosures. Hence, the General Purpose Fin statement under IFRS 17 will become more informative but will not end the need for two different reporting bases.

Mary then highlighted the pros and cons of the two reporting bases and concluded that a pragmatic solution would be to develop comprehensive principles for the two bases avoiding duplication, unnecessary differences and ensuring reconciliation of the bases.

Topic: Experiences in IFRS 17 implementation in the Gulf- a consultant's view

Philip Jackson opened the topic with India's progress in adoption of Accounting/Solvency standards. For Solvency assessment, India is still using Factor Based Solvency and is quite behind in the Asian region with reference to the implementation of Risk Based Capital (RBC). He then moved on to the IFRS17 progress report of the Middle East, highlighting the fact that UAE , Saudi Arabia, Qatar and Oman have already completed the gap analysis for IFRS 17 in 2019 and will most likely complete the impact assessment in 2020.

Philip also pointed out the difference in challenges with respect to IFRS 17 for life and non-life Insurers. While life insurers will face significant accounting changes such as use of current estimates and tracking CSM, he highlighted the fact that non-life insurers might face bigger issues related to qualifying for PAA, onerous contracts and cashflows projections etc. He concluded the session with a list of challenges in IFRS implementation with the probable emergence of the "AccounTuary" to meet these challenges.

Plenary session 8: : Global Actuarial Career - A Perspective

Chairperson: Sunil Sharma, President, IAI

Speaker: Andrew J Peterson, Senior Director, International, SOA, US

Andrew Peterson opened the session discussing the changing nature of actuarial work and emerging opportunities for actuaries worldwide. He stressed on the newly recognised need of actuaries in avenues like IFRS 17, Solvency II, etc. while briefly touching upon the changing landscape as a result of InsureTech, Artificial Intelligence, etc.

He highlighted how actuarial is a global profession with its presence across the globe from the Americas to Europe, Africa, Middle East, Asia and Oceania. The global footprint of the Society of Actuaries, USA, Institute and Faculty of Actuaries, UK and Casualty Actuarial Society, US, were discussed highlighting the regions with the largest proportion of members.

Further, he compared the credentials awarded by the Actuarial Institutes CAS, IFOA, SOA and AI (Australia) along with the difference in approaches to achieve these. He mentioned that in other regions globally although there is recognition for these credentials there may be a requirement for local association or designation to practice domestically. Also, some countries in Europe only require completion of a Post Graduate Degree in Actuarial Science to achieve the local credentials to practice in the region.

He outlined how the world is in three stages of market development with countries like Bangladesh, Chile, Saudi Arabia in the Developing Stage, India China, Brazil in the Growing Stage and USA, Europe and Japan being Mature Markets. He discussed how traditional opportunities are largely available in developing markets and are diminishing rapidly as markets reach Maturity and that Mature Markets are entering non-traditional avenues.

Next, he addressed the popular topic, Artificial Intelligence and Analytics discussing their impact on actuarial practice. He believes that AI will change the nature of actuarial work pushing actuaries to focus on creativity and judgement with increased reliance on technology for prediction with an expectation of a landslide decrease in the cost. Also, the nature of risk is changing and evolving, and all the technological advancements are going to aid actuaries to focus on innovation and challenges of transformation at hand. He further explained the new skill set that would be needed by actuaries as high frequency/low severity and low frequency/ high severity risks will both continue to exist but their nature, contributing factors and the risk itself will change making it essential for the actuary to understand the risk ecosystem and create solutions that could better tackle them. Additionally, he spoke on the future opportunities for innovation that would arise as a result of risks and opportunities due to the expected change in manner of sale and purchase of insurance in the future.

Lastly, he spoke about the future and how the focus would shift completely to skills. He mentioned that the they have already started and will continue to ensure that education focuses on skills needed by employers and will provide opportunities to students to hone their skills via different certification exams and micro credentials. Additionally, they will broaden the array of Professional Development opportunities whilst taking into account their busy schedules to ensure that professionals can be up to date with all essential skills.

This was followed by questions from the audience that Sunil Sharma and Andrew Peterson jointly answered. Sunil Sharma then ended the session thanking Andrew Peterson for presenting an insightful session.

Plenary session 9: : - Sustainable Retirement for all

Chairperson: Kulin Patel, CEO (Partner), K A Pandit Actuaries & Consultant, India

Speaker: Dr. K. Sriram, Consulting Actuary, India

Challenges:

Global pension systems are facing major challenges like retirement for a sustainable future, lack of coverage, inadequate income, old-age dependency ratio. Demographic measures, such as the old-age dependency ratio are difficult to change, others such as the state pension age, the opportunity for phased retirement and the labor force participation rate amongst older workers can be influenced, either directly or indirectly, by government policy. World-wide people are living much longer than what pension systems were designed for. Worldwide companies are increasingly shifting from Defined Benefit (DB) Plan to Defined Contribution (DC) Plan and a socially responsible approach like social security code.

While highlighting the large size of India's pension / retirement funds under management, Kulin emphasized the importance of implementing sound Risk Governance Framework in pension schemes. A holistic and consistent approach should be followed by taking care of both upside and downside of risk. The risk management system should design the main risk profile that a pension fund is exposed to such as longevity, investment, covenant, liquidity, and operational risks. These control mechanisms form the transparency, consistency to management decisions, and for the protection of all stakeholders.

Every pension fund has a unique risk profile based on the liability characteristics of the fund and the size of the fund relative to its liabilities. To implement a risk framework, we need to access current risk appetite from the standpoints of the key stakeholders and measure funds current risk profile in terms of

qualitative and quantitative approach. And then compare current risk appetite with the current risk profile.

The Pensions Act 2004 replaced the MFR (Minimum funding ratio) from Year 2004 with new scheme-specific funding allowing more flexibility. Many features introduced in 2004 Act were the Pension Protection Fund, pension regulator, etc. The Pension Act 2015 has more structural reforms like Key Actuarial Assumptions, Strength of Employer Covenant, Investment Strategy, Rate of Technical Provision to Buy out Liabilities, Duration of the recovery plan.

The liability-driven investment strategy (LDI) is an investment strategy based on the cash flows needed to fund future liabilities, especially for Pension funds. Typical LDI strategies involve hedging, the fund's exposure to changes in interest rates and inflation. These kinds of strategies effect Investment strategy for the return generating component and the Indian market is not mature enough to implement these types of risk strategy and transfer risk hedging.

Role of IAI & Actuaries

Actuaries have an important role in designing pension funds given the highly technical nature of the risk, investment, legal and inherent challenges. IAI can connect to the government, insurers, consultants , other stakeholders and raise awareness .

Thank you

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21st GCA Concurrent Sessions

Organised by: Institute of Actuaries of India
Venue: Renaissance Mumbai Convention Centre Hotel, Mumbai **Date:** 19th February, 2020

Session: C1 - Life Insurance

Chairperson: Prithesh Chaubey, Chairperson of the Life Insurance Advisory Group, IAI

Speakers: Swati Gupta, Director, Deloitte Touche Tohmatsu India LLP

Julia Aslett, Executive Director, Head of Life and Health Insurance (Asia Pacific) Willis Towers Watson, Singapore

Sambhaji Shedale, Head, Actuarial, AIG India Finance Center, AIG, India

The session was kicked off by the Chairperson pointing the reasons of change over last few years in Life Insurance (LI) market stemming from increased awareness amongst people about its needs, reduction in premium rates, iteration of margin by insurance companies, to mention a few.

Taking the discussion forward, Swati Gupta expressed the concern of compromising sustainability for growth. India, as a country needs to increase the penetration of life insurance products but growth cannot come at cost of sustainability.

Life expectancy in India is better than likes of South Africa but worse than USA, UK, and Japan etc. As we are aware, premiums charged are inversely proportional to life expectancy, the premium rates in India are lower than countries where expectancy is better than that of India by about 15-20 years. Also a point to note here is that life insurance penetration in India is less than that of the developed countries of the world.

A question arises that, can India sustain such low premium rates?

It was expected that the price war leads to increase in penetration. But the observation is (in India), there is a huge gap in the term insurance rates between those charged by market leader and other players. Mortality assumptions follow a similar trend too.

But, is the "Game of Price" taking the global insurance in right direction?

Statistics suggest that a significant chunk of LI companies in the US closed down because of insufficient reserves.

May be a better product design could address the issue. Products with lower premium paying term, stronger under-writing and predictive analysis to detect frauds could help better the situation.

Another point to consider is if the product is sufficiently priced for all natural and man-made catastrophes and uncertainties.

Extending the session, Julia Aslett spoke about the do's and don'ts of Financial Reinsurance (FR).

Having FR really helps to create additional free assets and / or convert intangible value-in-force (VIF) asset into cash to finance new business, write higher volumes of business. Secondly FR can help improve profit recognition of new and in-force business and also improve quality of capital by freeing company from relying on debt capital thus sending right signals into the market about focus on balance sheet quality. However, FR shouldn't be used to misrepresent company's financial position or facilitate a dividend that burns a serious hole in the company's pocket.

Different countries around the world follow different regulatory norms and hence have different transaction

types.

An alternative to FR can be subordinate debt where communication amongst the holders is public and can be executed in a shorter time frame as opposed to reinsurance treaties where communication is private and may take longer to execute.

Shambhaji Shedale discussed in short regarding various US regulatory reforms - Life Principle Based Reserving (PBR), Variable Annuity Capital and Reserve Reform and US GAAP Long Duration Targeted Improvements (LDTI).

Timelines for implementation and qualifying the impacts remain top challenges in implementation of LDTI.

Session: C2: General insurance

Chairperson: Anurag Rastogi, Chief Actuary & Chief Underwriter, HDFC ERGO General Insurance Company, India

Speakers: Ronald Kozlowski, Former Board Member, Casualty Actuarial Society, San Francisco

Puneet Nalam, Senior Underwriter P&C, Hannover Re, India

Smita Tibrewal, VP- Agri & Weather (UW and Claims), ICICI Lombard General Insurance Company Limited, India

Anurag Rastogi started the session with introduction of the first speaker of the session Ronald Kozlowski. He also set the theme of the topic - **Bridging the gap between actuarial and non-actuarial in insurance space**.

Ronald highlighted the need of knowing the business, its coverages, rate making and reserving methods. He discussed about the gap between the knowledge of actuarial and non-actuarial professional which he has observed while working on the catastrophic and predictive models. He then introduced audience to the course designed for bridging this gap. The course details are as follows:

- Certified specialist in predictive analytics (CSPA)
- Certified specialist in catastrophic risk (CSCR)
- Certified catastrophe risk management professional (CCRMP)

He discussed about the objective of course, predictive modeling, its methods and technique.

Further, the course structure of the CSCR and CCRMP was discussed which includes the usage of the Catastrophe modeling in re/Insurance industry, modeling methodology and process.

The session was later handed over to Smita Tibrewal to address the topic **"Rethinking risk with Parametric Insurance"**

Smita Tibrewal talked about the parametric insurance and its usage in the insurance industry. How the parametric insurance is different than the regular insurance.

She mentioned that parametric insurance has presence in the GI industry for long time in form of insurance like WBFBY and PMFBY which are based on Parametric insurance. The two key element of the parametric insurance are triggered event and payout mechanism. Parametric insurance provides the specified benefit in case of occurrence of specified event. There is inherent basis risk in parametric based products as this does not indemnify for the actual loss. The basis risk here refers to the near- miss factor that can result into payout to be too small and too large as compared to actual loss.

She said that basis risk can be mitigated by introducing multiple triggers or structured payout in step fashion rather than all-or-nothing. She also talked about the challenges like lack of credible data and need of educating the stakeholders about the parametric product.

The Key take away was that the parametric insurance can be employed if one can meaningfully connect risk to a given data set.

The last topic of the session **Title Insurance - Challenges and opportunities** was presented by Puneet Nalam.

Puneet talked about title insurance. He mentioned that in established market of USA, total collective premium of title insurance was over 60 billion US dollars in year 2019. He also mentioned that India has

huge opportunity to be the largest market outside US for the title insurance. He threw some light on title insurance, its coverages, exclusions and potential buyers. Title insurance is required in India from a real estate legal prospective for the reasons like lack of proper land registration system & inadequacies in land records.

He concluded the session with key note that there is high potential growth in India. However, there are challenges like digitization of records, lack of data and difficult policy structure.

After the session questions from the audience were addressed. The Chairperson thanked and felicitated the speakers.

Session: C3: Health

On the Chair: Vishwanath Mahendra, Chairperson, Health care Insurance Advisory Group, IAI

Speaker: Safder Jaffer, MD and Consulting Actuary, Milliman, Middle East and Africa, Dubai

M Karunanidhi, Chief Actuary ,RGA Reinsurance Company, Middle East Ltd., UAE

Topic: Impact of Standardization of exclusions regulation

Safder started the session by elucidating the current scenario in the Health Insurance Sector where in lack of innovative products, low customer awareness, changing and varied need of policyholder topped the list of the issues.

To bring a holistic and structured approach while incorporating the exclusions in health product, Safder mentioned that the circular issued by IRDAI directs the Health Insurers to cover illnesses associated with the treatment of mental illness, age-related degeneration, internal congenital diseases, hazardous work activity and artificial life maintenance.

Another revolutionizing inclusion was use of some listed modern technology methods. He asserted on the fact that more research needs to be put in by the insurance sector in order to price such products.

Safder concluded the session with the impact of these exclusions on all stakeholders and the key considerations they need to keep in mind to bring about necessary changes in the business process. He mentioned that the insurance companies are directed to implement the changes from 1st Oct 2019 and update the suggested changes in their products by 1st Oct 2020.

He discussed the impact on insurers wherein they need to focus on structuring the product benefits and pricing and bring about a rule driven claim processing system. The underwriting process would become more important as insurers would like to understand as much as possible about health status of proposer and predict future impact on claims with more certainty. As a result of this customer would benefit from standard as well as less ambiguous policy terms and these conditions would result in quick buying decision and ease claim settlement process.

Speaker: M Karunanidhi, Chief Actuary ,RGA Reinsurance Company, Middle East Ltd., UAE

Topic: Insurtech in Life/Health - Bridging the Industry's trust gap

Karunanidhi set the tone of the session around how the Insuretech wave has made its way in the world and how embracing the technological advancements is a key factor in making insurance relevant in the present-day scenario. He corroborated this with the US Insurance tech market map where 1552 insurance startups have kick started their journey with a total of $ 31 Bn funding.

Karunanidhi then moved on to the next segment which was mentioning the three cornerstones of sustainability for insurance to inch towards becoming a trustworthy business, contrary to the belief as highlighted by many surveys on trusting insurance

companies. These were build trust, borrow trust and increase transparency.

Later, he discussed that building trust included providing trusted advice, deliver a modern digital experience and simplify the customer journey to overcome customer inertia. Borrow trust included concepts like purchase insurance based on the peer group. Emerging products such as Friendsurance and Peer cover existing in New Zealand and UK were brought to notice. The third cornerstone - Increase transparency included compare policies on various websites, utilize analytics to streamline the risk selection process.

Karunanidhi concluded the session by quoting Mark Carney, Governor of the bank of England - "Trust arrives by foot and leaves by Ferrari".

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The Actuary India wishes many more years of healthy life to the Associate & Fellow members (above 60) whose Birthday falls in March–April 2020

A Balasubramanian
G Chidambar
H C Mehta
K K Dharni
M U Upadhyaya
S Krishnan
Sambasiva I Rao
Sampad N Bhattacharya

Press Coverage published in print and online media dated February 2020

PRINT COVERAGE

Publication: Business Standard
Edition: Mumbai, New Delhi, Kolkata, Ahmedabad, Hyderabad

Cut expenses, improve efficiency: Irdai chief

Asks general insurers to design better products to avert losses

SUBRATA PANDA
Mumbai, 18 February

General insurance companies should focus on cutting expenses, improving efficiency and designing better products to overcome their underwriting losses, rather than increasing prices, said insurance regulator Chairman Subhash Chandra Khuntia on Tuesday.

Most general insurance companies have been reporting underwriting losses for some years now and bank on other sources of income to run their business. Investment income forms a huge chunk of this.

"GENERALLY IN INSURANCE FIRMS, THE TOP THREE-FOUR PRODUCTS MAKE FOR 80 PER CENT OF THE BUSINESS. SO, IS THERE A NEED FOR A LARGE NUMBER OF COMPLEX PRODUCTS THAT CONFUSE CUSTOMERS AND DRAG THE INSURERS'

Publication: The Financial Express
Edition: Mumbai, New Delhi, Kolkata, Bangalore, Hyderabad, Ahmedabad

Irdai says 'yet to get' proposal from LIC on IPO

PRESS TRUST OF INDIA
Mumbai, February 18

INSURANCE REGULATORY AND Development Authority of India (Irdai) is yet to get any proposal from life insurance behemoth LIC on an initial public offering (IPO) but feels a listing is better from a governance perspective, chairman SC Khuntia said on Tuesday.

He also said that there is nothing for the life insurance industry to worry for the time

Publication: Millenniumpost
Edition: New Delhi, Kolkata

Irdai says 'yet to get' proposal from LIC on IPO

MUMBAI: Insurance watchdog Irdai is yet to get any proposal from life insurance behemoth LIC on an ini-

Publication: The Pioneer
Edition: New Delhi

Irdai says 'yet to get' proposal from LIC on IPO

PTI ■ MUMBAI

Insurance watchdog Irdai is yet to get any proposal from life insurance behemoth LIC on an initial public offering but feels a listing is better from a governance perspective, chairman SC Khuntia said on Tuesday. He also said that there is nothing for the life insurance

because smaller companies are yet to achieve the scale for going public, Khuntia said, adding that ideally a company should achieve sufficient scale to list within ten years of its existence.

He said the practice of annual product review needs to be carried out in full seriousness by the players and pitched

insurance grew at 14 per cent last year as against its potential to grow at 17-18 per cent while the life insurance segment grew only at 10 per cent as against the 12-13 per cent potential, he said.

Terming the actuaries as the conscience keepers of the insurance industry, Khuntia asked the Institute of Actuaries

Publication: Deccan Herald
Edition: Bangalore

Irdai yet to get proposal on LIC IPO

Khuntia asks insurance cos to "weed out" loss-making products

On the IPO of Life Insurance Corporation of India announced in the budget, he said, "LIC proposal has not yet come".

"Any company which goes public there will be better corporate governance and better disclosure," he told reporters

carried out in full seriousness by the players and pitched for a wedding out of the loss-making ones.

"I would like to encourage companies to weed out products which are not selling and simply adding to the number, then they will be able to man-

Publication: Samana
Edition: Mumbai

■ इंस्टीट्यूट ऑफ एक्चुअरीज ऑफ इंडिया (आईएआई) ने भारतीय एक्चुएरियल प्रोफेशन की प्लैटिनम जुबली मनाई। इस समारोह में सीनियर एक्चुअरीज, विभिन्न बीमा कंपनियों के चीफ एक्चुअरीज, चीफ एग्जीक्यूटिव्स, चीफ फाइनेंशियल ऑफिसर्स ने हिस्सा लिया। इस दौरान बड़ी संख्या में आईएआई के स्टूडेंट्स भी उपस्थित थे।

Publication: The Asian Age
Edition: Mumbai, New Delhi

India will need over 1,000 actuaries: Irdai

FALAKNAAZ SYED
MUMBAI, FEB. 18

India needs to more than double the number of qualified actuaries to meet their rising demand from a whole spectrum of financial services. The country currently has only 460 actuaries for a population of 1.30 billion while it needs at least 1000 qualified actuaries to cater to the multiple domains and industries, Subhash Kuntia, chairman, Insurance Regulatory and Development Authority of India (Irdai) said at the 21st Global Conference of Actuaries in Mumbai.

Kuntia said the actuarial skill sets in mathematics and software make Indians very amenable to the stream.

Khuntia said the actuaries can play a larger role beyond traditional areas of actuarial work such as in product innovation and regulatory sandbox initiatives and in public interest programmes.

Publication: THE TIMES OF INDIA
Edition: Mumbai, New Delhi

Irdai: LIC offer will improve governance, disclosure

'Underwriting Losses In Non-Life Industry Matter Of Concern'

TIMES NEWS NETWORK

Mumbai: Irdai chairman S C Khuntia said the proposed initial public offer (IPO) of Life Insurance Corporation (LIC) will lead to improved corporate governance and disclosures, which will help the institution as well as its policyholders.

The insurance regulator's comments come in the wake of the government's announcement that it would list LIC in the current fiscal.

The insurance watchdog also expressed concern over the underwriting losses in the general insurance industry and said that surviving on investment income is not an option as falling interest rates could wipe out this source of income as has happened in other countries.

The regulator's statement comes after GIC Re declared a Rs 1,567-crore net loss for the quarter ended December, bringing its solvency margin close to the minimum statutory level of 1.5%.

"We want companies to write sustainable business. Underwriting losses mean that companies have to make up for the losses from elsewhere," said Khuntia. He said that while investment was one such source, it cannot be depended upon as experiences in other markets have shown that falling interest rates can wipe out investment income.

'Want companies to write sustainable business. Underwriting losses mean that companies have to make up for the losses from elsewhere'
— S C Khuntia | Irdai chairman

Speaking at the 21st Global Conference of Actuaries in Mumbai, Khuntia said that while listing of non-life companies would improve corporate governance, there would not be any compulsion to do so. "Earlier, it was expected that companies would list in 10 years. But because there are many firms that are smaller and will need more time to grow, it (listing) should probably be done in phases," said Khuntia.

Delivering his speech at the conference, Khuntia said that he would like to reactivate the Loss Prevention Association of India, which could enable the industry to bring down claims by encouraging insurers to take preventive measures.

In the previous month, Khuntia had warned the non-life companies against doing business at unsustainable prices saying that he did not want the industry to go the way of the airline or telecom industry. On Tuesday, he said that if companies were underwriting losses, the Irdai would not back to prescribing rates like it did in the tariff era.

"We will not intervene in the pricing because that is not correct in a deregulated economy. But if the pricing is not right when the products are submitted to us, we will point it out to them," said Khuntia. Earlier speaking at the same event, ICICI Lombard General Insurance MD & CEO Bhargav Dasgupta said that in the last decade, the non-life industry grew at a compounded annual growth rate (CAGR) of 17% to Rs 1.7 lakh crore, while the profits shrunk to Rs 2,735 crore from Rs 8,863 crore. He attributed it to a lack of discipline in pricing.

Publication: Janpath Samachar
Edition: Mumbai

भारत को निकट भविष्य में कम से कम 1000 क्वालीफाई एक्चुअरीज की जरूरत है : आईआरडीएआई चेयरमैन

मुंबई। 21वीं ग्लोबल कॉन्फ्रेंस ऑफ एक्चुअरीज (जीसीए) के उद्घाटन सत्र को संबोधित करते हुए मुख्य अतिथि के रूप में बीमा नियामक और विकास प्राधिकरण (आईआरडीएआई) के चेयरमैन डॉ. 1000 क्वालिफाई एक्चुअरीज की आवश्यकता है। इस कॉन्फ्रेंस में दुनिया भर में वित्तीय सेवाओं के 750 से अधिक प्रतिनिधियों द्वारा हिस्सा लिया है, जिसका एजेंडा संबंधित थीम एक्चुअरीज: स्ट्राइविंग

Publication: Business Standard
Edition: Mumbai, New Delhi

खर्च में कटौती करें बीमाकर्ता : खुंटिया

सुब्रत पांडा
मुंबई, 18 फरवरी

भारतीय बीमा नियामक एवं विकास प्राधिकरण (आईआरडीएआई) के चेयरमैन सुभाष चंद्र खुंटिया ने कहा है कि सामान्य बीमा कंपनियों को लोगों की बढ़ोतरी पर ध्यान केंद्रित करने के साथ बढ़ी लागतों के चलते बढ़ा निकालने लिए अपने खर्च में कटौती करने, मोटरवाहन में सुधार करने और बेहतर तरीके भी डिजाइन करने पर ध्यान केंद्रित करने की जरूरत है।

'ज्यादातर सामान्य बीमा कंपनियां बढ़े खर्चे का पता दिखा रही हैं और अपना प्रीमियम चलाने के लिए धन का इंतजाम आमदनी के अन्य स्रोतों और निवेश से होने वाली आमदनी से कर रही हैं।

इंस्टीट्यूट आफ एक्चुअरीज आफ इंडिया की और से आयोजित 21वें ग्लोबल कॉन्फ्रेंस आफ एक्चुअरीज में खर्च पर नियंत्रण किया जा सकता है।'

लेकिन खुंटिया ने कहा कि बीमा नियामक इसमें हस्तक्षेप नहीं करेगा कि बीमाकर्ता अपने उत्पाद की कीमत कैसे

नियामक ने दिए सुझाव

खुंटिया ने कहा कि विनियमन के तौर में मूल्य तय करने का नियामक का इरादा नहीं

14 प्रतिशत सामान्य बीमा के कारोबार में वित्त वर्ष 2020 में बढ़ोतरी

10 प्रतिशत जीवन बीमा कारोबार में वृद्धि

- आईआरडीएआई के अनुसार इस क्षेत्र में बड़ा तेज वृद्धि की संभावना
- कंपनियां पॉलिसी को ग्राहकों के मुताबिक बनाएं, दावा बढ़ाने पर न हो जोर

खर्च में कटौती करें बीमाकर्ता : खुंटिया

करते हैं और बीमाकर्ताओं के अनुसार की भी खास बनी है?'

आईआरडीएआई लॉबार्ड जनरल इंश्योरेंस के एमडी और सीईओ भार्गव दासगुप्ता के मुताबिक पहली समस्या तब होती है जब बीमाकर्ता ग्राहकों को सेवा की डिलिवरी देने में भयंकर अंतराल/दूरगामी नहीं रखते हैं। इसमें उद्योग के बारे में गलतफहमी धारणा बनती है और इसकी क्षति काफी होती है। दूसरे अन्य कंपनियां मार्केट मार्ग रखती हैं ही ये लोगों, वित्तपत्र, तकनीक आदि पर खर्च नहीं कर पाती। सीधे कंपनियां एम और गलोमेनी उत्पाद नहीं तैयार करतीं। वित्त वर्ष 2020 में सामान्य बीमा उद्योग के कारोबार में 14 प्रतिशत वृद्धि हुई है, जबकि जीवन बीमा क्षेत्र की वृद्धि दर 10 प्रतिशत रही है। लेकिन आईआरडीएआई के चेयरमैन का मानना है कि सामान्य व जीवन बीमा क्षेत्र में तेज बढ़ोतरी की संभावना है। खुंटिया ने जीवन बीमाकर्ताओं को आग्रह

Publication: Namasthe Telangana
Edition: Hyderabad

ఇప్పటి వరకైతే ప్రతిపాదన రాలేదు..

ఎల్ఐసీ ఐపీవోపై ఐఆర్‌డీఏఐ చైర్మన్ ఎస్‌సీ ఖుంతియా

ముంబై, ఫిబ్రవరి 18: బీమా దిగ్గజం ఎల్ఐసీ ఐపీవోకు సంబంధించి ఎలాంటి ఐసీని స్టాక్ మార్కెట్లో లిస్ట్ చేయనున్నట్లు ప్రక టించిన విషయం తెలిసిందే. దీనిపై ఇప్పటి వరకైతే ఎల్ఐసీ ఎలాంటి ప్రతిపాదన పం

Publication: Sakshi Telugu Daily
Edition: Hyderabad

ఎల్ఐసీ ఐపీఓ మంచిదే: ఐఆర్‌డీఏఐ చైర్మన్

ముంబై: ఎల్ఐసీ ఐపీఓ(ఇనీషియల్ పబ్లిక్ ఆఫర్)కు సంబంధించిన ప్రతిపాదన ఏదీ ప్రస్తుతానికైతే తమ వద్దకు రాలేదని బీమా నియంత్రణ సంస్థ, ఐఆర్‌డీఏఐ తెలిసింది. పారదర్శకత, ఇతర

Publication: DECCAN Chronicle
Edition: Chennai, Hyderabad

India will need over 1,000 actuaries: Irdai

FALAKNAAZ SYED
MUMBAI, FEB. 18

India needs to more than double the number of qualified actuaries to meet their rising demand from a whole spectrum of financial services. The country currently has only 460 actuaries for a population of 1.30 billion while it needs at least 1000 qualified actuaries to cater to the multiple domains and industries, Subhash Kuntia, chairman, Insurance Regulatory and Development Authority of India (Irdai) said at the 21st Global Conference of Actuaries in Mumbai.

Kuntia said the actuarial skill sets in mathematics and software make Indians very amenable to the stream.

Khuntia said the actuaries can play a larger role beyond traditional areas of actuarial work such as in product innovation and regulatory sandbox initiatives and in public interest programmes.

Sunil Sharma, president of the Institute of Actuaries of India, said, "There are 24 life insurance and 34 non-life insurance companies and 460 actuaries are sufficient to meet the needs of the insurance and

ONLINE COVERAGE

www.timesofindia.com

Irdai says 'yet to get' proposal from LIC on IPO

PTI | Feb 18, 2020, 17:10 IST

A- A+

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MUMBAI: Insurance watchdog Irdai is yet to get any proposal from life insurance behemoth LIC on an initial public offering

www.asiainsurancepost.com

No plans to make listing mandatory for insurers:IRDAI chief

"I would like to encourage companies to weed out products which are not selling and simply adding to the number, then they will be able to manage those products well," chairman S C Khuntia said, adding that the plea was made at a meeting with chief executives recently"

Feb 18, 2020 Indian News >> Life, Regulation Source: Agencies

(L-R) Bhargav Dasgupta, MD & CEO.

Mumbai:

Insurance watchdog Irdai is yet to get any proposal from life insurance behemoth LIC on an initial public offering but feels a listing is better from a governance perspective, chairman S C Khuntia said on Tuesday.

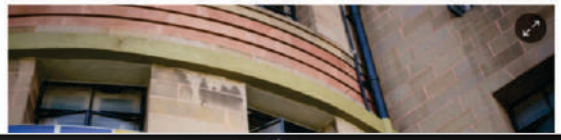
www.telegraphindia.com

Irdai says 'yet to get' proposal from LIC on IPO

The insurance watchdog's chairman said he feels a listing is better from a governance perspective

By PTI in Mumbai

Published 18.02.20, 1:41 PM • Updated 18.02.20, 1:41 PM 2 mins read A- A+



www.amarujala.com

सार

सरकारी बीमा कंपनी एलआईसी ने आरंभिक सार्वजनिक निर्गम (आईपीओ) के लिए अभी तक बीमा नियामक इरडा को प्रस्ताव नहीं सौंपा है। हालांकि गवर्नेंस के लिहाज से सूचीबद्धता एक अच्छा कदम है।

विस्तार

इरडा के चेयरमैन एससी खुंटिया ने मंगलवार को ये बातें कहीं। उन्होंने यह भी कहा कि सरकार के चुनिंदा आयकर एक्जंप्शन के संबंध में जीवन बीमा उद्योग के लिए चिंतित होने की कोई जरूरत नहीं है, क्योंकि वैकल्पिक निवेश अभी भी मौजूद हैं।

एक्चुरीज (बीमांकिक) के एक कार्यक्रम के दौरान खुंटिया ने कहा कि बीमा कंपनियों को घाटे वाले उत्पादों 'बंद' कर देना चाहिए और बेहतर उत्पादों पर पर ही ध्यान केंद्रित करना चाहिए। बजट में हुए भारतीय जीवन बीमा निगम (एलआईसी) के आईपीओ के संबंध में उन्होंने कहा, 'एलआईसी का प्रस्ताव अभी तक नहीं मिला है। हालांकि सूचीबद्ध होने वाली किसी भी कंपनी के कॉरपोरेट गवर्नेंस डिसक्लोजर (खुलासों) में सुधार होगा।'

आईपीओ से पहले एलआईसी के कारोबार के संभावित पुनर्गठन पर खुंटिया ने कहा कि सरकार दुबारा इस दिशा में काम

www.asianage.com

India will need over 1,000 actuaries: Irdai

THE ASIAN AGE. | FALAKNAAZ SYED Published : Feb 19, 2020, 6:56 am IST Updated : Feb 19, 2020, 6:56 am IST

Khuntia also said Irdai has not yet received any official proposal from LIC to list on the bourses.

www.moneycontrol.com

Will nudge insurers to go public: IRDAI Chairman Sub

IRDAI will not make it mandatory but will nudge insurers above a certain size to list on the stock exchanges

Moneycontrol News

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It may never be mandatory, but the insurance regulator will surely nudge insurers to go public. On this topic, Insurance

www.bimabazaar.com

Insurance News | Life Insurance News

India needs atleast 1000 qualified actuaries in the near future", IRDAI Chairman, Dr. Subhash Chandra Khuntia

www.outlook.com

Outlook

THE NEWS SCROLL

10 FEBRUARY 2020 Last Updated at 1:21 PM | SOURCE: PTI

Irdai says "yet to get" proposal from LIC on IPO

Mumbai, Feb 18 (PTI) Insurance watchdog Irdai is yet to get any proposal from life insurance behemoth LIC on an initial public offering but feels a listing is better from a governance perspective, chairman S C Khuntia said on Tuesday.

He also said that there is nothing for the life insurance industry to worry for the time being with regard to government's move on certain income tax exemptions as the alternative to invest still exists.

Khuntia also asked insurance companies to "weed out" loss-making products and concentrate only on the better paying ones.

On the IPO of Life Insurance Corporation of India announced in the budget, he said, "LIC proposal has not yet come".

"Any company which goes public there will be better corporate governance and better disclosure," he told reporters on the sidelines of an event of actuaries here.

www.bimabazaar.com

Insurance News

Institute Of Actuaries Of India all set to organise the 21th Global Conference of Actuaries

www.economictimes.com

Irdai says 'yet to get' proposal from LIC on IPO

Khuntia asked insurance companies to "weed out" loss-making products and concentrate only on the better paying ones.

PTI | Last Updated: Feb 20, 2020, 12:34 PM IST

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www.financialexpress.com

Irdai says 'yet to get' proposal from LIC

By: PTI | Updated: February 18, 2020 1:54:58 PM

LIC has undertaken efforts on micro-insurance and exhorted others to fasten up on the same given the needs in India.

www.smallnews.net

IRDAI SAYS 'YET TO GET' PROPOSAL FROM LIC ON IPO

Feb 18, 2020 | Insurance, LIC

www.newindianexpress.com

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IRDAI says 'yet to get' proposal from LIC on IPO

'Any company which goes public there will be better corporate governance and better disclosure,' IRDAI chairman S C Khuntia said.

Published: 18th February 2020 01:47 PM | Last Updated: 18th February 2020 01:47 PM

www.odishapostepaper.com

Mumbai: Insurance watchdog Irdai is yet to get any proposal from life insurance behemoth LIC on an initial public offering but feels a listing is better from a governance perspective, chairman SC Khuntia said Tuesday.

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www.thehindu.com

INDUSTRY

Irdai says 'yet to get' proposal from LIC on IPO

PTI

MUMBAI, FEBRUARY 18, 2020 14:09 IST
UPDATED: FEBRUARY 18, 2020 14:14 IST

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"Any company which goes public, there will be better corporate governance and better disclosure," IRDAI chairman S C Khuntia said.

Insurance regulator is yet to get any proposal from LIC on an initial public offering, but feels a listing is better from a governance perspective, chairman S C Khuntia said on Tuesday.

www.business-standard.com

Yet to receive proposal from LIC for IPO, says Irdai Chairman S C Khuntia

Khuntia also asked insurance companies to "weed out" loss-making products and concentrate only on the better paying ones

Press Trust of India | Mumbai
Last Updated at February 18, 2020 14:54 IST

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www.firstpost.com

Insurance watchdog IRDAI says 'yet to get' proposal from LIC on IPO; announcement made during Budget 2020

Business | Press Trust of India | Feb 18, 2020 13:57:29 IST

- IRDAI chairman S C Khuntia said government is carrying out work on restructuring business before LIC IPO
- IRDAI will not intervene on the pricing front but will limit itself to pointing out concerns to the players and issue notices if necessary, he said
- Khuntia said only LIC has undertaken efforts on micro-insurance and exhorted others to fasten up on the same given the needs in India

www.bloombergquint.com

Insurance Regulator Says 'Yet To Get' Proposal From LIC On IPO

PTI
@PTI_News

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Published on February 18 2020, 3:23 PM
Last Updated on February 18 2020, 3:23 PM

Insurance watchdog, Insurance Regulatory and Development Authority is yet to get any proposal from life insurance behemoth LIC on an initial public offering but feels a listing is better from a governance perspective, Chairman SC Khuntia said on Tuesday.

www.livemint.com

On the IPO of Life Insurance Corporation of India announced in the budget, Irdai said, 'LIC proposal has not yet come'. (Ramesh Pathania/Mint)

Irdai says 'yet to get' proposal from LIC on IPO

www.finance.yahoo.com

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"Any company which goes public there will be better corporate governance and better

www.apnnews.com

New Delhi: Institute of Actuaries of India (IAI) celebrated the platinum jubilee of Indian Actuarial Profession. The celebration was attended by the veteran actuaries, chief actuaries, chief executives, chief financial officers of various insurance companies. A large number of student members of IAI were present during the event.

IAI released a Coffee Table Book covering the history of actuarial profession in India. The book was released at the hands of Andrew Rallis, President of Society of Actuaries.

The Coffee Table Book captures the journey of actuarial profession in India that started with the erstwhile Actuarial Society of India (ASI) which was established in September 1944 with the objective of fostering growth of the Actuarial profession in the country. L.S. Vaidyanathan was the first President of the ASI, who laid the early foundations of the profession. The ASI played a vital role in providing inputs to the government to help formulate policies regarding insurance, pension funds etc. The book also encapsulates key milestones that brought paradigm shift in the actuarial profession like introduction of IRDAI Act, the Insurance Act and transition from ASI to Institute of Actuaries of India when Actuaries Act, 2006 came into existence. Key initiatives taken by IAI for betterment of the profession is also highlighted in the book.

The importance of Actuaries has been proved time and again in the varied sectors of Insurance and Financial Risk Management.

"This is a proud moment for the Actuarial profession. I am grateful to all our veteran actuaries who have immensely contributed for the profession to bring it to the current stage. We need to enhance the awareness about the value that

www.cnbctv18.com

Insurance watchdog Irdai is yet to get any proposal from life insurance behemoth LIC on an initial public offering but feels a listing is better from a governance perspective, chairman S C Khuntia said on Tuesday.

He also said that there is nothing for the life insurance industry to worry for the time being with regard to the government's move on certain income tax exemptions as the alternative to invest still exists.

On the LIC IPO, he said, "LIC proposal has not yet come". "Any company which goes public there will be better corporate governance and better disclosure," he told reporters on the sidelines of an event of actuaries.

On being asked if LIC's business will need any restructuring before IPO, Khuntia said that work on the same is being carried out by the government. He said it is a good idea for every insurance company to list and the Insurance Regulation and Development Authority of India (Irdai) will nudge entities to go for the same.

It is, however, not making it mandatory to list because smaller companies are yet to achieve

www.bimabazaar.com

Insurance News | Life Insurance News

Institute of Actuaries celebrates 75 Years of Indian Actuarial Profession

www.investmentguruindia.com

Irdai says 'yet to get' proposal from LIC on IPO

Posted in IPO Top News | #LIC #IPO #IRDAI

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He also said that there is nothing for the life insurance industry to worry for the time being with regard to government's move on certain income tax exemptions as the alternative to invest still exists.

Khuntia also asked insurance companies to "weed out" loss-making products and concentrate only on the

www.business-standard.com

Irdai chief asks general insurers to cut expenses, improve efficiency

Also, he advised the life insurers to focus more on improving their persistency ratio

Subrata Panda | Mumbai
Last Updated at February 18, 2020 22:49 IST

www.dailyexcelsior.com

Mumbai, Feb 18: Insurance watchdog Irdai is yet to get any proposal from life insurance behemoth LIC on an initial public offering but feels a listing is better from a governance perspective, chairman S C Khuntia said on Tuesday.

He also said that there is nothing for the life insurance industry to worry for the time being with regard to government's move on certain income tax exemptions as the alternative to invest still exists.

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www.dailypioneer.com

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"Any company which goes public there will be better corporate governance and better disclosure," he told reporters on the sidelines of an event of actuaries here.

On being asked if LIC's business will need any restructuring before IPO, Khuntia said that work on the same is being carried out by the government. He said it is a good idea for every insurance company to list and the Insurance Regulation and Development Authority of India (Irdai) will nudge entities to go for the same. It is, however, not making it mandatory to list because smaller companies are yet to achieve the scale for going public, Khuntia said, adding that ideally a company should achieve sufficient scale to list within ten years of its existence.

He said the practice of annual product review needs to be carried out in full seriousness by the players and pitched for a weeding out of the loss making ones.

www.m.dailyhunt.in

Irdai says 'yet to get' proposal from LIC on IPO

Insurance Regulatory and Development Authority (Irdai) is yet to get any proposal from life insurance behemoth LIC on an initial public offering but feels a listing is better from a governance perspective, chairman S. C. Khuntia said on Tuesday.

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On the IPO of Life Insurance Corporation of India announced in the budget, he said, "LIC proposal has not yet come".

www.nrinews24x7.com

Institute of Actuaries of India

"India needs at least 1000 qualified actuaries in the near future", IRDAI Chairman

Posted By: admin on February 20, 2020 In: Uncategorized No Comments Print Edit Email

MUMBAI: Addressing the inaugural session of the 21st Global Conference of Actuaries (GCA),

సాక్షి బిజినెస్

ఎల్ఐసీ ఐపీఓకు రావడం మంచిదే !

By Sakshi Wednesday 19th February 2020

- ఈ ప్రతిపాదనేదీ ఇప్పటివరకూ రాలేదు
- వెల్లడించిన ఐఆర్‌డీఏఐ చైర్మన్

ముంబై: ఎల్ఐసీ ఐపీఓ(ఇనిషియల్ పబ్లిక్ ఆఫర్)కు సంబంధించిన ప్రతిపాదన ఏదీ ప్రస్తుతానికైతే తమ వద్దకు రాలేదని బీమా నియంత్రణ సంస్థ, ఐఆర్‌డీఏఐ తెలిపింది. పారదర్శకత, ఇతర అంశాల దృష్ట్యా చూస్తే, ఎల్ఐసీ ఐపీఓకు రావడం మంచి ప్రయత్నమేనని ఐఆర్‌డీఏఐ చైర్మన్ ఎస్.సి. కుంతియా పేర్కొన్నారు. అసలు ప్రతీ బీమా కంపెనీ కూడా స్టాక్ మార్కెట్లో నిష్టయితే మంచిదని వివరించారు. బీమా పాలసీల్లో ఇన్వెస్ట్ చేయడం ద్వారా ఆదాయపు పన్ను మినహాయింపులు వస్తేనే, అయితే తాజా బడ్జెట్‌లో ఈ మినహాయింపులు తొలగించాలని ప్రభుత్వం నిర్ణయం

www.smartinvestor.in

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Yet to receive proposal from LIC for IPO, says Irdai Chairman S C Khuntia

Press Trust of India/Mumbai 18 Feb 20 | 01:20 PM

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Insurance watchdog Irdai is yet to get any proposal from life insurance behemoth LIC on an initial public offering but feels a listing is better from a governance perspective, chairman S C Khuntia said on Tuesday.

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www.papernewsnetwork.com

Irdai says 'yet to get' proposal from LIC on IPO

February 18, 2020 Jenny 0 Comments

MUMBAI: Insurance coverage watchdog Irdai is but to get any proposal from life insurance coverage behemoth LIC on an preliminary public providing however feels an inventory is best from a governance perspective, chairman S C Khuntia stated on Tuesday.

He additionally stated that there's nothing for the life insurance coverage business to fret in the meanwhile with regard to authorities's transfer on sure revenue tax exemptions as the choice to speculate nonetheless exists.

Khuntia additionally requested insurance coverage firms to "weed out" loss-making merchandise and focus solely on the higher paying ones.

On the IPO of Life Insurance coverage Company of India introduced within the price range, he stated. "LIC proposal has not but come".

"Any firm which works public there will probably be higher company governance and higher disclosure," he said on the sidelines of an occasion of actuaries in Mumbai.

On being requested if LIC's enterprise will want any restructuring earlier than IPO, Khuntia stated that work on the identical is being carried out by the federal government.

www.news18.com

NSE (National Stock Exchange) building is seen in Mumbai. (Photo: Reuters/Shailesh Andrade)

Mumbai: Insurance watchdog Irdai is yet to get any proposal from life insurance behemoth LIC on an initial public offering but feels a listing is better from a governance perspective, chairman S C Khuntia said on Tuesday.

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www.primetimes.in

Insurance Watchdog Irdai Says 'Yet to Get' Proposal from LIC on IPO

FEB 18, 2020

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www.ucnews.in

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On being asked if LIC's business will need any restructuring before IPO, Khuntia said that work on the same is being carried out by the government.

He said it is a good idea for every insurance company to list and the Insurance Regulation and Development Authority of India (Irdai) will nudge entities to go for the same.

www.devdiscourse.com

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www.m.dailyhunt.in

BUSINESS

Insurance watchdog IRDAI says 'yet to get' proposal from LIC on IPO; announcement made during Budget 2020

www.bimabazaar.com

Insurance News

"India needs atleast 1000 qualified actuaries in the near future", IRDAI Chairman

www.bimabazaar.com

Insurance News

Institute of Actuaries of India organised the 21st Global Conference of Actuaries in Mumbai

www.businessline.in

Money & Banking

IRDAI says it is 'yet to get' proposal from LIC on IPO

PTI Mumbai | Updated on February 18, 2020 | Published on February 18, 2020

Insurance watchdog Insurance Regulation and Development Authority of India (IRDAI) is yet to get any proposal from life insurance behemoth LIC on an initial public offering, but feels a listing is better from a governance perspective, chairman S C Khuntia said on Tuesday.

www.easyshiksha.com

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Employer additional costs as most employees not going on "leave"

In the current environment, very few employers and employees will be thinking about annual leave. However, it is a topic that will gain prominence as the world progresses through gradual relaxation of lockdowns (however long that might be).

The India Government issued circular on 20 March 2020 1 essentially seems to suggest that employees are deemed to be on duty during the lockdown. My layman's understanding is that, the majority of the workforce in India is basically subject to the same terms and conditions of employment as they were before the lockdown, notwithstanding specific situations related to Covid-19 sickness and essential vs non-essential workers guidelines issued by Governments.

However, the actual pattern of leave utilisation and its accumulation will have some implications that employers will need to decide on.

Accounting for Annual Leave

Employees in India are permitted to carry forward unused annual leave (usually Privilege and Sick Leave) subject to State Shops and Establishment Acts and their Company policy. At a minimum, this accumulated balance is paid out at exit. Indian Accounting Standards (INDAS19 or AS15 (Revised)) for employee benefits require employers to account for these compensated absences. Every accounting period, employers will usually reach out to an actuary to estimate the balance sheet provision required for long term accumulated compensated absences. Changes in the provisions between accounting periods usually flow through the profit and loss account.

Impact in the current time

Employees are simply going to use less days leave, as they are "on duty", even if they are asked to work from home or just told to stay at home (workmen in factories for example). Some legal views 2 state that leave cannot be adjusted against the lockdown days, unless an employee is voluntarily requesting an actual leave day.

This means that employees are building up unused leave days during the lockdown. The reality is that employers will find it operationally difficult to manage a large increase of leave requests once the lockdown restrictions reduce. It means there will be a significant increase in accumulation of leave days. Balance sheet provisions will increase and this will flow through the P&L.

Mitigations

Not all companies will be impacted to the same extent. Companies will have a total accumulation leave days maximum in place. The lower one's cap, the lesser number of employees will be impacted. Some caps are as low as 30 to 45 days but many companies still have 90 or more days.

Even if a company has a larger maximum cap, an employer may want to consider a special one-off encashment at the end of the in the current fiscal year to help employees' cashflow but also reduce the amount of days that get accumulated into the long term balance. However, I appreciate that employers are having to manage cashflow themselves. Another difficult balance in these extraordinary times.

Just to remember that the balance sheet provision of a long term accumulating compensated absence will typically (but not always) be more expensive than paying out a day's worth of leave on current salary level. It does however, depend on the actuarial assumptions used for the valuation.

Finally, just because the current situation means higher accumulation of leave, one should remember that the actuarial estimate of the balance sheet provision is a long term estimate. Long term assumptions for leave availment and accumulation should not change entirely due to the short term impacts of the current lockdown. Incorporating short term impacts into the actuarial projections should be discussed with the actuary and the employer's auditor.

In the end....

Employers should be aware and prepared for the potential impacts and it will be important for the HR/ Rewards teams to work with the finance teams to understand this along with their actuary.

Source:
1. https://labour.gov.in/sites/default/files/Central_Government_Update.pdf
2. https://www.azbpartners.com/bank/coping-with-covid-19-faqs-for-indian-employers/

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Expected Impact of Covid-19 on General Insurance Industry

The Impact of COVID-19 outbreak and measures taken by government would impact Insurance businesses like any other business. The disruption in business operations, cost structures, people challenges and steps taken to mitigate those would be similar to many other businesses. In this article we have talked only about impact on core insurance areas of sales revenue, claims by line of business and impact on Investments & Asset Liability Management (ALM) issues which are specific to General Insurance Industry.

1. Impact on Sales Revenue

Covid-19 is expected to affect the sales revenue of a general insurance company in multiple ways – some positive and some negative. The quantum realized for each of these reasons will determine the net effect on the revenue:

- Health insurance:
  - Higher demand for Covid-19 specialized products and health insurance, in general
  - Reduced number of lapses at renewal
- Motor insurance:
  - Significant drop in New vehicle insurance due to lockdown and zero new car sales
  - Aggressive pricing to retain motor renewal business
- Property insurance:
  - Recent modification in Insurance Information Bureau of India (IIB) rates were expected to impact volumes adversely. However, many corporate customers are renewing their policies for short period with Business interruption and Riots & Civil commotion endorsements
  - New FLOP/ALOP policies are high in demand
  - Greater future demand for pandemic covers expected
- Workmen's compensation:
  - Surge in liability cover for employees is expected
- Cyber security policies:
  - It is feared that with substantial increase in cyber activity, cybercrime will increase. Hence, both corporate and retail customers are demanding more cyber security policies

Impact on other GI products is based on process of sale rather than product features, described as below:

- Sales via Bancassurance partners:
  - Significant drop in insurance sales bundled with credit lending due to very low lending volumes
  - Cross-selling opportunities to banking customers reduced since branch walk-ins impacted and also call centers focusing on customer servicing.
- Sales via Agents/Brokers:
  - Insurance Commission/Brokerage is their only source of income, hence more efforts being put
  - Customers are more available/ have greater time to understand in detail about the products
  - Higher rate of renewal being maintained and limited endorsements being processed due to lack of infrastructural support
- Affordability of a mid-segment customer has reduced and hence may negatively impact renewals.

2. Impact on Claims Experience

Traditional claims patterns may get severely impacted and the Actuary/claims processor will have to use judgment more often along with new data points and limited trends.

- Motor and Personal Accident insurance: Expected to have reduced claims due to reduced activity.
- Health insurance:
  - Emerging severity of Covid-19 claims is 3x-4x times existing average severity, however incidence in India is relatively under control currently. The impact will be driven by the emerging incidence rate.
  - Planned surgeries are now being deferred by doctors & patients alike – this could lead to painful healing or more complex health conditions or death before treatment for patients
  - Higher delay in reporting of claims (especially reimbursement) is expected
- Motor Third Party and all other liability claims
  - Longer delay in court judgements leading to higher interest cost on claims and lawyer fees
  - Higher chances of out-of-court settlement at amounts lower than court awards.
  - Deferral of premium rate increase in various motor segments by the regulator keeping in mind

the lock down and subsequently possible lower claims frequency. Part of this gain will be offset against the likely claims inflation cost.

- Travel, Event & other cancellation policies: As a result of lockdown, many travel plans and events are being cancelled forcibly. This is expected to lead to very high losses for insurer covering pandemic risks. The one popular pandemic cover which was in news recently was the pandemic cover taken by All England Lawn Tennis Club which hosts the Wimbledon tournament. The tournament was cancelled for 2020. The club had been purchasing a specific pandemic cover for the last many years paying an additional premium.

- Loss of Business Profit: There is a debate raging globally as to whether Corona related loss of business will be covered under business interruption cover or not. The consensus for the time being amongst insurers is that this is not covered as there is no physical damage to property which is a necessity for a business interruption claim to kick in. There are many lawsuits happening globally and the outcome will be a guide to what is to be expected both globally and in India.

- It is always believed that level of Arson/ Moral hazard/fraud is higher in times of financial distress. This combined with lower scrutiny infrastructure at claims level, could lead to higher losses.

- Impact on other products is expected to be low due to lower exposure of activities like Engineering insurance, however unused machinery may lead to higher breakdowns when operations begin

- Environmental liability: Low level of human activity is expected to lower environmental pollution and hence related liability claims

3. Investment related aspects and ALM

The Indian General Insurance industry is very different from its global counterparts in that

- Investment returns are higher in India
- Premium is received in advance
- Claim settlement in lines like Motor Third Party and property may take a long time leading to sizable technical reserves that contribute to investment income

The key operational metrics for the industry are as follows:

All Amounts in Cr	FY18	FY19
Gross Direct Premium	150,662.13	169,448.46
Underwriting Loss	15,341.00	22,320.00
Profit after tax	6,908.80	683.21

It is evident from the above table that the industry is consistently generating investment income in excess of ₹20,000 Cr every year. The quantum of investment income is also indicative of the fact that the industry players would be giving due weightage to investment income while formulating their business plans, pricing strategy etc.

The changes in investment environment in the post COVID-19 world can hence have serious ramifications on the industry. The lockdown has led to several countries trying to stimulate the economy using both fiscal and monetary measures. In India the Reserve Bank of India (RBI) has provided the monetary stimulus by cutting the repo rate by 75 bps. The yields on government securities have come down significantly. While in the short term it may provide companies with opportunities to crystallise some capital gains in their fixed income portfolio incremental reinvestments will be happening at lower yields. The insurance companies must revise their pricing strategy to cope up with this as the lower investment yield will lead to lesser investment income available to offset the underwriting losses. The products can hence become more expensive.

Indian general insurers have generally refrained from extensive investment in equity. The reasons are many

- The excess of market value of equity over book value (fair value change) is not allowed for solvency calculation unless under exceptional circumstances
- Non-volatile income stream from fixed income securities enable better planning
- If fair value change becomes negative it needs to be routed through P&L and impacts solvency. Managements prefer to not expose themselves to this market volatility and resultant solvency implications
- Shareholders preference for investment income through interest rather than profit on sale of equity

There are of course some companies that have preferred to allocate a part of the assets to equity due to the expectation of higher returns that can be earned in a tax efficient manner.

In the aftermath of COVID-19 outbreak the global equity markets have suffered a meltdown and India is no exception. Companies that have exposure to equity will hence have to grapple with the problems of fair value change reserve if it has become negative. There could be impact on reported earnings and solvency. Depending on the impact they may even have to approach the regulator for forbearances if any if the control level solvency ratio is breaching 1.5x.

Defaults in fixed income portfolio

Even before the COVID-19 outbreak the fixed income portfolio of insurers were under strain due to

delinquencies that arose out of exposure to IL&FS group, DHFL group, Reliance ADAG, Yes Bank AT1 bonds etc. The financial position of quite a few other groups with heavy borrowings have been deteriorating further during the COVID-19 related lockdown. There could be impact on companies where solvency margin can be significantly affected due to provisions on these exposures alone.

As of now IRDAI requires Indian insurance companies to make provisions in line with RBI guidelines wherever IRDAI guidelines are not available. Maybe industry has reached the size where insurance specific provisioning guidelines are put in place especially in the current situation where extent of allowable provision is many a times lower than the estimated realisable value.

Asset Liability Management (ALM) and Liquidity

General insurance companies are not usually impacted by ALM issues as the discounted mean terms of even long tail lines like Motor TP liability could be not more than 5 years. On the asset side companies prefer instruments with maturity less than 5 years on fixed income side and as per IRDAI guidelines at least 30% of this will be in central government securities (CGS)/ state government securities (SGS). So rather than ALM, liquidity is probably a bigger concern for the general insurance companies. Say in large property claims or in other reinsurance driven lines there could be timing mismatch between when the company needs to pay out its claims and when it gets recovery from reinsurers. When markets get into correction mode liquidity also decreases in general and often companies are forced to realise much lower asset values than what it would have otherwise realised for its securities in normal market conditions. The proportion of assets in callable fixed deposits, Collateralized Borrowing and Lending Obligation (CBLOs) etc. should possibly be increased under the current scenario which will have corresponding negative impact on investment yield.

Conclusion

The above remarks are based on early trends from the COVID-19 spread and government action. Insurance is a fundamentally a business which thrives on diversification of risks. Exposure to many unrelated businesses is a risk mitigation mechanism. In this regard the diversified general insurance companies are probably better placed than mono line insurers.

Authored by the Advisory Group on General Insurance constituted by the IAI

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LIC Disinvestment: An actuary's perspective

Life Insurance Corporation of India (LIC), an insurance entity owned by the government of India came into existence in 1956 when close to 245 insurance companies and provident societies merged to create one state-owned entity, post creation of the LIC Act 1956. The insurance sector was privatized in early 2000s and despite that LIC has continued to dominate the market. This defines the scale, value and trustworthy image it has built over the years.

LIC has played an invaluable role in all forms of nation-building activity. It has been an immense contributor in propelling economic growth and always been at the forefront by supporting various key strategic decisions taken by the government over the years.

In the Union budget announced on February 1, 2020, the government decided to disinvest a small stake in LIC to the public as a part of the Center's Public Sector Undertaking (PSU) disinvestment and asset monetization plan. The three private life insurers that have already gone public are ICICI Prudential Life, HDFC Life and SBI Life, with their combined market capitalization at around ₹3 trillion. These are staggering numbers, and with LIC potentially in the fray to hit bourses, it will possibly be the largest insurer by market capitalization on the stock exchange in India.

As the process to file an Initial Public Offering (IPO) gets initiated in due course, multiple stakeholders will be involved. It will be worthwhile to therefore look at how things pan out for each of them from an actuaries' lens. The main stakeholders that we are discussing in this article are:

A. Policyholders
B. Shareholders
C. Regulators

A. Policyholders

With a majority of the insured population having some or the other policy with LIC, the preeminent themes to be addressed are

a) fulfillment of contractual obligations and 'perceptions and expectations' of the existing policyholders by ensuring their reasonable expectations are met in a well-defined manner, and

b) all the stakeholders involved in the exercise are 'fairly' compensated.

Typically, an insurance company keeps its participating funds separate from non-participating fund i.e. a ring-fenced Par Fund (where 90% or more of the surplus is earmarked for the with-profits policyholders and the rest belongs to the shareholders) and Life Fund / Non-par Fund (owned by the shareholders). This ensures that monies are invested in appropriate assets, commensurate to the underlying riskiness of the liabilities, while providing a suitable risk-adjusted return to the shareholders. This is something that we have also learnt as a part of actuarial curriculum.

1. Section 28 and 37 of LIC Act

In case of LIC, Section 28 of LIC Act requires any surplus (including the valuation surplus arising from Non-Par policies) to be allocated between the government and with-profits policyholders in the ratio of 95:05. This would mean that LIC was being run more like a mutual society throughout these years, rather than sharing the total non-par surplus with its shareholders and taking only 5% of the emerging par surplus.

Additionally, while one may argue that 5% is less, to put it in perspective, for FY 2018-19, the total surplus from its life insurance business was around ₹53,000 crores out of which approximately ₹2,600 crores was given to the government and rest was allocated to the with-profits policyholders through bonuses. Further, a quick look at Revenue (Technical) Account of LIC shows that surplus from Non-Par Business was zero as the entire surplus was shared with the participating business.

Any change in the definition of 'valuation surplus' attributable towards with-profit policyholders from 'all Life insurance business' to 'Life Insurance business written from Par Fund' will impact the returns to the policyholders. This impact may be adverse for par policyholders, if the non-participating business written by LIC is profit making. However, the support available to non-participating policyholders, in case the economic tide turns adverse, won't be available any longer. While the two groups of policyholders may have coexisted in the past, one would have to be very careful while making any changes going forward.

This will either be achieved by the segregation of funds or by making modifications to the bonus philosophy/calculations hence invariably altering the quantum of future bonus.

Whether this split or demarcation would lead to a capital injection to support the new business strain, is something that will emerge in future.

Further, Section 28 allows LIC to decide on the percentage of surplus to be shared between policyholder and shareholder. While originally the percentage was kept at 95:05 ratio, this section provided LIC the flexibility to distribute 90% or more surplus to the policyholder. However, LIC has generously maintained the status quo of 95:05 for surplus apportionment. Any change in the surplus sharing arrangement, due to the discretion provided by Section 28, such as moving towards 90:10 distribution of surplus to align with the rest of industry from earlier 95:05, may further reduce future bonuses.

The unassailable faith of policyholders stems from the sovereign guarantee given by Section 37 of the LIC Act wherein all of LIC's sum assured and bonuses are guaranteed by Government of India. Once a portion of the stake and ownership is divested, would the sovereign guarantee continue? The decision could either impact the perceived comfort and guarantee to policyholders or could be a first of its kind for a listed entity.

Underlying theme of the impact on policyholders depends on any amendments to the Section 28 and 37 of the LIC Act.

2. Policyholders' Reasonable Expectations (PRE)

By unswervingly distributing high bonuses throughout the policy terms, it has built a significant obligation towards the policyholders. A quick comparison of LIC's Funds for Future Appropriation (FFA) (approximately ₹17 lakhs) with some of the private players could actuarially lead to an inference that LIC is not holding any smoothing surplus, either towards protecting and smoothening future reversionary bonuses of setting aside an explicit terminal bonus.

Since, this estate is insignificant, it is difficult for it to support and maintain any future PRE. On the flip side, the reattribution exercise to establish the ownership of the estate will not be cumbersome. Any change in the sovereign guarantee available to LIC will directly impact PREs and may lead to an increase in reserve requirements due to the changes in actuarial estimates or additional prudence for protecting PRE toward future bonuses.

3. Treating Customer Fairly (TCF)

LIC has been sharing its valuation surplus as dictated by the LIC Act with the policyholder in the ratio of 95:05 till date and this distribution has been equitable across the cohorts and generations of policyholders.

4. Investment strategy

The huge corpus that the corporation has manages to back its long-duration liabilities, along with with-profit guarantees, imperils LIC to interest rate risk exposure. While LIC has been able to garner enough long dated papers during the timely auctions, it continues to remain a challenge. Given the expected growth, these challenges are only expected to increase further.

While we do come across discussions and points of view around investments made by LIC and whether they are strictly aligned to the risk appetite, ALM principles or are in the best interests of the policyholders, the proposed disinvestment is expected to enhance transparency and improve accountability due to analysts' scrutiny. This may bring in additional returns, and eventually improve the financial health and solvency. Given the way LIC is structured, this would benefit the policyholders as well in the long run.

5. Solvency Ratio

A solvency ratio between 150% to 160% is very close to the statutory minimum of 150% and could be perceived adversely by analysts, especially when the listed insurers are reporting solvency ratios in the range of 190% to 230%.

However, since all the sums assured plus bonuses declared to date are backed by a sovereign guarantee as per Section 37 of the LIC Act, if this were to be relaxed, it could have implications on the perceived financial health and protection of policyholders interests.

The overarching requisite for any amendments of the LIC Act will be a demonstration of compliance around Solvency, TCF, and PREs emanating from an innate need to protect the policyholder's interests within a cohesive regulatory/governance framework.

B. Shareholders

Disinvestment provides LIC an open market to raise capital from investors. Many policyholders would also like to own some shares as the real value unlocking will happen post the IPO which is currently estimated to be enormous. Investment strategy, employee engagement, operational efficiency, etc. will surely get a major boost owning to shareholders' vested interests.

The current NPAs of LIC stands around 6% (as per L- 22 disclosed by LIC), compared to the insurance industry range around 1.5% to 2%. Given the fact that LIC will now be listed, the NPAs and bad debts would be expected to come down, which would in turn have a positive impact on the shareholder's adjusted net worth.

Another advantage of listing might be in the form of improved employee engagement wherein top talent can also be rewarded through liquid stock equity participation (ESOPs). While this has been a tool to retain talent both for startups and listed entities, the actual utility would depend on the decisions taken by the stakeholders, including the Government of India.

Further, if the surplus sharing arrangement were to become 90:10, in line with other industry peers, the transfers made to shareholders would increase making it a better value proposition.

Increased transparency, credibility that LIC has been carrying on for so many years can potentially help them obtain a lower cost of capital, eventually helping them to further grow, expand, improve company's sales, profits, increase % returns for key ratios (Return on Equity (RoE) and Return on Embedded Value (RoEV)).

Last and not the least, a lot of Foreign Institutional Investors (FII's) would be keen to part take in this divestment, which would only positively improve the overall market sentiment and come as a major boost for economic growth and prosperity in the long run.

C. Regulators (IRDAI, SEBI)

LIC currently complies with all the mandatory disclosures of the Insurance Regulatory and Development Authority of India (IRDAI). Owing to disinvestment, a lot of mandatory disclosures will have to be made about investments, financial accounting, tax, etc. to comply with the Securities and Exchange Board of India (SEBI). The frequency and quantum of reporting to be done will increase and this can augur well towards having high standards of transparency and accounting.

Final Remarks:

An ambitious target of raising ₹2.1 lakh crores from disinvestment in FY 2020-21 (majority of which is expected to come from LIC) works very well for the government to reduce the financial fiscal deficit and have a wide diverse share of ownership.

Disinvestment also helps the government focus on other key areas like healthcare, infrastructure, etc. by channelizing the proceeds. However, the government will have to amend the current Act before it goes public and it will be interesting to see how the discussions shape up in both houses of parliament.

The current share capital as per LIC's balance sheet stands at ₹100 crores. Given the approximate disinvestment to be in the range of 5% to 10% (as per early trends), it remains to be seen how the share capital will be increased and by what means, or if shares are issued with lower face value to facilitate more liquidity.

India is the fastest-growing trillion-dollar economy. The government foresees to make it a $5 trillion economy soon and disinvestment is one of the key strategic decisions that can help achieve that. Further, this will strengthen existing core systems, processes, and overall governance.

A lot of disclosures, compliances will have to be dealt with and significant time, effort, due attention of management will be key. Disinvestment of LIC can potentially be the next trigger to propel economic growth, boost investments and market sentiments while ensuring all stakeholder's expectations are met. A forward-looking vision and the legacy that LIC has had over the years can be encashed to get our economy in a bigger, better and brighter shape!

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It is evident that the impacts of a virulent disease may be very serious for insurance companies, not only due to extra claims but also following related economic reactions and operational risk issues.

The risks faced by an Insurance business due to the ongoing pandemic are: -

- Insurance Risk (mortality, morbidity)
- Regulatory Risk (Solvency, Capital, Reserving)
- Market Risk (Share price volatility, market downturn, recession)
- Business Continuity Risk

For the insurance industry, especially life and health insurance, the effects of a pandemic would be considerable: the increase in mortality among the insured population would result in higher claim expenses for term, whole life and other life insurances paying death benefits. This would be partially offset by reduced claims expenses in annuity lines. Health insurance and disability covers would be affected likewise. In addition, a pandemic will have a major impact on capital markets, which would have implications for the assets side of insurance companies' balance sheets.

In contrast to other extreme scenarios, such as regional natural disasters, the benefits that reinsurers have over primary insurers due to geographical diversification also cease to apply in the event of a pandemic.

Impact on Premium Revenues

Last three months of financial years have traditionally been the months which witness highest premium collections. Life insurance sector collected 17.4% and 15.0% premiums in the month of March in FY18 and FY19 respectively. Due to the lockdown in critical second half of March, premium collection is bound to suffer significantly. New policies where insurers need to carry out medical tests are taking time and have a slowdown. Revenues from travel insurance have also witnessed a steep decline.

Although, there has effectively been no new offline business during the lockdown in March, the trend for online business is quite the opposite. Online sales of health insurance experienced a surge of 35-40% while that of life insurance has experienced an increase of 20%. However, the contribution of online sales remains relatively low when compared to offline sales in the Indian context.

Increased Risks

Future uncertainties are an inherent part of insurance. The rise in mortality and morbidity have increased the exposure of the insurance industry. This increase in rates also need to be taken into consideration while preparing reserves and making pricing decisions.

The impact of such pandemic could also be that insurers with low available solvency margin might not fulfil the solvency requirements and therefore would require new capital to continue their business. If the life insurance industry does not look lucrative enough to draw in new capital, several companies with tight margins could face the threat of insolvency.

Global character of pandemics makes cost- minimizing diversification of assets less effective. There is also the threat of a recession in the Indian economy which can further increase the woes of the insurance industry.

A simple estimate for the claims costs incurred by an insurance portfolio due to a pandemic can be made by multiplying the portfolio's total sum at risk by the pandemic's average mortality rate for that portfolio. This estimate can further be improved by dividing an insurance portfolio based the age of the lives insured and multiplying it with the age-specific mortality rate due to the pandemic.

The following graph represents the age wise mortality rates across the world due to Covid-19. We expect to see a similar trend in India. However, these rates may change as the number of positive cases increase across the country.

Effect on Life Insurance

As specified by the Indian government, the force majeure clause in life insurance will not apply to deaths due to coronavirus. As a result, all death claims due to coronavirus will have to be accepted. This can have a major impact on Life Insurance companies if the number

of casualties due to coronavirus increases.

A life insurance portfolio mainly consists of 2 building blocks, death benefit and savings benefit. The effect of increasing mortality can either be an increase or decrease in profit depending on the construction of the portfolio, as both these parts act in different directions in case of increased mortality. For most life insurers, the death benefits normally form majority of the life policies underwritten, thus one can expect loss rather than profit.

A pension portfolio consists of 2 main benefits, old age pension and survivors' pension (reversionary annuities), both acting in different directions in case of increasing mortality. Hence the effect of increasing mortality can either be profit or loss, depending on the construction of the portfolio.

In India, life insurers manage more than $320 billion in assets and as much as half of this is estimated to be in government bonds. The crisis also puts pressure on non-government bonds which may cause credit concerns and may lead to an increase in bond downgrades.

Effect on Health Insurance

The effect of increasing morbidity on health insurance is in general smaller than that on life insurance. The main insurance product to face extensive expenses is the basic insurance covering doctors and hospital visits and medication.

However, with recent announcement of coronavirus as a notified disaster, the cost for managing COVID-19 infected patients would be at the rates fixed by the state government, which may come as a cushion for everyone.

Some specific effects of this pandemic that can be seen are: -

- Fall in Industry's Loss Ratio
- Postponement of certain medical claims, hence deferred expenses
- Reduction in claims due to motor accidents
- Increased sale of policies covering pandemics

This may also be an opportunity for the health insurance industry to prove its metal and win the trust of the prospective customers. This event is likely to re-enforce the requirement for a health cover which may well be a positive for the health insurance industry.

Effect on Non-life Insurance

There are four potentially big areas to look at for non-life. Firstly, there is trade credit insurance. If increasing numbers of companies go out of business due to coronavirus impacts, insurers could face rapidly spiralling claims.

The second area is workers' compensation claims. We could see increase in workers claiming they were not adequately protected by their employers against exposure to the virus brought about by their normal working duties.

Event cancellations may additionally cause great losses to insurers as some large events have policies that would cover them even for epidemics or pandemics. The largest event happening this year is the Tokyo Olympics where analysts estimate approximately $2bn of coverage. Also, Wimbledon is set to receive $141 million in pandemic insurance pay out.

The biggest event happening in the Indian context is the Indian Premier League. However, with no pandemic insurance cover, the insurance industry should not expect an enormous pay out due to cancellation of the IPL.

Business interruption insurance claims can also prove to be quite drastic for the insurance industry. Business interruption claims can usually be triggered due to physical damage or loss to property and hence insurers can refuse claims due to coronavirus as there has been no actual physical damage or loss to property.

However, a restaurant in New Orleans has claimed that Coronavirus has caused physical damage to their property by contaminating the surfaces and has asked the insurer to pay them for their losses. If other companies worldwide also follow suit, it can become a huge problem for insurance companies.

Some other impacts of coronavirus on non-life insurance can be specified as:

- Steep decline in Motor Insurance claims due to the ongoing lockdown. There were 417 deaths per day due to accidents in India in 2017; this number has drastically reduced due to the lockdown. Hence, we expect a massive reduction in motor insurance claims.
- Accidental damage claims avoided due to shutdown of workplaces
- Steep decline in cases of fire, hence a reduction in claims as most of the industrial factory units are shut
- There is a risk of huge number of claims coming in after the lockdown for Liability Insurance
- Loss of business for Travel Insurance due to travel ban in the entire nation.
- This pandemic has resulted in more and more employees remotely accessing the core systems. This increases the risk of data getting stolen. Claims for data theft can rise due to this.

Effect on Reinsurance

The impact of a pandemic on a reinsurer mainly follows the effects on direct insurance. It will mainly be life reinsurance which will be affected. Pure life reinsurers will have most problems, while composite reinsurers will have much more internal risk diversification and therefore fewer problems. Within life reinsurance,

problems will mostly affect those reinsurers who concentrate on pure mortality risk. Those who are diversified with disability, critical illness and other risk products will have a better situation.

Actuarial Implications

Long term interest rates, mortality and morbidity assumptions will change and affect IBNR reserves. It will also affect the methodology used to test profit. Changed assumptions will also have to be reflected in pricing new products.

As credit quality deteriorates throughout the economy, some insurers may need to address asset impairment and expected credit losses in their portfolios. Reinsurers could face mounting losses that may increase credit risks on reinsurance recoverable.

Valuation and price discovery may become a challenge due to market volatility and a possible decline in liquidity for certain products.

There is the obvious risk of anti-selection for underwriting of new policies.

Pricing assumptions might need to be different this year, not just for mortality and morbidity but also for lapses.

The Way Forward

There have also been some proactive steps taken by the industry on product innovation front. The IRDAI has asked insurers to come up new need-based products for coronavirus, and for which, a few insurers have come up with such need-based specific products to cater to the current requirement. These are defined benefit-based product where the benefit is paid on occurrence of the event and no bills are required.

The industry has done well to find an opportunity even in such a situation. However, it still depends heavily on offline distribution which is bound to suffer. On top of it the market crash could end up deterring new ULIP investors and a few existing investors may take the exit. The prospect of industry getting back its momentum will depend both upon the time that India takes to recover from coronavirus and the market crash.

COVID-19 offers insurers an opportunity to build trust, brand and employee morale.

We believe insurers that offer proactive and empathetic customer engagement will manage the crisis better and retain customers when the tide turns. This includes:

- Coverage applicability and health and safety advice
- Round-the-clock availability across all channels
- Predictive claims capabilities and automated pay-outs powered by data and analytics
- Frictionless claims through smart systems and processes
- An agile, smart workforce enabled by technology

The ongoing economic slowdown along with record-low interest rates can also prompt deals like mergers and acquisitions.

The indirect economic costs are likely to exceed direct costs resulting from increased claims. The ensuing market volatility will greatly affect investment returns.

However, based on the current stage of the pandemic India is in, we feel that the insurance industry in India will experience a boom in the coming financial years post pandemic due to reduced claims and an increase in new business.

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A Survey of Life Insurance Companies on possible impact of COVID-19

Recently the Advisory Group on Life Insurance has conducted a survey on the possible impact of COVID 19 on Indian Life Insurance Companies. The purpose of this survey is to get valuable inputs of Appointed Actuaries to reflect the ground realities while assessing the impact of COVID 19 on the Life Insurance Industry. **Appointed Actuaries from 18 Life Insurance Companies in India participated in the survey, opened for responses in the period 22nd Apr - 11th May 2020.** The summary of 19 survey responses is given below.

Solvency

All the Appointed Actuaries unanimously agreed that the control level of solvency (150% of the Required Solvency Margin) can be managed well during COVID 19 outbreak.

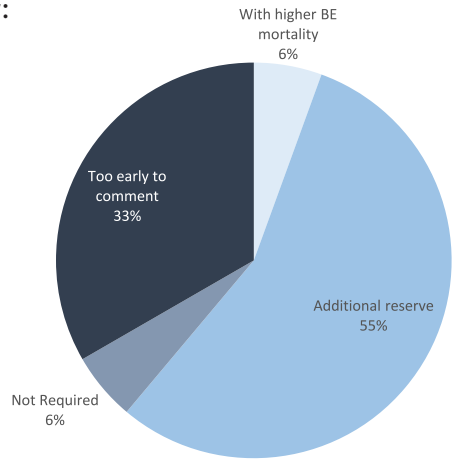
When asked whether it would be appropriate to vary the current control level of solvency, 56% of the respondents were of the view that the current control level of solvency could be lowered temporarily with the balance feeling that it should be kept the same. No Appointed Actuary was of the view that it should be increased.

There was a view expressed by some Appointed Actuaries that the upwards movement in the market value of bonds should be allowed to offset the fall in equity values from a solvency perspective.

With regard to internal target solvency levels all respondents mentioned that this was being kept unchanged by their companies.

Reserving and capital

The responses towards the most appropriate approach towards reserving for COVID-19 exposure are summarized below:



Preferred reserving approach for Covid-19

Around 55% of the participants indicated that an additional separate reserve was appropriate whereas 33% said that it is too early to comment.

Participants were asked "As per APS-7, 10- year G -Sec yield as on 31st March 2020 is basis for determining the level of MAD for the year-end valuation of policy liabilities. Given the volatility in the G-sec yield during the last few days of March 2020 (mainly due to RBI policy in response to COVID-19), would it be better to set the MAD based on the highest yield of 10 year G -Sec during the closing month (i.e. March, 2020)?"

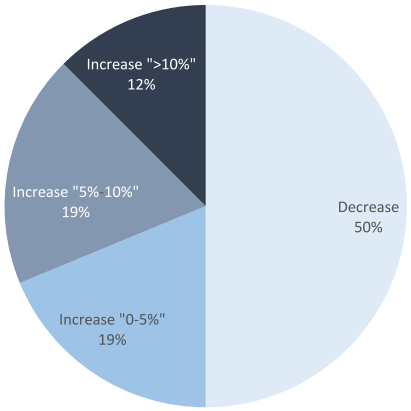
Response: Opinion was divided on this question with 61% participants saying "No" and 39% saying "Yes".

Participants were asked "Would you like to see a change in the solvency regime to a risk-based capital (RBC) regime?"

Response: This was strongly in favour of introduction of RBC with 89% of the view that RBC should be introduced.

New business levels and protection business

The responses in terms of expected new business premium growth (APE) over FY2020-21 as compared to FY2019-20 are depicted below:

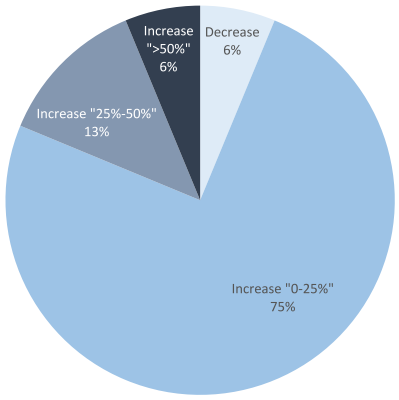


Expected new premium growth in FY20-21

There was a diversity of opinion regarding the expected new business premium growth in FY21 perhaps reflecting the uncertainty given the prevailing COVID-19 situation.

Regarding protection business around 84% agreed that in post COVID 19 period there will be significant shift towards this business segment.

The responses in relation to the expected year on year growth in term business is set out below:



Expected growth in term business in FY20-21

Around 75% of the respondents believed that the year on year growth in term insurance during FY 2020-21 will be to the tune of 0-25% with a further 13% seeing growth between 25% to 50% and 6% seeing growth of more than 50%.

Around 90% of the Appointed Actuaries felt that COVID 19 will bring new opportunity to online/digital distribution of insurance products. Around 30% said that there will be at least 25% growth in digital channel whereas around 20% said that the growth of digital channel will be 10-25%.

Risks emanating from COVID-19

When asked which risk is the one impacted most by COVID-19 around 50% ranked New Business risk as the major risk and 30% ranked credit risk as the major one. 20% ranked interest rate risk as the major risk. Interestingly, mortality risk was not ranked by any of the respondents as the major risk.

In terms of policyholder behavior around 80% of the participants believed that there may be a change in existing policyholders' behavior in terms of their decision to lapse/surrender their existing policy. Of these participants two-thirds felt that savings portfolio will be most impacted by policyholders' attitude towards lapse/ surrender with one-third feeling that protection will get impacted the most.

Regarding the protection business, 90% of the participants believed that COVID 19 will have a positive impact on persistency.

Around 89% participants felt that Catastrophe treaty needs to be re-assessed based on recent COVID 19 experience.

In terms of managing the exposure related to COVID -19 for new policies/proposals 83% said that they have included additional questions related to COVID-19. Out of them 5% said that they have additionally included some exclusions. On the other hand 17% of the participants have not taken any additional measures in this regard.

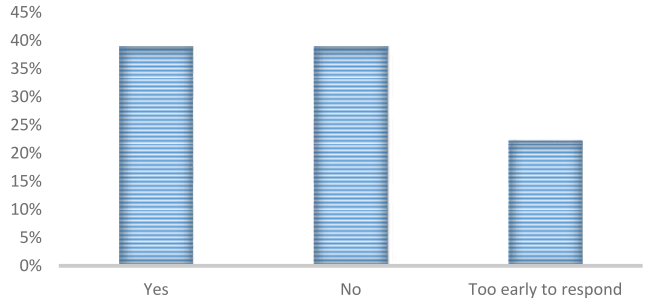
Around 55% of the participants believed that there may be a reporting delay due to COVID 19 and hence there may be requirement for additional Incurred but not reported (IBNR) reserve.

In relation to the line of business that may face the most adverse financial impact from COVID-19 views were divided with around 42% believing that ULIP will be the most affected line whereas around 25% thought group term will be most adversely affected. Around 11% of the participants voted for Participating and Non Participating Savings each.

Products and pricing

Participants were asked "Limited experience indicate that COVID-19 spread is directly associated with population density /geographical area and we have seen similar experience with other pandemics. Hence should regional/geographical pricing be allowed by the Regulator?"

Opinion was divided on this issue as can be seen from the bar chart below:



With regard to developing COVID-19 specific product(s) 44% of the Life Insurance Companies are looking for COVID-19 specific product(s) or incorporating them as additional benefits in existing products.

Other issues

Participants were asked "Which processes within the life insurance industry do you think need to be digitized on a priority basis?" Around 70% of the participants said onboarding/ sales/ underwriting is the most important item to be digitized.

Participants were also asked for suggestions on possible regulatory steps that may be taken to facilitate insurance penetration during the period of social

distancing. The suggestions were:

- Innovative measures on risk management
- Special steps for online sale and digital on-boarding
- More steps for point-of-sale (POS) products
- Common, simplified KYC norms
- Permitting extensive usage of Use & File

Participants were also asked for the role they see for reinsurers post COVID-19. The following ideas were given:

- Providing data and research support
- Support for pandemic cover
- Digitized underwriting
- Support on underwriting norms and risk management
- Support to develop innovative protection products.

Summary and Conclusions

There was a good response to the survey with 18 Appointed Actuaries of life insurance companies responding.

There was widespread support amongst the respondents for the introduction of RBC.

Respondents were generally of the view that COVID-19 presented an opportunity for online/digital distribution of life insurance products.

Also large numbers felt that the term business would grow this year (FY21) as compared to the year gone by (FY20) which we suspect could be attributed to the general increase in awareness of mortality risks. Respondents also generally felt that there would be an improvement in the persistency of the protection business.

Respondents were on the whole of the view that COVID-19 necessitates re-examination of catastrophe reinsurance arrangements. In terms of managing the exposure related to COVID-19 for new policies/proposals respondents generally said that they have included additional questions related to COVID-19.

Survey designed and summarized by the Advisory Group on Life Insurance of the IAI.

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