BAJAJ ALLIANZ

# Newstrack

Corporate Newsletter
Issue IV/2012-13

BAJAJ | Allianz

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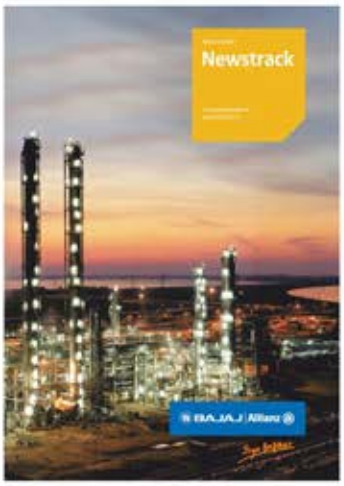


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For further information on the articles appearing in this magazine, please contact santosh.balan@bajajallianz.co.in or chandni.arora@bajajallianz.co.in

For an e-version of the newsletter, visit our website: www.bajajallianz.com

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Editorial Address:
Bajaj Allianz, G.E. Plaza, Airport Road, Yerawada, Pune - 411006.

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Foreword

# Customer Service over Price – The way forward?


Tapan Singhel

Dear Friends,

When purchasing a product or service, I never used to ask – "What are we paying for?", mostly because this question never crossed my mind. I used to bargain for maximum discounts and opted for the cheapest price for various commodities. However, as time progressed, I realized that the purchases were not as expected. I was compromising on either the quality of the product or the service since I was more focused on saving cost. This aspect doesn't matter much if we are dealing with commodities. On the other hand if I am purchasing an insurance cover which in essence is "safety" or "protection" of my assets or health, I need to consider services beyond anything else.

However, if I look at the current trends of purchasing insurance and specifically corporate business, this principle is not followed. This is evident from the rise in the disputes related to services especially when it comes to claim settlement. The combined ratio, i.e., ratio of net claims, net commissions, operating expenses and net earned premium of the General Insurance Industry stands at around 117%, and still dissatisfaction amongst claimants is common. What worries me the most is, that the discontent is still rising at a steady pace. It made me curious to check what the reason for the rise could be?

On probing further, I observed two things, one the pricing was not right i.e. the premium charged for the risk was not adequate. In today's free pricing regime, discounts and under pricing are common in the market and price is given priority over service and coverage. This trend will not be sustainable in long run as it will result in severe service deficiencies. Secondly the financial strength of most of the companies seems to be weak. I am worried that the discontentment amongst the customer will rise further if this trend continues. As it is despite paying a large amount of claims, an insurance company does not enjoy a good standing when it comes to claim settlement as an industry.

Bajaj Allianz has always focused on a business model which is sustainable in the long run and also customer centric. At Bajaj Allianz we follow prudent underwriting norms; the underwriters ensure that the pricing is commensurate with the risks that are accepted. As a result we have always maintained our profitability and healthy combined ratio over the years. Our company has robust reinsurance programs and is supported by worldwide leaders in the reinsurance domain. Today, we can say that our company has one of the strongest balance sheet in the industry. This is the single most important factor for any customer since he is transferring his risk to an entity that will protect them in case of an uncertainty and will ensure that the claims are paid on time. The following pages will reveal more on these aspects.

I would also like to stress that Bajaj Allianz is known in the industry for its exceptional customer service especially in terms of claim settlement. We were the first insurer to maintain transparency in our claim settlement performance which is shared transparently with you through Newstrack on a quarterly basis. Our claim settlement ratio for the last financial year was 95.8% and the grievance ratio was 0.16% which is amongst the best in the industry. The result of various market and customer surveys does show that there is both a strong faith and the trust that we have earned over the years. We shall continue with the philosophy of writing the risk prudently, pricing it right and providing the best customer service as we have done in the past. My best wishes to all our customers and intermediaries for a mutually successful new financial year.

Tapan Singhel
MD & CEO
Bajaj Allianz General Insurance

Foreword

# Moving beyond **products**

Dear Friends,

Life insurance is an important protection instrument that is now available to individuals as well as groups. The composition of the group may vary in terms of age, gender but should have a common purpose of coming together other than just the purpose of purchasing insurance. If such a group conforms to the underwriting guidelines of the insurer, they would be eligible for a life insurance cover.

Today group insurance has moved beyond providing only insurance products. Insurers now offer their actuarial skills and investment expertise to say for a group of employees to predict their liabilities and this service is known as fund management services. Some of the liabilities are gratuity, superannuation, leave encashment, post retirement medical scheme, EDLI etc., and these have to be managed efficiently so that these benefits are paid on time without the capital getting wiped out. Such an association is gaining popularity as these are also the core functions of a life insurance company. This service has provided insurers a small window to engage with the corporate clients. Moreover through their fund management expertise, insurers are better placed to manage these specialized needs.

Bajaj Allianz Investment team has lend its expertise in managing funds for several of its clients and all funds have performed well and beaten several comparable indices like CNX, Nifty, CRISIL etc. In the following pages you will hear from some of our customers about their expectations and performance of our services.

In addition to managing the funds the team also provides feedback to clients on the performance, sectors invested and its rationale etc. as per their requirement. The results are visible in their stock selection approach and fund performance of funds like Group Equity Fund, Group Bluechip Fund besides the short and long term debt plans. Over the years we have built a formidable base of clients and managed to match their expectation levels.

The life insurance space contracted 6% till FY 12-13. However Bajaj Allianz recorded a growth of about 10% till the end of FY12-13 thereby maintaining our position as the leader among the non-bank promoted life insurers. This can be attributed to some of the things that we did it right in these difficult times.

The current year would be tough for the industry as all the non-linked products have to conform to new guidelines. Hence all such products are in the process of designing to conform to the new guidelines. As insurers will be filing new products it will impact the approval timeline. As a result we expect it will cause some turbulence in the short term for certain segments and markets. We may also have a temporary gap in product availability. Thus NB topline is expected to contract this year, and it will take a few more quarters for the launch of approved products, train the sales force and the resultant change in operational front.


V Philip

We hope that this entire process would be smooth. However our service levels to our existing customers will remain unaffected by such changes since our processes are deployed on a robust platform and are time tested.

V.Philip
MD & CEO
Bajaj Allianz Life Insurance

# **Redefining** the growth story

Despite the positive trend in the Insurance Industry the commercial lines of business showed a marginal growth. The reason for the same has been attributed to thin pricing. However the industry is now moving towards correction.

**Anamika Roy Rashtrawar**
**Chief Marketing Officer, Bajaj Allianz General Insurance**


Anamika Roy Rashtrawar

In year 2012-2013 India's growth story took a beating. While the developed world faced a recession India too was affected. At home many large infrastructure projects were abandoned due to various policies of the government. Suddenly it seemed that the growth story would now need to be redefined.

Inspite of the dull economic growth the general insurance sector has shown a 19% growth. Primarily the growth is from the personal lines of business viz- health and motor. The commercial lines of business have shown a very marginal increase in terms of premium in the property and construction segment due to very thin pricing. There is however a growing consciousness amongst reinsurers to appropriately price the insurance covers which has in turn seen a feeble correction in the pricing of large risks. The small and medium sector property pricing for FLEXA covers has reached a level where only an upward revision is possible now! In a situation when prices have reached rock bottom we are focused on working with our clients on identifying risk exposures and implementing loss control measures. Our team of loss control engineers is on a constant move in inspecting risks and working with clients.

Liability lines of business are growing which reflects the growing risk of litigations in a maturing economy. The demand for liability insurance is primarily from companies who have international operations and companies which are listed. Companies will continue to purchase liability covers in the near future.

The Employee Benefit portfolio of any organization today gets the CFOs worried due to rising costs on a year on year basis. It is an exceptional benefit provided by employers lest it is misused which in turn results in increase of premium at renewals. Often I am questioned by our prominent clients that if premium keeps rising in group health policies why don't we move to self funding. Our answer is simple that as an insurer we can manage the risks better due to pooling of risks and our hospital network management. Besides working with clients periodically on the framework and loss analysis, our hospital management team continuously works with our network hospitals on package deals for our customers. Our group mediclaim policies today are not just an insurance policy, we offer wellness programs and a host of value added services which engages employees and their families at various levels. Once you are insured with Bajaj Allianz you can be sure that your employees are satisfied and due to our continuous engagement with hospitals your renewal is reasonably priced.

We could not have build our book of business without the continuous support of our clients and partners. We hope the Indian growth story continues and so does our business.

A manufacturing facility inundated during Thailand floods

# One year that changed the **Reinsurance Landscape**

A series of natural catastrophes made the year 2011 as one of the costliest in terms of economic and insurance losses. This article talks about how these series of events changed the reinsurance landscape.

**Rajeev Singh, Head Reinsurance, Bajaj Allianz General Insurance**

The year 2011 has been labeled by many global insurers as the year of natural disasters. It is also billed as the costliest year for natural disasters. To know why, read on -

- In March 2011, an earthquake measuring 9.0 an the richter scale and the subsequent Tsunami at the pacific coast of Tohoku, Japan resulted in thousands of human casualties, widespread damage and led to one of the worst nuclear accident of this generation. The World Bank's estimated economic cost was US$235 billion. The insured losses amounted to US$35 billion, making it the costliest natural disaster in history. The loss range included property, casualty, marine, auto, life as well as business interruption.

- Oct 2011, a devastating flood hit Thailand, affecting over 13.6 million people and causing damages worth US$ 45.4 billion. Most of this was to the manufacturing industries and the 7 major industrial estates. Due to flooding many manufacturer's had to shut down their operations for months, with the failure of key suppliers multiple insured's around the globe were affected. The insurance industry losses amounted to over US$ 15 Billion. The insurance companies not only faced direct claims of damage to property and equipment but also a majority of claims were due to production shut downs & supply chain disruptions i.e. the contingent business interruption claims.

- The estimated economic losses of the Christchurch, New Zealand Feb 2011 earthquake were US$ 30 billion and the insured losses were $13 billion putting it as third in cost behind Japan tsunami and floods in Thailand. This catastrophe saw huge amount of losses pertaining to property as a result of widespread liquefaction. Liquefaction is a phenomenon whereby soil substantially losses strength in response to earthquake shaking, causing it to behave like a liquid. Many property owners are not only faced with having to repair or rebuild their homes, but also with restoring the land itself.

These slew of natural disasters in the year 2011 i.e. Tsunami, Earthquakes and Floods in the Asia-Pacific region had repercussions. The markets reacted since both the insurers as well as the reinsurers suffered substantial losses of over US$ 105 billion and this changed the reinsurance landscape considerably.

### Impact on reinsurance rates

These disasters not only caused damages locally but also had a worldwide chain reaction because of the global and economic interdependence. Reinsurance premium rose significantly, as the reinsurers insisted on premiums that commensurate with risk. It also resulted in many re-insurers limiting their exposure to nat cat risks. They used various measures like either not covering the peril or drafting tighter sub-limits for natural catastrophes and reduced event limits on

A strong reinsurance program of any insurer will signify the ability of the insurer to ensure that they have adequate protection and in the event of a big loss their solvency will not be wiped out. The reinsurers also extend their in depth technical expertise in major lines of business through their research, analysis and global experience.

pro rata treaties. A small number of reinsurers even chose to exit these markets. However, as a result of the catastrophes the demand for covers including the act of god perils increased substantially but the insurers were capped not to extend the said cover since the reinsurers did not support this. In India in particular, previously the reinsurers allowed covering Indian interests abroad but after the catastrophes most of the reinsurers discontinued the said cover.

In future, it is expected that the frequency and severity of weather related events will further increase due to globalization and the fast growth of the economies. The high values and concentrations could lead to increase in the economic and insurance losses in case of any catastrophe. Hence, apart from higher rates the reinsurers are also emphasizing on stringent risk analysis and robust data collection. Today the reinsurers emphasize on collecting better information about the risk exposure before underwriting the risk and are analyzing their risk exposures frequently. For example the Thailand and Japan calamity saw huge losses due to supply chain disruptions. As a result the insurer's/reinsurer's today are seeking information on the clients supply chain management before undertaking the risk. They request the clients to share data of their suppliers not only to gauge the supply chain risk they are exposed too, but also advice them on strengthening their supply chains.

### Importance of financial strength and expertise of the reinsurer

For any client the basic requirement of taking an insurance cover is that they should get the claim within the stipulated time period in case of any unforeseen losses. In case the claim is substantial it purely depends on the reinsurers on how fast they can support the insurance company with the help of quick interim payments. The insurance company relies on the reinsurers because they don't have the requisite financial strength or liquidity to settle large claims.

The reinsurance contract is an agreement between the insurance company and the reinsurer for the benefit and support of the insurance company. Hence it is deemed that the client's interest will never be jeopardized. The financial strength or rating of the reinsurers and their past track records in claim payments are critical factors that determine the financial credibility and strength. Reinsurers with a good rating have a faster claim paying ability since they have a stronger balance sheet, better liquidity and are globally diversified. The losses in a particular region could be a small percentage to their combined ratio when compared to any normal smaller reinsurer. A strong reinsurance program of any insurer will signify the ability of the insurer to ensure that they have adequate protection and in the event of a big loss their solvency will not be wiped out. Apart from claims, the reinsurers also extend their in depth technical expertise in major lines of business


Rajeev Singh

through their research, analysis and global experience. They are able to offer these services because they have the global experience and it is most likely that they have covered a similar risk elsewhere.

Traditionally it has been the philosophy of Allianz to always have reinsurer's with strong financial strength/balance sheets and rating. As a result, all Allianz entities get the support from the central security vetting team (SVT) which on a monthly basis advises on the financial strength and changes in the rating of the reinsurer's. Similarly Bajaj Allianz's reinsurance program is led and supported by the best security available in the market which includes the worldwide leaders in this domain.

Our strong reinsurance programs have assisted us in settling major losses in property, aviation, marine and others to the satisfaction of the insured. In the year 2005 the city of Mumbai was flooded due to torrential rains. It was one of the major catastrophes of the decade. Even though Bajaj Allianz was a relatively new entrant in the market we had considerable exposure in the event. Bajaj Allianz settled a large number of claims, the quantum being 4 to 5 times of its financial strength primarily due to the support of the reinsurers. Such support of the reinsurer in adhering to our commitment and assurance to the insured was witnessed in the event of various other catastrophic events such as the Sikkim and J&K earthquakes as well as the cyclones in eastern coast.

There is always a direct co-relation between the insured's interest and the insurer's financial strength which finally rests upon the financial strength of the reinsurer. Hence it becomes important for the client to have vital information about the reinsurers and the terms. The insured should be extra cautious of the insurer's reinsurance program where the exposure are long tail i.e. in case of long duration projects or liability risk as well as high value sum insured. Also, the client has to be very active along with the insurance company so that they have continuity in the coverage and structure of the program. This is a very vital aspect for business continuity planning.

# "**A key evaluation factor** for service providers is their global footprints & ability to service us in all regions."

S Regunathan, Vice President-Finance & Corporate Processes, BASF in South Asia spoke to Newstrack on their considerations while choosing an insurer, and the company's association with Bajaj Allianz General Insurance.

S Regunathan

Interview

**Bajaj Allianz provides insurance solutions to BASF; could you please share your experience in this relationship?**

We are associated with Bajaj Allianz since 2006 and our experience in areas such as new risk covers, project insurance, claim recovery and services rendered have been excellent. We value the partnership and are looking forward to continual support for improved services to our employees.

**What were your considerations while choosing an insurer?**

BASF being a global company, a key evaluation factor for service providers/vendors we associate with, is their global footprint and ability to service us in all regions we operate in. It ensures efficiencies and a well-coordinated effort.

**Being a global player, what is the difference in purchasing insurance globally and in India?**

Insurance policies and procedures differ from region to region. In India, the insurance industry is regulated by IRDA, which has defined policies for insurance covers and settlement period. In the current framework, the local insurance companies face certain limitations, which hamper their ability to service global clients. They expect uniform standards for all regions they operate in. This is where, global players like Bajaj Allianz gain due to their international footprint.

**Health insurance for employees is a major employee welfare measure. How do you see this crucial welfare scheme change in the immediate future?**

Going forward, insurance welfare schemes are becoming more employee-friendly by removing the operational difficulty that employees face today. With the increased focus on health and medical /hospitalization claims from employees, companies explore the possibility of extending this welfare benefit to cover employee parents and further cover their post-retirement tenure within in single insurance policy.

**How has Bajaj Allianz added value to the relationship?**

We cherish the service and guidance offered by Bajaj Allianz. The company has been adding value with its inputs on risk cover for various businesses, projects, preventive measures and has also been walking along in ensuring timely settlement of claims; be it health insurance or marine insurance.

**What are your expectations from an insurer?**

Offer world class service both to our businesses as well as employees and ensure timely settlement of claims.

# **Boardroom risks** puts the spotlight on Directors & Officers Liability Insurance

**One of the most discussed lines of insurance today is the D&O cover due to the recent surge in claims that have been highlighted in the public domain. Anup Dhingra, Practice Leader, Financial & Professional Risks (FINPRO) for Marsh India shares with us why this cover has become a regular feature of the risk management practices of many companies today, and the critical factors an organisation should consider before purchasing this cover.**

In the 1972 cult classic "The Godfather", the young don Michael Corleone tells his brother: "It's not personal. It's strictly business." But as the trilogy went on to show, personal and business worlds are not so easily split, with Michael paying a terrible personal price for re-establishing his business dominance.

In the real world, company directors and officers are exposed to greater personal liability than ever before. Directors & Officers duties and personal liability are covered by both Indian common law and statute. For directors and the board, business can get very personal indeed, with the price of leading a business potentially very costly. Thankfully, some eventualities can be protected against in advance.

Under common law, directors and officers can be held vicariously liable for acts of the company. The Bhopal gas leak of 1984 involved Union Carbide India Limited (UCIL) it resulted in the deaths of thousands of people and even more permanent and partial disabilities. Seven of the company's directors and officers were convicted by Indian courts for causing death by negligence. More recently, the courts prosecuted the CEO of a large technology firm based in Bangalore after a cab driver contracted by the company raped and murdered a female employee.

Liability can also arise under statute, including: the Companies Act 1956, the Securities Exchange Board of India 1992, the Foreign Exchange Management Act 1999, the Factories Act 1948, and various environmental and consumer protection laws. Each of these laws carries its own definition of who is the "deemed person in default" and this frequently includes the directors. Besides directors' liabilities covered by the Companies Act, liabilities may also arise from breach of fiduciary duties, negligence, and ultra vires acts, all of which are subjective and fact based. Within the new Companies Bill, even independent directors could be held liable for acts of omission or commission that occurred with his/her knowledge, attributable through board process and with his/her consent or connivance or where she/he had not acted diligently.


Anup Dhingra

Furthermore, as an increasing number of Indian firms go international, through both inbound and outbound investments, companies and directors are increasingly exposed to risks driven by changes in legislation, regulation and heightened shareholder activism in their target foreign investment markets. There are also statutes with extra-territorial jurisdiction such as the US Foreign Corruption Practices Act and the UK Bribery Act.

India is not particularly litigious compared to many other nations. However, we have recently seen an increase in claims brought largely by three major stakeholder groups: shareholders, employees, and regulators. Shareholders lodge the most claims, usually arising out of mergers, takeovers and financial disclosures. Employees lodge the next biggest volume of claims, for issues such as wrongful termination, sexual harassment and discrimination. The remaining balance of claims originates from regulators.

A number of prominent cases have played out in India's public domain, including:

- A large Indian web portal claimed in a filing with the stock market regulator that a non-executive director graduated from Stanford University, thereby falsely representing that it had assembled an outstanding leadership team. Shareholders successfully sued on this basis.
- The Satyam case was India's "Enron". In 2009, the then chairman resigned after announcing that he had falsified earnings and overstated Satyam's assets by US$1.5 billion. The announcement led to a stock collapse, an investigation by India's Central Bureau of Investigation, the prosecution of three of its directors, including the guilty chairman, and securities class actions by US shareholders. As recognised by the business media, the Satyam scam triggered one of the biggest directors and officers (D&O) claims in India – US$75 million in insured policy limits. However, the final settlements with shareholders alone amounted to around US$125 million.
- A suit was filed in a US court against an officer and the company alleging wrongful termination and harassment by one of the employees. The claim was finally settled out of court and the damages were to the tune of US$5 million. The initial defense costs and expenses, although estimated to be substantial, are not in the public domain.
- A soft drinks major settled with a former beauty queen for ₹ 1.45 crore over an alleged sexual harassment case against a senior executive. The allegations came soon after the company terminated a celebrity engagement contract with her, which she alleged was due to her rejecting the sexual overtures of this senior official.
- Recently, the chairman and managing director of each of the top three telecom service providers were summoned by a special Central Bureau of Investigation (CBI) court on behalf of their companies. The CBI didn't name the three executives in its charge sheet but the court summoned them, to quote the judge, because: "They were/are 'alter ego' of their respective companies. In this situation, the acts of the companies are to be attributed and imputed to them."
- The capital market regulator, the Securities and Exchange Board of India (SEBI), fined a high-profile Indian businessman and owner of a spawning conglomerate, and other directors, ₹ 50 crore (a record high) for dropping its proceedings through the consent procedure, an out-of-court-like settlement, without admission of guilt by the accused. Two group firms of the conglomerate collectively paid, through their directors, to settle the charges. The two companies, its directors, and the chairman of the group were also debarred from accessing secondary markets with a time bar.

As these cases suggest, actions against directors and officers are being brought for a notably wide range of wrongful acts. In Marsh's experience over the past 18 months, we have noticed an increase in activity in claims, with a majority involving allegations of insider trading, self-dealing, misstatement of accounts, misleading customers, bribery, failure to honour employment contracts, discrimination and harassment, false statements to government authorities, and more. There have also been claims for tax violations and breach of duty to minority shareholders, and claims arising from mergers and acquisitions.

### D&O liability insurance – A potential solution

D&O liability policies are one of the most popular liability products and have been available in India for 15 years. Almost every insurer in the local market currently offers this solution in its suite of products. Unfortunately, companies mostly consider price the most important, if not the only, factor when deciding to purchase D&O liability insurance: A US$1 million limit policy can be obtained for less than the cost of an entry-level motorbike. On the supply side, many insurers offer a popular international policy without appreciating the D&O policy's relation to Indian law. The following legal differences are critical to consider when assessing D&O liability policy wording:

- Section 201 of the Indian Companies Act states that a company cannot indemnify a director till such time that s/he is found innocent by a court of law. Even advancement of defence costs prior to there being a finding in the director's favour could be in violation of the Act.
- Indian regulators alone have filed hundreds of criminal complaints in courts for violation of securities law by persons as well as entities, which may lead to imprisonment or fines. Settlements include consent orders or settlement between the regulator and violators of securities law. The SEBI has passed more than 1,000 consent orders since April 2007 (when this system was introduced), and penalties have been as high as INR 500 million.

- Non-admitted purchase is not permissible.
- Tying in of limits with a global master policy may save some costs; however, at the time of a claim this may create complications with the local tax, insurance, and/or exchange control regulatory authorities.

It is important to seek expert advice when purchasing D&O liability insurance and managing a D&O claim. As the primary purpose of D&O liability insurance is to protect directors and officers from personal liability, it is important to "stress-test" the policy wording on coverage and exclusion clauses, and provisions such as severability and non-rescind ability, especially for scenarios where wrongdoing against the company is also alleged.

When assessing D&O insurance, it is important for buyers to consider the following checklist:

1. Choose an insurer with commensurate geographic representation as the insured.
2. Ensure limits are adequate. Use objective criteria if questioned by stakeholders following an uninsured/underinsured claim.
3. Give precedence of coverage to individual directors and officers versus cover for corporate entities.
4. Localise the policy form to ensure proper treatment of India-specific issues, such as tax-related demands, corporate indemnification (Section 201), consent orders, compoundable offences, allocation of defense costs, non-invalidation of cover, and severability of innocent insured's etc.
5. Determine for a multinational programme the local insured limits for respective countries, reversed difference-in-conditions (DIC) cover, allocation of premium, and required on-the-ground service.

Moreover, it is important that you satisfy yourself fully beyond the written policy coverage on the insurer's intent, experience, capabilities and track record on processing claims and their settlement. Make sure you get an offer you can't refuse.

*The author is Practice Leader, Financial & Professional Risks (FINPRO) for Marsh. Views expressed are personal.*

# Bajaj Allianz launches Protect Platinum II

The Bajaj Allianz Protect Platinum II D&O Liability insurance provides comprehensive cover for Directors and Officers of companies ranging from small, family-owned companies to global conglomerates. The policy provides solutions tailored to commercial enterprises, financial institutions, non-profit organization, publicly listed, government linked or privately held companies. This plan is at par with the covers offered by insurers in the international market specifically the APAC region.

The coverage features in the policy are tailored to the local legal environment and according to the insured's needs. This includes advancement of defense costs, legal representation cost for inquiries coverage, company insurance for securities as well employment practices liability coverage and international insurance programs. Apart from the basic coverages, certain salient features/extensions are:

- **Broader definition of insured:** The policy includes Domestic Partners, Trustees, Shadow & De-Facto Directors.
- **Protected excess limit for Non-Executive Directors:** The policy also provides additional limit over and above the aggregate policy limit to the Non-Executive Directors or independent directors.
- **Legal representation costs:** The insurer, under this policy, is liable to pay to or on behalf of the insured all legal representation costs up to full policy limit resulting from the inquiries.
- **New offering of securities:** This D&O policy covers new offerings of securities like debt, securities, bonds, private placements etc. is an in built cover.
- **Counseling services extension:** A very unique feature offered in the policy is the counseling services extension. Insurer will pay to or on behalf of each insured, in case he is undergoing any counseling session and is seeking the services of a psychiatrist, psychologist or a licensed counselor to address stress resulting from the claim or an inquiry against him.
- **Pecuniary Penalties:** For the clients having global operations especially in UK and United States are susceptible to the anti corruption laws followed in those countries. Under this policy we can endorse the Pecuniary Penalties cover to broaden the scope to suit their requirement.

The recently launched Protect Platinum II cover can be termed as the latest form of D&O policy in the insurance market. It offers broad coverage's for the Directors and Officers of Indian corporates to respond to the increased exposure to regulatory actions and litigations.

# "In general insurance cover should take **primacy over premium"**

Larsen & Turbo (L&T) is a technology-driven company that infuses engineering with imagination. They offer a wide range of advanced solutions, services and products. Pradeep Kumar Sinha, Senior Deputy General Manager, L&T spoke to Newstrack and provided us with his insights on project insurance, risk management and the companies association with Bajaj Allianz General Insurance.

Interview

**Bajaj Allianz provides insurance solutions to L&T, could you please share your experience in this relationship?**

We have a long standing relationship with Bajaj Allianz which dates back to their inception after liberalization of the Indian insurance sector. They have led our insurance programs related to important portfolios like projects, motor, health and liability. With a rather overall conservative underwriting approach, they have refrained from over-promising but by the same token have not disappointed us with their services both in regard to underwriting as well as claims. We have a very cordial relationship built on trust of last several years which we expect to strengthen further with the passage of time. We believe that members of the Bajaj Allianz team are moving in that direction. To deal with a corporate client of our type, an insurer possibly needs to have a strategic perspective and should be able to cater to varied requirements including an effective advisory role.

**What were your considerations while choosing an insurer?**

With a highly diverse and complex portfolio, we have to be selective about the insurers. While looking for competitive premium avoid cheap premium by compromising on security or service of the insurers. Due to the consistent effective performance Bajaj Allianz has continued to be one of our preferred insurers who as stated, also lead several of our insurance programs.

**L & T is a big engineering giant and a major player in infrastructure projects, what are your views in project insurance with respect to value addition that can be done by the insurer?**

The Indian insurance market in its competition is more premium rate-centric rather than cover-centric. However, speaking in general, insurance cover should take primacy over premium. There should be risk-based coverage and coverage-based rating. This intermediate process of coverage often tends to get overlooked.

In regard to on-shore projects ,principal-driven insurance clauses are required to be adhered to .With greater interaction with the outside world, new JVs are being forged with overseas partners usually from the developed countries who expect insurance covers as available in their countries or internationally to be available in India. In the process new insurance requirements and clauses are coming up in the projects. However, usually the insurers having been brought up in the era of tariff, have a tendency to quote ritualistically from the comfort zone of the erstwhile tariff. The knowledge and nimbleness of the underwriting spirit that should be there to respond to the new requirements is generally lacking. Thus, there is a general tendency not to tailor the policy or provide the requisite add on covers which are otherwise available in the international market. In the Indian insurance market there is also an artificial and rather fatuous restriction that for the ECV

less than ₹ 2500 crores the insurers cannot provide tailored- policies or new wordings other than what the now defunct tariff envisaged. The market has to outgrow such archaic provisions and keep pace with the international insurance market. Also adapt the business model of large clients who are increasingly getting global both in services and products. Very limited insurance professionalization of the buying community has not made them sufficiently demanding in this regard. As a result in both buying and selling quite often the focus gets confined to competitiveness of the premium rating. The insurers, GIC, and IRDA should look into this matter and remove the fault-lines among them so that they are able to provide a remedy to the aforesaid situation collectively.

### What is the importance of risk management in the current scenario where price is the sole parameter that dictates a selection?

This is an interesting question. One feels that things have come a long way from the earlier days of the repeated need of risk inspection by the engineers to the present de-tariff times when they look more like endangered species. The general feeling to-day is that the risk-inspection is not required because of the sharp fall in premium for the fire policies and also in certain sense for the projects. Thus, the quotations given by the insurers are keeping in view the competitiveness in order to garner business without going into the exact merits of the risks concerned.

The tariff of earlier days was a voluminous, complex and rather abstruse document symbolically weighing more than a kilogram in contrast to the last tariff which was of the pocket-book size (and is being ironically still being used for reference by the local insurance market) with stringent provisions for providing various discounts. Thus, it was very difficult for a generalist to apply the tariff even for a medium-size plant. Hence, earlier the risk engineer had an inescapable and more pressing compulsion to arrive at the correct premium rate although risk inspection was also a part of his duty. He would give his recommendations for risk improvement in his report which unless very compelling and saving substantial premium, was not followed often by any corporate client.

Subsequently the fire tariff became simple symbolized by its pocket-book size. Risks were broadly categorized based on average rating within the concerned plant. Hence, rating a risk in comparison to the earlier days could be done without the help of an risk engineer. Further with de-tariffing, the earlier stringent norms got diluted and one could afford to commit mistakes. Thus, the importance of risk engineer got undermined. Today many risks related to fire or projects are underwritten based on the brand image of a client in general in regard to physical and moral hazards. However, with emphasis on market share, the same have not become enough of a differentiator. As a result the insurers find themselves in the unenviable position of robbing


Pradeep Kumar Sinha

Peter (good clients) to pay Paul (claim-prone clients). Therefore, it appears that the relative importance of risk engineer went down not so much due to the competitiveness and fall of premium rates as due to the simplification of Fire tariff and dilution in the stringent norms of adherence to the same which was expected in the tariff-regime.

However, a prudent insured in his own interest is not averse to risk-inspection even today. It helps the insurer to understand his PML (probable maximum loss) if he has doubt about the capacity. It also helps in understanding the subject matter of insurance which is useful at the time of a claim. In case of projects, risk inspection during its life-cycle and especially on the eve of testing has been useful for us. Risk-inspection also smoothens processing of a claim as an insurer having inspected the risk is not dogged by unnecessary doubts .Further my experience in L&T suggests that a good company follows risk management as an integral part of its philosophy and business without looking at the same from the angle of premium .

### Any other issues that you would like to share with the insurers about the market and the need of the hour?

Insurance provides protective umbrella to the various business activities of a corporate client. Large corporates are getting more integrated with the outside world in regard to products and services. It is resulting in increase in variety and complexity of insurance requirements which also need to be of international standards. Keeping the same in view, the insurers will have to upgrade their knowledge and whet their appetite for new risks. Regimented approach of the tariff days will not work. Collectively we all will have to outgrow that mindset.

# Risk Management

## Art of preventing a risk even before it happens

**Today, risk is all around us and while it is something that cannot be completely eliminated, measures can be taken to reduce it. To know more about the significance of risk management, and how it is done at Bajaj Allianz General Insurance, read on**

Vikram Pal Singh, a risk engineer of Bajaj Allianz was on a routine risk inspection at one of the automobile manufacturer's in NOIDA, for which a proposal had been received at the local office in Delhi. Armed with a checklist of around 35-40 parameters, he proceeded to inspect the unit in order to prepare a risk inspection report. After a grueling 20 hour survey, spread over 2 days, he finally submitted a 36 page report. This included a one page summary of the risk inspection along with various recommendations neatly subdivided into critical and general recommendations. Some of the critical recommendations mentioned by him were installation of flameproof electrical fittings, and automatic fire arresters at critical locations. In his assessment, if these recommendations are complied with, it can save a potential loss of several crores for the client. The reasons could vary from being a small spark that could ignite an entire paint shop area, and also minimize the chances of fire spreading to other areas.

Such an inspection report is just one amongst the nearly 4500 inspections in a year, or 500 inspections a month conducted by a team of 25 risk engineers at Bajaj Allianz in order to assess the risk profile of a client. A risk management report is of crucial significance as it helps the underwriting team to price the risk as per the prudent underwriting guidelines. "As a result of the efficient risk management practices at Bajaj Allianz, risk managers provide a lot of help in the prudent selection of risks besides helping the client to strengthen their fire safety practices. Some of our risk engineers are Allianz certified risk engineers, giving them a global exposure of safety practices. I can confidently say that they are the pillars of the underwriting team in our company", says V. P. Sharma, Head- Property Underwriting and Risk Management, Bajaj Allianz General Insurance.

"In addition to the common practice of data warehousing, it is also the years of experience and a strong set of skills that every one of our risk manager's possesses. Every risk manager at Bajaj Allianz is expected to follow the practice of conducting a fair inspection and make a true report based on the level of risk. Additionally, they are also trained to provide or suggest adequate preventive measures to our

clients/customers, since all the risk managers at the organization are provided with such scrupulous training", adds Sharma.

Although the risk management exercise on its own does not guarantee that accidents will never take place in future, it definitely reduces the probability of the occurrence of a loss to a great extent. At the same time, if at all a loss occurs; risk management practices adopted by the client can help in minimizing the loss by way of immediate controls in place and by checking spread of risk to the surrounding property.

A risk inspection is not only conducted before accepting the risk, but even after a loss has occurred. It is a continuous process which has helped clients not only to understand their risks, but also how to adopt methods of minimizing them. "Risk comes unannounced and the benefits of risk management are usually realized by implementing a risk management program that supports the organizations' overall goals. Through these inspections, we could also provide some of the best practices used in a similar or relevant industry to be followed in our clients' location. This sharing of best practices is an outcome of the risk management exercise", said Abhay Gujar, Risk Consultant- Bajaj Allianz General Insurance.

Some of the recommendations suggested based on the basis of risk inspections by our team and implemented by the clients are:

- Medium velocity water spray system on heavy duty transformers was recommended to be installed in a client's location belonging to a sugar industry. This is to suppress fire in a transformer unit without allowing it to go out of control.
- Light beam smoke detector was recommended to be installed in a large godown and warehouse of a pharma client spread over 10,000 Sq ft area where conventional smoke detectors would prove futile in case of a fire for early detection of fire.
- Flameproof electrical fittings in a paint shop of an automobile manufacturer and in solvent storage godowns where flammable vapours are present in a textile dye manufacturing plant.
- Hydrocarbon leak detectors to be installed in a petrochemical plant as it will help in early detection of leakage which may cause fire from small sparks.
- Installation of jockey pumps to keep fire hydrant system in pressurized mode so as to ensure continuous maintenance of pressure in the water line in case of a fire.
- Installation of standby diesel driven fire hydrant pump for alternate supply of water in an area prone to frequent power cuts. This may ensure that in case of a fire and a power cut the fire hydrant is available to fight the fire.

## Background

Our client, Garden Silk Mill is one of the largest textile companies in the country, and has a large spread of manufacturing units in various locations. Given the nature of the industry, such factories/manufacturing units are more susceptible to risks and accidents. Since such units usually have a lot of raw material which can be highly combustible, it could contribute towards the occurrence of a fire or other mishaps. Hence safe storage methods and proper risk management are crucial. In this case a fire accident occurred at the yarn storage in the draw texturising area of the factory. Despite having fire fighting measures like fire hydrants, it caused considerable damage to the building, plant & machinery as well as stock.

## Claims management by Bajaj Allianz

The total estimated loss was ₹ 8 Crs. Irrespective of the claim size, Bajaj Allianz claim settlement team ensured that an on account payment of ₹ 4 Crs was paid out within 10-15 days after the occurrence of fire. This paid out amount helped our client with a large part of repairs and restoration of the manufacturing unit. Owing to the prompt services provided, the team at Bajaj Allianz also received an appreciation letter acknowledging the customer service exhibited throughout the settlement procedure.

GARDEN SILK MILLS LIMITED

Date : August 23, 2011.

The Vice President,
Bajaj Allianz General Insurance Co. Ltd.,
Surat.

Dear Mr. Variava,

**Re : Our loss due to Fire on 04.08.2011.**

We thank you very much for arranging 'On Account Payment' of Rs. 400 lacs promptly.

This is certainly a commendable response in our hard times and a good example of excellent Customer Service in true spirit.

Please convey our feelings to your claims team at H.O. specially Mr. Praveen Chhajed and Mr. Sreenivasan who have given us valuable suggestions for improvements.

We are confident Bajaj will continue to maintain such high standards of customer services.

Thanking you once again,

Yours truly,

M. D. Baria
Sr. Vice President

N. K. Desai
Sr. Vice President

D. Chatterjee
Vice President

Garden

Registered Office : Sahara Gate, Surat 395 010. Phones : 2311513, 2311197-98, 2311615. Fax : 0261-2311 029/502.
Mumbai Office: Manek Mahal, 90 Veer Nariman Road, Mumbai 400 020. Phones : 22873117-19/22046473/22040895. Fax : 022-22048112.

## Risk Management by Bajaj Allianz

The risk engineers at Bajaj Allianz conducted a risk inspection and analyzed the probable causes of the fire. They also made the following recommendations to prevent occurrence of any future mishap or lower the extent of any probable future wreckage are provided.

- For a timely detection of fire, the installation of fire alarms across the stretch of the plant was recommended, as the absence of the same created a delay in controlling the fire in time. It was also suggested to use beam detectors in the stock storage area as they too can help with an early detection of fire.
- It is also critical that all stock, i.e., raw and unfinished material is kept away from any electric board. Furthermore, all loose/un-insulated wiring should be looked at with immediate attention.
- It was also recommended that the communicating areas between the material storage and process area should be separated with a sturdy enough wall/fireproof door which will help restrict the chances of the fire spreading and at the same time have the capacity to withstand the same for at least up to 2 hours, in case of any delay.
- Lastly, it has also been suggested that every employee at the unit should be trained to handle such a situation efficiently, in addition to ensuring the presence of specially trained fire-fighting staff.

## Result

Incorporating these recommendations would reduce the damage considerably in the premises in case of fire in future. This was also appreciated by the client.

# "**Corporate intermediation** should be treated as consulting"

Prudent Insurance Brokers is one of the leading broking firms in India with placement capabilities across all lines of commercial insurance. Ajit Singh Dhingra, Managing Director, Prudent Insurance talks about the changes witnessed by the insurance industry over the years and his views on the relationship with Bajaj Allianz.

Interview

**What are the visible changes that the general insurance industry has witnessed over the past 10 years?**

The industry has changed dramatically. We would spend a great deal of time earlier explaining to the customer why he would benefit by using an appropriate intermediary or why they should consider a private sector insurance company. Due to the tariff market, we developed a great deal of technical competency and built up a large servicing infrastructure to be able to differentiate ourselves which held us in good stead when the market de-tariffed. Today, the customer is spoiled for choice. There are 25 plus general insurers with more coming into the market. There are several credible intermediaries with whom they can work. It's a completely different market compared to 10 years ago. I have seen so many professionals and companies grow over the last 10 years and it feels wonderful to be part of this great industry and a super group of professionals who lead it.

**What according to you are the key factors taken into account by any client while deciding upon an insurer?**

I believe that most client decisions are subjective. Since insurance is an intangible service at the time of purchase, the decision taken is really based on perception. The key factors I believe that influence clients are: claim paying ability and willingness of insurers as evidenced from references, other clients that they have in the same sector, the recommendation of the intermediary, and also (very importantly) the personal qualities of the person who represents the insurance company.

**What are your expectations from Bajaj Allianz, and has the company been able to extend the desired support?**

Bajaj Allianz is considered by us to be a solid and reputable company. They have high quality underwriting standards and are fair when paying claims. Our experience is that through the process of de-tariffing, Bajaj Allianz had moved away from the corporate sector and focused more on retail and are now making a serious attempt to grow in this sector. We believe that consistency over a period of time in the approach to the corporate sector is essential to have traction in the market.

Ajit Singh Dhingra

**How do you think distribution will change in the general insurance industry in the next 5 years?**

We believe that the next 5 years will be the story of Broking and Bancassurance. Today, bancassurance is trying to use the muscle power of the lending institution to muscle its way into accounts. We believe that corporate intermediation should not be treated as DISTRIBUTION but should be treated as CONSULTING. Bancassurance does not seek to provide advice to customers and we believe that over the next few years, there will be a great deal of complaints from customers to the IRDA when they will face problems in claim settlement as they have not been appropriately advised. Our view is that bancassurance will evolve into a distribution setup which efficiently reaches out to retail and SME clients while brokers will be primarily operating in the corporate space. With the proposed regulatory change permitting sub-broking, we hope that this does not de-generate into "consolidation", which would be negative for the industry. However, if sub-broking is appropriately used for expansion of the distribution reach of the industry, then it is welcome.

# **Provisioning for** healthy organizations

The rising cost of health care and related services makes the employer sponsored health care program one of the most vital employee benefits offered. Over the years, this line of insurance has seen a dramatic change in terms of pricing and the benefits being provided. This article will take you through the health and wellness programs, offered by Bajaj Allianz General Insurance to its patrons.

Dr. Renuka Kanvinde

With the rising cost of healthcare these days, it is becoming increasingly important for every person to have a good health insurance cover. While it is not rare to see the growing prominence of retail/individual health covers today; what has always had its fair share of recognition on the health front has been Group Health Insurance. Today, a group health cover is one of the most significant benefits being offered by employers to employees and their families. Also, the employers are well aware of the prices and terms being offered by the health insurers. The real difference, however, lies in the benefits and the seamless after-sales services offered by the insurance provider. With the extreme competition present in the market today, it is of utmost importance that customers are offered a complete package of excellent services at viable prices.

The Bajaj Allianz health insurance program apart from providing financial aid from unforeseen medical expenses engages employees and their families by providing them with a bouquet of value added services in the form of discounts on health care facilities, conducting various wellness programs along with first rate claims services. This is because of the company's robust health infrastructure and hospital network management.

### Pricing & cost control

According to the Tower Watson Global Medical Trends Survey, India witnessed 22% growth in healthcare costs in 2006. This trend rate dipped to 12% in 2009 and again rose to 13% in 2012. This fluctuating trend is a contributor towards the pricing of group health insurance. In the recent years, the premiums for group health insurance have been influenced by factors such as- rising cost of healthcare, improvement in medical technology, advancement in diagnostic and treatment procedures, and other traditional factors like health status, morbidity tables, demographics, and age profile.

"At Bajaj Allianz, analytics is the definite determinant that help us design the framework as well as decide the pricing of a group health

policy. The key aspects that are considered are customer demographics, previous year claims ratio, nature of parental and dependent population, and the geographical spread of demography or the claiming population", says Dr. Renuka Kanvinde, Assistant Vice President, Health Insurance, Bajaj Allianz General Insurance.

The health administration team at Bajaj Allianz makes sure to provide its clients with effective solutions for cost control. The solutions provided by the team are at both, policy level as well as at the claims level. These solutions are provided keeping in line with the idea of reducing the monetary burden on the employer at the time of renewal.

Usually, the recommendations provided at policy level are related to methods such as

- Experience analysis - It helps the client to understand the key drivers of the claims costs for their health portfolio and corrective measures are shared depending on the analysis results.
- Co-payment and sub-limits for room rents and select minor ailments.
- Preventive care and promoting healthy living.

"On a claims level, costs can be reduced by means of availing services at our preferred network hospitals so as to avail full benefits of discounts on OPD/IPD/investigations, etc. All these solutions stress on the conservation of the sum insured for the employer. Adoption of such methods will bring about a paradigm shift in the healthcare services, thus helping to improve the claims management and increase profitability for the customer." Dr. Renuka explains.

### Offering more than cost benefits

Statistics shows that about 10% of all group health population makes claims, so, it is only fair that the remaining 90% also get some benefits of the premium paid. At Bajaj Allianz, the Health Administration team (HAT) came up with the concept of offering value added services almost 2 years ago. "Value added services offered by Bajaj Allianz cover an exhaustive list of discounts and other innovative solutions. The discounts on products and services vary from 10-40%. These discounts on the OPD consultations, lab investigations, OPD done procedures, etc, helps the customer to save on his "Out of Pocket" expenditures," says Dr. Abhijeet Ghosh, Senior Manager, Health Insurance, Bajaj Allianz General Insurance. Some of the health and wellness initiatives that are being supported by the health team at Bajaj Allianz towards ensuring healthier workforce are- Health talks and sessions on lifestyle disorders and emphasizing on healthy living, health checkups and camps, employee assistance programs, health risk assessments and disease management programs.

"The most recent value added service for our clients has been the HealthCare portal. This portal is a one-stop-shop helps the users to


Dr. Abhijeet Ghosh

proactively manage their health by prioritizing and integrating wellness into their daily life. This portal also offers benefits such as live chats with doctors and specialists 24*7, consultation and opinions from them, and other benefits like customized diet charts, articles and write-ups on health related issues, etc." adds Dr. Abhijeet.

### Claims

At Bajaj Allianz, the HAT team tries to eliminate the opportunity of any customer grievance following the situation of hospitalization. Not only does the company offer prompt services in terms of cashless facilities, but also ensures that all reimbursement settlements are done with the same speed. What was previously a turnaround time of 3 hours for the cashless facility has now reduced to 40 minutes due to advanced processes and systems. At the same time, there has also been a reduction in the TAT for reimbursement facilities. Additionally, the cashless facility is now offered at over 3000 network hospitals across the country, thus enabling customers from all over to avail of the same services without any inconvenience.

### Infrastructure and Value Chain Partners

Health Administration Team (HAT) since its inception in 2004, the department has evolved greatly, and today has a robust infrastructure consisting of in-house doctors, sophisticated technology and systems, a call center with round the clock assistance for all health related queries, rapid claims servicing, and an internal fraud control unit which looks into any suspicious claims and carries out the requisite investigations.

In addition to all these in-house benefits, HAT also has a network of more than 3,000 hospitals and 1,000 diagnostic centers. Availing treatment at any of these empaneled hospitals/centers is beneficial for the clients as these hospitals provide a good package rate for the main procedure and excellent discounts on OPD and IPD treatments. Bajaj Allianz has recently tied-up with Association of Medical Consultants (AMC). With this tie-up, the number of empaneled centers would go well beyond 3,500.

# Safely parked

Allianz Global Corporate & Specialty (AGCS) insures the vehicle storage compounds of many car manufacturers and has developed a model to evaluate and compare transport risks. An inspection of the storage compound at a Volkswagen plant in the eastern German city of Zwickau shows how the tool is applied in practice.

Heidi Polke-Markmann

A sea of "anthracite"-shades, broken up by a bright splash of color here and there. Gleaming new cars from the Volkswagen Group (VW) spread out as far as the eye can see. They are parked in neat rows, creating the impression that a ruler was used to produce such parade-ground order These fledgling vehicles recently rolled off the assembly line and began their initiation into the world of small and large dangers lurking on the plant's vehicle storage compound. Free-spirited pebbles, carelessly opened doors and hard-hitting hail can do more than just put a small dent in these cars.

Realizing this, manufacturers obtain transport insurance policies to cover the trip that takes the vehicle from the factory to the storage site and, ultimately, to the dealer or customer, no matter whether the journey is done by commercial vehicle, train or car-carrying ship. When damage does occur, the insurance company covers the cost of the vehicle or the repairs needed to restore it to its original condition. VW's marine risks are covered by AGCS as lead insurer .

Florian Karsch, Team Director of Transport Insurance and Risk Management at Volkswagen Versicherungsvermittlung (VWV), handles several thousand claims each year from damage caused by pebbles to capsized car-carrying ships. Overall, the number of transport-related claims is falling. "We have made risk management of our storage compounds a top priority," Karsch says. VWV has also hired a risk engineer , Torben Stadtaus, who serves as a technical point of contact both inside and outside the company .

## Detailed storage guidelines

Stadtaus coordinates a range of risk-management measures. VW's guidelines fill more than 80 pages, spelling out in precise terms how vehicles are to be stored, handled and transported – beginning with belt buckles that have to be covered up and extending to the exact number of centimeters separating the parked vehicles from one another . "We test new prevention measures at one site and then systematically introduce them at all plants," Karsch says.

Joint inspections conducted by VW and AGCS are conducted to determine just how the comprehensive guidelines are being applied. "You really have to go to the site in order to get a feel for its special characteristics," says Piotr Szymczak, Marine Risk Consultant at AGCS. Claims also require that special precautionary steps be taken from time to time.

# "Smart electronic systems should be installed to protect the grounds and peripheral areas."

Piotr Szymczak,
AGCS Marine Risk Consultant

**PREVENT HAIL DAMAGE Often hail nets are used to protect car compounds. Alternatively, manufacturers store some of their vehicles in halls or parking garages of lightweight materials. Hail mats have proved to be of little use as they provide inadequate much protection from extreme hail or lateral impacts.**

The VW Group uses well over 200 vehicle storage compounds globally Up to 30,000 vehicles can be parked on the largest ones. On this particular day, Szymczak and Susanne Weber, Senior Underwriter Marine at AGCS, have traveled to eastern Germany, to the VW plant in the Saxon city of Zwickau. Every day, 6,850 workers produce around 1,200 Golf compacts and Passat sedans. The plant site has about 3,000 parking places used to temporarily store the brand-new vehicles.

In his first task of the day, Szymczak focuses on getting an overview of the facility on paper: he runs down a list of questions with René Stenzel, who oversees vehicle shipping at Zwickau, and Daniel Schlefcke, who coordinates fire-prevention: What does the underlying surfaceconsist of? What sort of fire prevention steps have been taken? This "storage scoring model" was developed by AGCS in conjunction with VW and other manufacturers to make it possible to evaluate storage compounds according to similar criteria (see infobox). Once the 45 questions have been answered, the next step is to head out to the vehicle storage compound itself on this sunny , but chilly November day

### Low exposure to natural hazards

Before setting off to Zwickau, Szymczak and Stadtaus analyzed the natural threats faced by the storage compound. The location appears to be exposed to few real dangers from bad weather and the forces of nature. Once at the site, the experts again examine whether the area is subject to any flooding threat. But the Zwickauer Mulde, the local river, cannot flood the higher-lying factory site.

Szymczak has a very favorable impression of the overall condition of parking areas at the plant, which was built in 1990 and is operated by V olkswagen Sachsen GmbH. All the compounds are paved. Even when the AGCS risk engineer stoops very low , he does not see any loose objects or other problems on the surface. The parking areas are clearly marked and readily accessible, and the distance between the vehicles is generous.

The fire-prevention program fulfills high industry standards: The ban on smoking is systematically enforced. An adequate number of fire extinguishers and hydrants have been installed. And the plant's own fire department with 10 well-equipped vehicles and a trained crew can respond within minutes.

As in all other temperate climates, the vexing issue of hail remains the biggest cause of damage to vehicles stored in open areas. "The relevant hazard maps show that the region's hail risk is in the mid-range. But we rate it somewhat higher owing to our own claims experience," Szymczak says. Stadtaus agrees: "We expect to see the threat of hail rise in northern Europe as a result of climate change and are therefore expanding our protection measures." Overall, though, the hail threat at the storage area is considered to be minor , because many of the vehicles are kept in a recently built parking garage or are protected by a roof.

Security measures are also checked during the inspection. Szymczak has no new recommendations for the Zwickau team. But he knows from inspections of other storage compounds that one area is frequently in need of improvement: "Organized gangs are becoming

## MAJOR TRANSPORT LOSSES

**Sinking of the "Tricolor":** In December 2002, the vehicle carrier "Tricolor" sank off the coast of France. The ship was carrying 2,871 new premium cars.

**Hail damage in Emden:** In June 2008, hail damaged 30,000 new cars at the port of Emden. The damage ran into the tens of millions of euros.

**Storm Sandy:** The New York and New Jersey coastlines were flooded in November 2012 – along with 16,000 new cars, many of which were stored in the port of Newark. The only option for them: the scrap heap.

**Sinking of the "Baltic Ace":** In December 2012, the car carrier "Baltic Ace" and the container ship "Corvus J" collided not far from Rotterdam. The collision killed 11 people and sent 1,400 new cars, made in Asia, to the bottom of the ocean.

**Excellent prevention: Piotr Szymczak, AGCS Marine Risk Consultant (left), and Daniel Schlefcke, who oversees fire-prevention at the Volkswagen plant in Zwickau, inspect fire extinguishers in the recently built parking garage.**

ever more brazen," Szymczak says. "For this reason, smart electronic systems like video cameras, motion detectors or sensors on the fences should be installed as a rule, to protect the grounds and peripheral areas." Breakin protection also should not be ignored: A combination of mechanical and electronic systems to secure the periphery, plus security guards, promises to pro vide the best security management.

**PIOTR SZYMCZAK**
AGCS Marine Risk Consultant
*piotr.szymczak@allianz.com*

**SUSANNE WEBER**
AGCS Senior Underwriter Marine
*susanne.weber@allianz.com*

**FLORIAN KARSCH**
Team Director Transport Insurance and Risk Management at
Volkswagen Versicherungsvermittlung
*florian.karsch@vwfs.com*

**TORBEN STADTAUS**
Marine Loss Control Engineer at
Volkswagen Versicherungsvermittlung
*torben.stadtaus@vwfs.com*

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## AGCS BENCHMARKING TOOL FOR STORAGE LOTS

The benchmarking tool for vehicle storage compounds was developed by AGCS transport insurance experts from risk management and underwriting, in cooperation with manufacturers. It is designed to evaluate and compare vehicle storage compounds according to uniform standards. However, it is also possible to consider special features of a particular company.

Key element is a questionnaire that is used during an onsite risk visit. Points are awarded in individual categories. The maximum number of points is 150, with the average just under 100 so far. The review includes these categories:

- **Technical storage data:** Is it a factory or port storage site? What's the capacity? Which car brands are stored there?
- **Elemental dangers:** How threatened is the site by hail, floods, storms, tornadoes and earthquakes?
- **Site-related risks:** Are there any dangers in the immediate vicinity or at the plant site (e.g. emissions)? Do rodents or other pests pose a threat?
- **Condition of the storage compound:** Is the compound paved or does it have cobble stones or loose gravel? How are the parking places arranged and designated?
- **Handling of vehicles:** How much space does the manufacturer require between the parked vehicles? Are speed limits followed?
- **Fire prevention:** Does the plant have its own fire department, and a sufficient number of fire extinguishers and hydrants?
- **Control of access:** Has an effective program to prevent intruders from entering the site been put in place?
- **Site management:** Is training provided in vehicle handling? How high is employee turnover in the affected areas?

The customer receives the scores and detailed feedback, both as an electronic report and as printed photo book. On request, AGCS marine risk consultants will help introduce the recommended improvements.

# **Identifying opportunities** for better returns

The Terminal Benefit Funds of employees is one area which can help the organization reduce its cost substantially. This article talks about benefits of outsourcing these funds and why investing in ULIP's is a better option.

**Nimish Airon, Head Corporate Division and Strategic Alliances, Bajaj Allianz Life Insurance.**

In today's dynamic and competitive environment, businesses face multiple challenges like higher revenue growth, reducing costs, retention of employees, adding value to shareholders etc. As a result the organizations need to constantly re-strategize and carefully plan on ways to control cost and yet ensure that the company's revenue stream does not slow down.

Organizations run multiple employee benefit schemes like gratuity, superannuation, leave encashment, post retirement medical scheme, group term life and EDLI etc. While gratuity & EDLI are statutory requirements, other schemes are run as a retention tool, protecting employees and their families against any adversity besides helping them save for their old age. Liability on account of gratuity experiences sharp increase every year due to its nature of computation. Apart from increase in service, increase in salary also contributes to increase in liability substantially as the benefits are payable on last drawn salary. Hence careful planning in the manner funds are invested can help the organizations reduce their future service liability.

**Benefits of outsourcing employee benefit funds.**

Many organizations today are managing their funds themselves rather than outsourcing them to an insurance company, who can manage the funds better for the flexibility they enjoy and the expertise they hold. This also helps the organization reduce the administrative hassles, credit risk, re-investment risk and gives them more time to focus on their core business. The circular dated August 14, 2008 by the Department of Economic Affairs, Ministry of Finance mandates an asset allocation pattern for all self managed gratuity and superannuation funds. This leaves very little scope for organizations to generate returns in excess of 9% on a cumulative basis if they were to hold the instruments from yield to maturity. This is without taking into consideration the manpower and administrative costs. It is hence advisable that the organizations should consider outsourcing of the gratuity and superannuation funds. Another salient feature of the gratuity scheme if outsourced is that it provides an insurance cover to the employees to the tune of future service gratuity. The insurance cover can be flexible depending on the requirements of the trust and

the group insurance premium commensurate with the cover provided. Many companies provision only for gratuity funds and are devoid of the tax benefits which they can get by treating this as deductible business expense to the company.

### Investing in unit linked funds, a better option

Many companies that outsource funds are averse to the idea of investing in Unit Linked Fund fearing that there could be capital erosion or it may lead to poor returns. As a result many of them continue to invest in the Non Unit Linked Option. However there is a fundamental difference between the two. Non Unit Linked option, popularly known as the Traditional Fund has its own sets of advantages and disadvantages. The investment pattern as approved by IRDA mandates the insurance company to invest at least 40% in G Sec and the balance could be invested in Corporate Bonds with AA rating or above/equities. By choosing to invest in traditional fund an organization can never be sure of the amount of exposure an insurer may take in equities. There is less transparency with respect to the charges as most of the organizations declare returns net of charges. The upside in the returns is also limited in addition to, market value adjustment being applicable incase of bulk withdrawals. Few organizations have high surrender charges which would force the organization to remain invested with the same insurer despite the fact that they may want to diversify.

On the other hand many organizations that outsource their funds are apprehensive about "Unit Linked Fund". Here it is important to understand how investing in a unit linked fund can add value to the organization along with the risks associated with it. Most of the investors usually relate unit linked funds to equity exposure. But the fact is that UL fund offers multiple fund options ranging from pure debt to pure equity funds as well as hybrid funds with partial exposure to equity which is pre-specified. The organization can also be sure of no further exposure to equity beyond the limit specified. Over the years it has been observed that over a longer period, equities have generated superior returns when compared to any other asset class. Equities in the last two decades have given a compounded annual growth return of 17% which is the highest as compared to Gold , Bank FD's , Corporate Bonds & G Sec.

It is important for organizations to exercise vigilance to ensure the cost of the employee benefits does not affect the company's revenue

Nimish Airon

stream. This means monitoring company revenue, as well as doing comparison shopping for the best value when it comes to employee benefits. It is prudent to view the performance of a fund over a period of 3 to 5 years with respect to the benchmark index like BSE 100, BSE 200, Nifty or other indices, we consider CRISIL Composite Liquid Index, CRISIL Composite Bond Index and CNX NSE Nifty Index as benchmark indices to compare our group fund performance. Funds that have performed better than their benchmark indices during stock market volatility deserve a closer look. Companies should also evaluate the

Assuming an organization has invested ₹ 50 Crore in Non Unit Linked Fund and is generating a CAGR of 9.5%. Assuming that there have been no withdrawals, the corpus would have grown to ₹ 78.7 Cr in 5 years. If the same corpus was invested on Unit Linked Platform with Bajaj Allianz in accelerated fund which has given a CAGR of 14% in 5 years, the corpus would have been ₹ 96.3 Crore . The liability of the organization in the 6th year would have reduced by ₹ 17.6 Cr.

fund's historical performance for getting an idea about consistent performers.

### Bajaj Allianz expertise

Most of the funds are managed at a pooled level by our in house investment team of highly qualified investment professionals with rich & relevant experience, who invest the money with a common objective of providing security and growth. They develop investment strategies after detailed market analysis. In doing so, they are well supported by a focused, dedicated & well-equipped research team, which would focus on having a diversified portfolio across various fund options, spread across multiple companies and diversified industry segments, to maximize gains and minimize value erosion. The portfolio is monitored and performance reviewed regularly by the investment committee and the board. Strict time line & discipline is followed for compliance reporting as well.

To summarize, risk could be contained by virtue of the correlation that the different asset classes exhibit over a period of time. Returns from various asset classes are not negative together and hence reallocating funds to different asset classes at different times may also mitigate risk of loss. A need for monitoring the performance of various asset classes in a portfolio always exists and the objectives can be well achieved by an organization if it diversifies its portfolio and outsources this to an insurance organization having an in house investment team to professionally manage the portfolio. Besides the organization has to take short term (1-2 years) and medium term (3-5 years) view keeping in mind their liabilities that are likely to arise in this time period.

## "ULIP's with certain percentage of equity exposure can fetch better returns"

**Bajirao Desai, Senior Manager, Administration, Crompton Greaves Ltd.**

The employee benefit funds are liability of any employer and are also known as a fund in perpetuity due to its long term nature. Rising inflation, salary escalations and high interest rates are responsible for ever increasing liabilities. Therefore, it is not only important to arrest such a liability but also critical to build sufficient assets in order to avoid asset liability mismatch. With privatization of life insurance industry in 2001-02, ULIP became the flavor of the market and have offered the desired platform for earning optimal returns with consistency and stability in the long run.

**Advantages of investing in ULIP:**

**Provides variety of fund options**

ULIPs offer a choice of high, medium and low risk fund options. The customer can select appropriate fund options based on the demographic profile and risk taking appetite. This is further coupled with an opportunity to switch between the funds. Since employee benefit funds are long term in nature the unit linked funds with certain percentage of equity exposure can fetch better returns over a period of time and help reducing the liabilities of the employers.

**Transparency**

The fund management charges, value of investments and past fund performance are shared with the customer before the investment decision is made. Similarly, the annual fund account statement, quarterly investment portfolio and daily NAV reporting, ensures that the customer is aware of investment portfolio at all times. Most insurance companies publish latest NAVs on their respective websites on a daily basis.

**Spread your investments**

ULIPs enable you to spread your investments over a period & across funds. In this way, an investor achieves two objectives.

I. Average unit costs tend to be lower than one time investment.

ii. Diversification of risks.

# "We do not see any long term challenges to growth"

**Arvind Laddha,** the CEO of Vantage Insurance Brokers and Risk Advisors Pvt. Ltd, a leading broking firm with expertise in both life and general insurance services spoke to Newstrack. He expressed his views on the life insurance sector and role of brokers in the insurance industry


Arvind Laddha

Interview

**The life insurance industry is witnessing a negative growth today, where do you see the industry few years from now?**

The industry is going through a downturn currently, however we believe that the outlook is very good and we should see growth coming in from the next year. Typically as the financial well-being of an individual increases, so does his spending on life insurance and therefore "we do not see any long term challenges to growth."

**How has the broking industry evolved over the years in terms of life insurance business?**

The downturn of the past few years has lead the brokers to scale down their life insurance business, as they wait for the market to stabilize post the significant changes in product guidelines and customer preferences. However, we see a revival of interest amongst the broking fraternity. The anticipated changes in regulations in respect of sub-broking and rural distribution is likely to see increased contribution from brokers in the life insurance business.

**What value adds do the brokers provide to their clients?**

With the plethora of insurance products being available in the market, there is a clear need for an advisor who can help the individual in identifying their needs and aid them in choosing products best suited to them. The role of the broker therefore is to act as a trust advisor to his clients. In addition to this brokers should also support the client in going through the process of actually purchasing the policy and managing claims if there are any.

**What is the significance of service in this price sensitive industry?**

While it is true that price has become a primary decision making parameter, individuals who invest significant amount of money or take a cover with a higher sum insured typically look beyond price. The ability and the track record of the insurer as well as the broker in providing required levels of service do make a difference in such cases. We also believe that service will get its due share of importance when insurers and brokers develop a longer track record to showcase their service levels to their potential customers over time.

**What aspects differentiate Bajaj Allianz from its peers?**

Bajaj Allianz stands out for its product innovation and fund management amongst its peer groups. This has helped it establish its place among the leaders in the industry and win the trust of millions of customers.

**What are your views on the initiatives taken by Bajaj Allianz for brokers?**

Bajaj Allianz has helped the brokers by engaging closely with them and helping them work their way through these turbulent times. The training initiatives, readiness to work closely with the brokers to reach their customers, providing support in terms of products, are few among the various initiatives taken that has helped Bajaj Allianz become a preferred partner.

> "The ability and the track record of the insurer as well as the broker in providing required levels of service do make a difference."

# "Returns generated by Bajaj Allianz fall in the top quartile"

Maruti Suzuki Ltd is one of the leading manufacturers of passenger vehicles in India. They have been associated with Bajaj Allianz Life Insurance since 2011. Newstrack spoke to Girish Kumar Dua, General Manager, Finance who provided us with insights on various aspects related to employee benefit schemes.

**Interview**


Girish Kumar Dua

**What are the various terminal benefit schemes that you are running for your employees?**

Terminal benefit schemes that we are running for our employees are Gratuity and Superannuation. Other statutory requirements like Provident Fund, Employee Deposit Linked Insurance (EDLI) are also provided. Besides this, to support bereaved family in case of an unfortunate death of an employee, the company has the group term insurance scheme for payment on compassionate grounds (funded by company) and death relief fund which includes voluntary contribution from employees as well.

**Are you self managing Employee's Group Gratuity/Superannuation funds or have outsourced it? Why did you consider outsourcing these funds?**

Gratuity and superannuation funds have been outsourced for ease of administration and are managed by professional fund managers, which can help us generate better returns. While higher returns in case of gratuity would help reduce the future service liability, in case of superannuation, employees would benefit by having a higher retirement corpus and better annuity post retirement. We at Maruti have proactively outsourced these funds during the calendar year 2009 & 2010 and are quite content with our decision to do so.

**What are some of the critical parameters which you think the organization should consider while selecting the insurance company?**

The critical parameters that one should keep in mind while selecting the insurance partner should be its financial credentials, assets under management (AUM), profitability, solvency margin, net-worth, risk adjusted returns generated under various fund options being provided by the insurer.

**Which fund have you invested in and why did you chose to do so?**

We have invested in unit linked, debt and traditional funds of insurers in order to have a well diversified portfolio across debt & equity and to earn superior returns over a period of time.

**Do you think investing in unit linked funds could be more beneficial for an organization as compared to traditional fund?**

As compared to traditional funds, secure funds with 80:20 (Debt: Equity) combinations on unit linked platform have generated better returns over the period of last 2 years. While traditional fund gives a stable / conservative return every year, a unit linked fund with just an equity component ranging between 10-15% can give an upside of 200-300 basis points at all times over traditional fund. In case of unit linked funds, one can mitigate the risks and increase returns by switching funds & maintaining optimal contribution between debt & equity.

**Please trace the journey of your association with Bajaj Allianz & how do you measure / rate the performance of the fund by Bajaj Allianz?**

Our association with Bajaj Allianz which started in the year 2011 has been extremely fruitful and we are happy with the fund performance as well as the services offered by the organization. We regularly monitor and compare the fund performance of various insurance players we are associated with and feel happy to see that returns generated by Bajaj Allianz fall in top quartile. We have invested in their secure fund and traditional plan and look forward to their consistent performance in times to come.

**Has Bajaj Allianz lived up to your expectations in terms of timely claim settlement and meeting your service requirements on time?**

Till date we have not withdrawn any fund from Bajaj Allianz for the fact that superior returns are being generated in the portfolio. Bajaj Allianz's services have been prompt on portfolio updates and fund statements from time to time.

# "**Yeilds can be optimized** if the funds are managed by asset management companies"

National Aluminum Company Ltd. (NALCO) the largest integrated aluminum complex has outsourced it's terminal benefit funds to Bajaj Allianz Life Insurance. K C Samal, Executive Director, Finance, NALCO gave his thoughts on various terminal benefit schemes, benefits of investing in ULIP's and their association with Bajaj Allianz.

Interview


K C Samal

**What are the various terminal benefit schemes that any employer should have for his employees and what are the other innovative benefits you would like to see further being provided by insurance companies?**

Besides the contributory Provident Fund and Gratuity scheme, which are backed by statutory provisions, the National Pension Scheme introduced by the Government is expected to be an excellent post retirement benefit scheme. The enlisted insurance companies should gear up to provide desired support services to make the scheme successful. The post retirement medical benefit is another scheme many companies are looking into. In fact, NALCO has been a pioneer in introducing such a scheme. Insurance companies can bring in their expertise in providing such group benefit scheme.

**The employee benefit fund of the company has been outsourced. What should be the advice to self managed funds or what they should consider while deciding to outsource these funds?**

The gratuity fund of our company has been out sourced. We believe that the yield can be optimized if such funds are managed by asset management companies having adequate experience and expertise.

**What are some of the critical parameters which the organization should consider while selecting the insurance company?**

When it comes to selecting an insurance company, the yield on investment no doubt is an important factor. However, the service quality, the brand image, expertise, net worth, financial soundness, global exposure etc., are some of the factors an organization should consider while out sourcing.

**Do you think investing in unit linked funds could be beneficial for and organization and what are the factors one should look at in investing in the same?**

Unit linked funds have an element of risk due to exposure to certain degree of uncertainties. However, in a long term perspective such investments have delivered the desired yield. None the less, considering the primary objective of security and being an employee oriented scheme, there should be a judicious balance between investments in unit linked schemes and traditional schemes.

**Has Bajaj Allianz added value to the organization and lived up to the expectations in terms of meeting service requirements and delivering the desired returns?**

Our association with Bajaj Allianz has added value in terms of service quality and efficient management of our fund. Bajaj Allianz as a company has an excellent brand image and has the support of a globally reputed insurance company. The company is result oriented and the service quality has been satisfactory.

**Bajaj Allianz is one of the firms selected by the Government of India to provide annuities for NPS. Will it lead to a new association with the organization?**

Our company has adopted the NPS scheme quite early primarily to offer sustainable benefit in the form of pension to its employees. The retired employees will have lot of expectations from the enlisted service providers. We expect being a prominent player in the insurance sector, the enlistment of Bajaj Allianz by the Government under the scheme will ensure satisfactory services the annuity holders.

"Bajaj Allianz as a company has an excellent brand image and has the support of a globally reputed insurance company. The company is result oriented and the service quality has been satisfactory."


N.R.Srinivasan

# "Quality of service is an important determinant for us."

McLeod Russel the world's largest tea producer has been associated with Bajaj Allianz Life Insurance for the last five years. N.R. Srinivasan, Vice President (F&A), McLeod Russel India Ltd. expressed his views on benefits of outsourcing the employee benefit funds.

Interview

**Please trace the journey of McLeod Russel's association with Bajaj Allianz?**

Our association with Bajaj Allianz commenced in the year 2007, when there was a need to widen the spectrum of insurance companies to manage the employee benefit fund. Bajaj Allianz was one of the major contenders and was chosen as the preferred partner for the contract due to their credentials and track record. We are happy that our confidence in Bajaj Allianz's ability was not belied. The returns have been better than the average and their service has been impeccable.

**What are some of the parameters that an organization should consider while selecting the insurance company.**

One looks at the general parameters of net worth, profitability, total assets under management (AUM), the client profile etc. while deciding on an insurance company. An organization's ability in combating unforeseen adverse circumstances, which reflects in its track record, is also important. The quality of service is also an important determinant for us in McLeod Russel. The support and financial muscle of the promoter industrial group can also play a part in deciding an insurance company. The support that the promoter group can provide at a difficult time can be a comforting factor.

**Do you think an organization should outsource their employee benefit funds rather than self managing and why.**

Employee benefit fund management, generally speaking, has not been a core function of senior management. Over the years, the managing of employee benefit fund has become more complicated requiring adequate focus and expertise. Company managements, with their focus being elsewhere, neither had the time nor the expertise to satisfactorily manage the increasing corpus of employee benefit funds. Therefore, it became imperative to outsource the management of funds to third parties who would have the required expertise and focus to effectively manage the funds. This decision appears to have been proved correct.

**Which fund have you invested in and why did you chose to do so?**

We have opted for Stable Fund wherein the exposure to Equity is 0-35% and exposure in various Debt instrument is between 65%-100%. Having a moderate risk appetite, we preferred this fund against other fund options. Returns, generally, have been better than the average return generated in this category. The NAV of Stable Fund has appreciated from 11.5800 (as on 15th Feb 2007) to 21.6744 (as on 26th Feb 2013).

**Do you think investing in unit linked funds could be more beneficial for an organization as compared to traditional fund?**

It depends upon the risk /reward appetite of the Company. It is also a question of timing in a prolonged subdued market a traditional fund is generally preferred. However, from a long term perspective, it may also be an opportunity to move into NAV based funds.

> "Company managements, neither had the time nor the expertise to satisfactorily manage the increasing corpus of employee benefit funds. Therefore, it became imperative to outsource funds to third parties who have the required expertise and focus to effectively manage the funds."


Shri. Ravi

# "**Outsourcing** helps in better management of funds"

says Shri. Ravi, DGM Finance, Karnataka Soaps & Detergents Ltd (KSDL). In his interaction with Newstrack he also provides some interesting insights on managing employee benefit funds.

Interview

**Are you managing employees' group gratuity/superannuation funds or have outsourced it? Why did you consider to outsource these funds and since when they have been outsourced?**

The employees group gratuity has been outsourced since 1st April 2009. The major reason for outsourcing of these funds is to earn better interest rates, reduce liability through the interest earned as well as avail 35% tax exemption under corporate tax laws.

**What was the approach that the organization followed at the time of outsourcing these funds?**

We invited different insurers and comparisons were made on different parameters like past performance, company stability, solvency margins with IRDA, company profitability, etc. It is important that the organization follows the right approach in order to obtain better benefits.

**What criterion was adapted for choosing an insurance partner?**

Insurance partner plays a key role in the functioning of an organization. Hence it is very important to consider various parameters/criteria's before choosing an insurance partner.They include the company stability, transparency, past performance, fund options and their performance, solvency margins with IRDA and most importantly the company profitability.

**Do you think investing in unit linked funds could be more beneficial for an organization as compared to traditional fund?**

In the present scenario, unit linked funds have given good returns and our experience has been much better as compared to traditional funds. Under traditional funds there is no transparency, and that is where we are able to gauge the performance month over month. For the growth of the organization, we strongly recommend unit linked funds vis-à-vis traditional funds over a period of more than 3 years.

**Please trace the journey of your association with Bajaj Allianz and how would you rate their fund performance?**

Our journey with Bajaj Allianz has been pleasant over the years. We started our association in the year 2009 with a portfolio of ₹ 3 crores and at one point of time Bajaj Allianz was managing a portfolio of around ₹ 12 crores. Today they are managing around ₹ 7 crores since we have taken ₹ 5 crores towards payouts. Bajaj Allianz has been a great asset for our organization. The yield generated by the company has reduced our liability towards employee gratuity. The performance and service delivery is found to be very good and satisfactory. We are satisfied with the returns of more than 12% for the past 3 years on an average and have been able to maintain a stable and healthy relationship.

**What will you recommend organizations who are managing the funds themselves?**

Outsourcing the funds will always help in better management of employee benefit funds. Our experience with Bajaj Allianz has been excellent over the period of years; be it on returns as well as service delivery.

**Has Bajaj Allianz lived up to your expectations in terms of timely claim settlement and meeting you service requirements on time?**

Bajaj Allianz has not only lived up to our expectations in terms of timely claim settlement; they have also helped in meeting the service requirements from time to time. Regular follow-ups from the team, transparency on funds and returns, friendly behavior of the executives and consistency on returns were some of the major factors that led us towards choosing Bajaj Allianz as our preferred insurance partner.

# "Investing in both unit linked & traditional funds has diversified the risk on investments"

Rajasthan Rajya Vidyut Prasaran Nigam Limited (RVPNL) an undertaking of Government of India provides pathway for power within whole of Rajasthan. Newstrack spoke to N D Mishra, Dy. Controller of Accounts (P&F), RVPNL on their decision to outsource benefit funds and why Bajaj Allianz Life Insurance is their preferred service provider.


N D Mishra

Interview

**What are the various terminal benefit schemes that you are running for your employees?**

RVPNL has been at the forefront in running various terminal benefit schemes for its employees. We are currently running Gratuity/Superannuation & Pensioner's Medical Concession Fund for our employees. The employees see tremendous value in these terminal benefit funds.

**Are you self managing Employee's Group Gratuity / Superannuation funds or have outsourced it? Why did you consider outsourcing these funds and since when have they been outsourced?**

RVPNL for many years has been self-managing such funds. The thought process for outsourcing these funds originated from the ease of administration and it's management by professional fund managers. This in turn helps us generate better returns on such funds. Higher returns would help reduce the future service liability & settle more liabilities. We at RVPNL have proactively outsourced a part of such funds since last 2.5 years after critical evaluation on the insurance companies and have been satisfied with the decision.

**What was the approach that the organization followed at the time of outsourcing these funds?**

We had looked at the financial credentials of the insurers along with the consistency of returns generated over a period of time for short listing them. Later we had invited proposals from them to understand their company background, investment philosophy & capability and past fund performance. A balance was maintained while evaluating the companies by considering their financial credentials & past fund performance.

**What are some of the critical parameters which you think the organization should consider while selecting the insurance company?**

Critical parameters that one should keep in mind while selection should be assets under management (AUM), profitability & solvency margin of the company & also the risk adjusted returns generated under various fund options being provided by the insurer. One could opt for Traditional or ULIP funds depending on the risk appetite & risk-reward function of the investment.

**Which fund have you invested in and why did you chose to do so?**

We have partly invested in Unit Linked (part equity exposure) & partly with Traditional Funds of insurers in order to well diversify the portfolio

> "We have partly invested in Unit Linked (part equity exposure) & partly with Traditional Funds of insurers. Having both the asset classes of debt & equity has helped the organization enjoy the cycle of both the asset classes."

across various asset classes. This strategy has worked well as it has diversified the risk on investment. Having both the asset classes of debt & equity has helped the organization enjoy the cycle of both the asset classes.

**Do you think investing in unit linked funds could be more beneficial for an organization as compared to traditional fund?**

Unit-linked funds have generated better returns over last 2-3 years period. Since over a 3 year phase the market will always experience one full cycle of debt & equity, over such a period unit-Linked funds will have a tendency to generate better returns. While traditional fund gives a stable return on a year on year basis, a unit linked fund with an equity component of say 10-12% can give an upside of about 200 basis points over traditional fund.

**Please trace the journey of your association with Bajaj Allianz & how do you measure / rate the performance of the fund by Bajaj Allianz?**

Our association with Bajaj Allianz Life started in the year 2010. Back then RVPNL was experimenting with the idea of outsourcing Gratuity/Superannuation Funds to insurance companies. I am happy to share that we are pleased with the fund performance as well as the services offered by the organization. We have a strict review process of our investments every year. Minimum performance standards are expected to be met by all the insurance companies on board. We regularly monitor and compare the fund performance of various insurance players we are associated with and feel happy to see that returns generated by Bajaj Allianz fall in top quartile.

**Has Bajaj Allianz lived up to your expectations in terms of timely claim settlement and meeting you service requirements on time?**

Bajaj Allianz has been prompt in providing us with portfolio updates & fund statements at regular intervals. We have been regularly serviced by an account manager which helps us maintain regular contact with the company. Till date we have not withdrawn any funds from Bajaj Allianz for the fact that superior returns are being generated in the portfolio. We look forward to growing our association with the company.

## "Offering value propositions to the employee"

**Yatin Gandhi, Head Treasury, Rajkot Nagrik Sahakari Bank**

Employee benefit funds are generally set up by employers, trusts or any other organization to provide for employees retirement benefits. Employee benefit funds ensure that an investor (employee) can set aside savings during his working life to build a corpus which can fulfil various goals after retirement.

**Advantages of investing in ULIP**

A simple answer to the question may be 'not to protect individuals from dying too young but to protect individuals when living too long'. These market-linked employee benefit products are offered by life insurance companies. These plans are for those corporates who are looking at investing in these funds such as gratuity and leave encashment from a long-term perspective. Unit-linked plans invest in equity markets (in desired proportion) and can give higher returns as against a traditional product. Since the employee benefit products are always a long term investment it can be a good option to invest in the ULIP funds. This can also help in reducing the liabilities of the employers.

**Benefits of outsourcing the benefit funds.**

It is advantageous for an organization to outsource their employee benefit funds to insurance companies as it gives an opportunity to optimise administration cost while increasing profitability and faster turn around thereby enabling to offer compelling value proposition to their employee. The advantage of outsourcing employee benefit funds is consistent output, better workforce management; trained resources which lead to quality output and save administrator's valuable time. The objectives of outsourcing are different for different firms ranging from superior delivery to cost reduction.

In the rapidly growing area of Wealth Management, particularly in the retirements and benefits administration sub-segments are undergoing dynamic changes. Today traditional service providers are consolidating and financial firms are re-positioning to take advantage of the fundamental shift from retirement planning (accumulation) to retirement management (income and risk management).

# "**Outsourcing of funds** helps to reap benefits of large scale investment"

Karnataka Bank Ltd. is a scheduled commercial bank in india and has emerged as a leading financial service institution. Newstrack spoke to Kiran Kumar, Manager, Gratuity about his views on management of employee benefit funds.

Interview

**Are you self managing Employees Group Gratuity / Superannuation (as the case may be) funds or have outsourced it? Why did you consider outsourcing these funds, and since when have they been outsourced?**

The Gratuity Fund is self managed, where 50% is direct investment and balance is invested under Group Gratuity Schemes of various life insurers. The Pension Fund is wholly managed by Life Insurance Corporation of India since 2002. Since, we are in the private sector, we had to outsource it.

**Do you think an organization should outsource the funds rather than self managing and why?**

The issue of outsourcing is a policy matter. Both the systems have their own plus/minus points. The outsourcing of funds helps to reap benefits of large scale investment and use the insurers expertise in the field. At the time of outsourcing funds, it was mainly finding another source of income generation permitted under the law.

**What were the criteria adapted for choosing an Insurance Partner? And what do you think are some of the critical parameters that an organization should consider while selecting the insurance company?**

There were three major criteria which we adopted for choosing an insurance partner:

- Credentials of the Insurer
- Past performance
- Investment motto of the insurer

When it comes to selecting an insurance company, it would almost be the same as compared to choosing an Insurance partner. Hence the criteria would apply the same, where credentials of the insurer, past performance and investment motto of the insurer would be the critical parameters.

**Do you think investing in unit linked funds could be more beneficial for an organization as compared to traditional fund?**

In the present scenario, investment under the Unit linked policy has given good returns. Since any investment carries a risk along with it, it requires continuous monitoring of the returns and interaction with the insurers. Traditional Fund is similar to direct investment under Sec 67(2) of the IT Act. Though insurers are provided with the option of investment in the equity fund, they resist from doing the same, hence, there is less risk under traditional policy and it is relatively free from market risk.

**Please trace the journey of your association with Bajaj Allianz? How do you feel Bajaj Allianz has added value to the organization?**

The journey with Bajaj Allianz has been a pleasant one. The initial investment was made in January 2010 for 3 crores and an additional investment of ₹ 8 crores was made in March 2011. The value of the fund as on 31.01.2013 was ₹ 13.65 crores We have received a simple return of 10.5% p.a on our investment of January 2010 and 11.68% p.a on our additional investment of March 2011. We appreciate the returns and looking forward to continue the association as the company keeps going with the returns without much risk. Also, the return on investment has supplemented the additional funding and has proved to be of added value to the organization.

**How do you measure / rate the performance of the fund by Bajaj Allianz?**

Bajaj Allianz is one among the very few best performers withstanding the ups and downs in the market.

**What will be your recommendation / advice to organizations self managing the funds or considering to outsource them?**

Blending of direct investment/investment in traditional policy with some exposure to unit linked policies will give good returns with relatively lower risk. Bajaj Allianz has proved to be a great platform when it comes to choosing an insurance partner. The past history, better performance and the friendly client attitude of the company has made us continue the journey with Bajaj Allianz.

"Blending of direct investment/investment in traditional policy with some exposure to unit linked policies will give good returns with relatively lower risk."

# Making a mark amongst competition

## Background

BHEL (Bharat Heavy Electricals Ltd) is one of the largest companies in the country with an employee base of more than 50,000 people spread over 22 locations across the country. Over and above this employee base, a good retirement scheme had to be offered to nearly 12,000 retired employees of the company. BHEL was one of the few PSUs to take an approval from the ministry to implement their Superannuation Scheme on a defined contribution effective from 1st January 2007. They had set up a senior level committee involving representatives from HR & Finance departments for selection of insurance companies who would provide annuities to retired employees. After a lot of deliberation and study of various financials, they shortlisted 5 life insurance companies and Bajaj Allianz Life Insurance was one of them.

## What Bajaj Allianz Did ?

3 main hubs were created in South, North & Central India for better coordination

A customized product was created and was offered at a competitive price

The corporate team collaborated with other departments like Bancassurance, Alternate, Business Procurement & Agency to setup these camps

Representatives from other departments/teams were trained on these products. Training sessions were organized across India

Ensured strong post sales services. A unique email id (bhel.annuity@bajajallianz.co.in) has been created to service the customers

Vernacular forms & catalogues were created explaining the features of the product in over 8 languages, since BHEL had major representation in south. Additionally a translator was present at all locations.

## Results

For life with return of corpus (LROC) option Bajaj Allianz offered a rate of Rs. 631/- per lac per month as compared to approximately Rs. 596/- by a competitor for the same age group. This was one of the most highly sought after plans by the 9,000 employees who were present there.

By the end of January when this project came to an end the company had over 724 annuitants in our folio and an annuity business of more than ₹ 32 Crs.

This figure made Bajaj Allianz the most popular option from amongst the other3 private players who were present there at the same time as us.



Debapriya Ray

# Complete protection from a **financial catastrophe**

**Debapriya Ray, Senior Vice President, Corporate Insurance, Reliance Industries Ltd**

As we all know about the proverbial nectar (sanjeevani-sudha) so is the potency of this one insurance product namely Group Term Life Insurance. Any corporate who has taken this cover has done yeoman service to its employees

Life insurance is a definite antidote to the miseries of the dependent family members of a breadwinner who suffers an untimely death. During the work life a person has to plan for any future uncertainty and take adequate life insurance so that dependents on him are at least financially secure in his absence. The issue that lies with most of them is that they do not plan and envisage death as a possibility. Even with those exceptions, the one who tries to plan may not be able to muster adequate funds to pay premium for adequate life insurance cover, if taken individually.

Here comes the role of excellent benefit of a group term life insurance. The employers who have this facility to protect their employees for adequate amount of life insurance by paying a meager premium. GTLI is a heartening reassurance of care, giving a lasting financial security and peace of mind to the employee and the dependent family members. It is the complete protection against a financial catastrophe. There are examples galore where a family, devastated by the sudden death of the breadwinner, could sustain and fight back the vicissitudes of life with the financial stability provided, thanks to this insurance cover.

In order to mitigate this problem for the rural poor the Government of India enacted "Landless Agricultural Laborers Group Insurance" scheme where upon death of every landless agricultural laborer a definite sum was paid to his family through Insurance cover. Later on in its place two schemes namely "Janashree Bima Yojana" and "Aam aadmi Bima Yojana" were introduced on similar lines where against untimely death of covered persons insurance claim is paid to the family to tide over economic uncertainties.

In case of corporatized employees enlightened employers should take the GTLI cover so that in case of the eventuality where an employee suffers untimely death the employee's family gets the sum insured and relieved of unexpected financial hardship.

# A quarterly review of claims handled

## Non-Life

### Closed Claims Ageing Analysis Jan - Mar 2013

| CLAIMS SETTLED AGEING | Count of claims settled during Q-IV (2012-13) | | | | | |
|---|---|---|---|---|---|---|
| | 0 - 30 | 31 -90 | 91 -180 | > 180 | Total No of Claims | Total Amount Paid (in Rs Cr) |
| Motor (OD) | 98,532 | 13,773 | 3,152 | 1,473 | 1,16,930 | 265 |
| Motor (TP) | 197 | 306 | 492 | 5,873 | 6,868 | 146 |
| Health | 31,602 | 6,206 | 1,657 | 712 | 40,117 | 136 |
| Property & Engineering | 656 | 490 | 338 | 384 | 1,868 | 45 |
| Miscellaneous And Others | 2,270 | 1,082 | 472 | 380 | 4,204 | 34 |
| Over All | 1,33,257 | 21,857 | 6,111 | 8,822 | 1,70,047 | 626 |
| Claims settled within 90 Days (Including Legal & TP Claims) | | | | | | 91.2% |

### Settlement Report I FY 2012-13

| Line of Business | Outstanding as on 31st Mar'12 | Claims Registered Apr'12 To Mar' 13 | Claims Settled Apr' 12 To Mar' 13 | Outstanding as on 31st Mar' 13 |
|---|---|---|---|---|
| Motor (OD) | 10,086 | 4,10,048 | 4,11,961 | 8,173 |
| Motor (TP) | 55,596 | 16,867 | 19,210 | 53,253 |
| Health | 3,268 | 1,31,095 | 1,27,250 | 7,113 |
| Property & Engineering | 1,908 | 6,500 | 6,410 | 1,998 |
| Miscellaneous And Others | 2,027 | 14,976 | 15,085 | 1,918 |
| Over All | 72,885 | 5,79,486 | 5,79,916 | 72,455 |
| Claim Settlement Ratio as on 31-Mar-2013 (Excluding TP and legal claims) | | | | 95.8% |

"For the financial year 2012 -13 the settlement ratio for Motor Own Damage claims was 98.36%. For private car it was 98.73% & 97.89% for Two wheeler package policy. Our average settlement time reduced by 2 days compared to last year. The Central Team at HO, and local claims team devised a plan at the start of the quarter to ensure an increase in house settlement count like, follow up on old pending claims and faster disposal of fresh registered claims. Involvement of respective marketing channels helped in clearance of old pending claims by coordinating with respective clients and intermediaries."

**Padmanabha. A. V.**
**Head Motor OD Claims**
Bajaj Allianz General Insurance

## Life

### Claims Settlement I Jan - Mar 2013

| | Claims outstanding as on 1st Jan' 13 | Claims Intimated | Claims Settled | Claims Repudiated | Claims outstanding as on 31st Mar' 11 |
|---|---|---|---|---|---|
| Death | 2352 | 6672 | 7221 | 692 | 1111 |
| Riders | 24 | 108 | 53 | 70 | 9 |
| Health care | 4 | 3 | 7 | 0 | 0 |
| Total number | 2380 | 6783 | 7281 | 762 | 1120 |
| Total Amount | 516,773,467 | 1,112,736,588 | 1,073,183,636 | 237,538,636 | 318,787,760 |
| Claim settlement Ratio | | | | | 91% |

### Turn around time (TAT) Jan - Mar 2013

| | Count of Days | | | | | Total no. of claims decided |
|---|---|---|---|---|---|---|
| | 0-15 | 16-30 Days | 31-45 Days | 46-60 Days | Above 60 Days | |
| Number of Claims | 3764 | 1643 | 780 | 296 | 798 | 7281 |
| Claims paid within 45 days | | | | | | 85% |

### Cases referred to Consumer Forum & Ombudsman Jan - Mar 2013

| Total no. for cases received | No. of cases settled | Bajaj Allianz Won | Bajaj Allianz Lost |
|---|---|---|---|
| 12 | 11 | 9 | 2 |

"During Q4 of 2012-13, we started with open claims of 2,380 claims amounting to Rs 51.68 Crs, got fresh intimations of 6,783 claims amounting to Rs 111.27 Crs. Out of both these items 7,281 claims amounting to Rs 107.32 Crs got settled/paid, 762 claims amounting to Rs 23.75 Crs got repudiated or rejected with 1120 claims worth Rs 31.88 Crs remaining as pending. Our settlement ratio stood at 90.52% in numbers and 81.88% in values. Out of settled/paid claims of 7281, 6187 claims(84.97%) were settled within 45 days."

**P Ravi Kutumbarao**
**Head Technical**
Bajaj Allianz Life Insurance

# **Revisions in** global & domestic economy

**Sampath Reddy, Chief Investment Officer, Bajaj Allianz Life Insurance**

Global newsflow has been encouraging over the last few months and this has translated into buoyancy in the global markets. Improving US economic data mainly on the employment front, quantitative easing in EU, a benign monetary environment globally and a weakening yen has contributed to the strong movement in the developed economies.

With improvement in macroeconomic indices, the equity markets in the developed countries have had a decisive bull run over the last 6 months or so. On the other hand, emerging markets have not performed as well and have lagged the developed markets. Gold and the US treasury have also underperformed with Gold declining by 16% in 6 months while the 10 year US treasury yield has moved up from the lows of 1.4% made in July-12 to a high of 2% in March-13. Gold and the US treasury considered a hedge against weak currency and economic activity are seeing weakness as global macro economic indicators have been showing an improvement.

The returns generated by major equity markets / commodities globally are mentioned in the table below

| Index / Commodity | Last 6 months returns |
|---|---|
| Nikkei (Japan) | 67% |
| Dow Jones (US) | 18% |
| DAX (Germany) | 15% |
| CAC (France) | 15% |
| FTSE (UK) | 14% |
| Shanghai Composite (China) | 7% |
| BOVESPA (Brazil) | -4% |
| SENSEX (India) | 3% |
| GOLD (USD) | -16% |
| BRENT CRUDE (USD) | -5% |

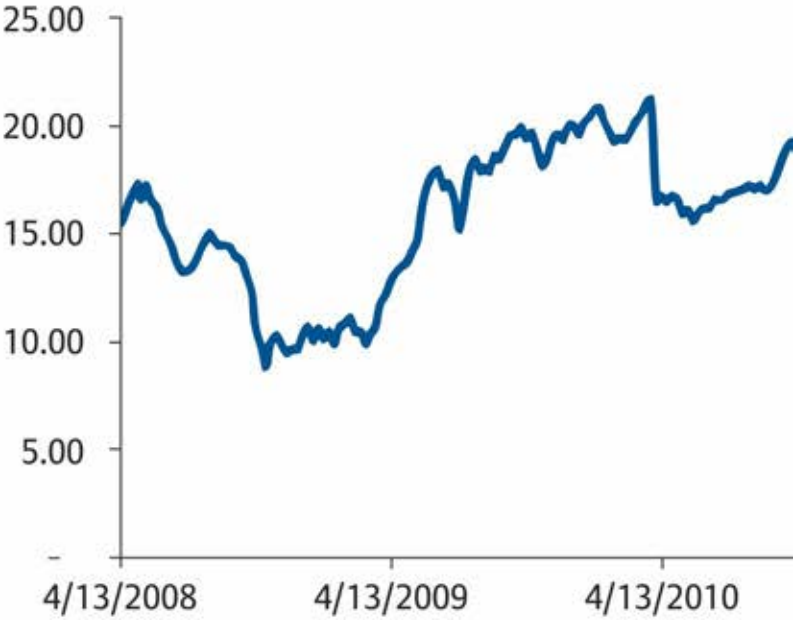
### Domestic economy and capital markets

The flow of foreign money in India on the back of flush of liquidity globally remains unabated. Indian equities received strong flows of over $20 billion in the last six months, with average daily inflow at $160 mn. Domestic institutions viz. mutual funds and insurance were faced with redemption related issues during the same period and hence were net sellers to the tune of $10 billion.

India reported 4.5% GDP growth for the Dec 12 quarter, the weakest number since the global credit crisis. The latest data on the IIP is also muted at 0.6% for the month of February indicating a slowdown in economic activity especially in the manufacturing segment. Inflation has also been trending downwards, with the latest reported WPI at 5.96% for the month of March 2013. The RBI has responded to the weak growth in the economy while keeping inflationary risks in mind by cutting repo rate by 75 bps and CRR by 50 bps over the last 6 months. As a result of this, Indian government 10 year bond yields have fallen by 80 bps from 8.2% in November to 7.4% in May.

The decline in global commodity prices namely crude and gold bodes well for India. With brent crude having fallen by 5% and gold down by 16%, the widening trade deficit is expected to be under control. This would translate into some stability on the current account deficit and reduce volatility in the rupee.

**Earnings for the SENSEX are expected to grow by 14.5% for FY14 and the PE ratio works out to 14.0. PE Graph of the SENSEX**



We have seen the political drama continuing with several scams continuing to get unearthed. The SC has slammed the government for interfering in the CBI's investigation describing it as a non-autonomous entity especially with respect to the coal allocation report. Railway minister's name was dragged with respect to the appointment of a senior bureaucrat in railways and charges of nepotism resulting in his resignation.

Despite the tarnished image of the UPA at the centre, the Congress party has come to power in the state of Karnataka by obtaining a simple majority. The election was fought on local issues and is a thumping win against the allegations of corruption against the ruling BJP in the state of Karnataka.

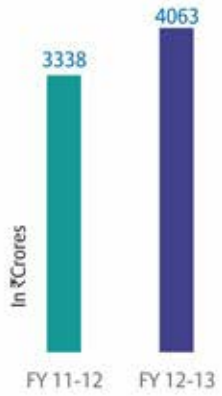

## Fund Perfomance

| FUND NAMES | 1 Year |
|---|---|
| Equity Gain Fund | 4.4% |
| Equity Plus Fund | 7.2% |
| Equity Plus Pension | 8.0% |
| Premier Equity Gain | 7.2% |
| Equity Growth Fund | 7.5% |
| Equity Growth Fund II | 8.1% |
| Premier Equity Growth Fund | 6.4% |
| Equity Growth Pension Fund | 8.0% |
| Growth Plus Fund III | 8.6% |
| Blue Chip Equity Fund | 7.1% |
| Pure Eq Fund | 4.9% |
| Pure Stock Fund | 6.4% |
| Pure Stock Pension Fund | 6.2% |
| **Cnx Nse Nifty Index** | **7.3%** |
| | |
| Asset Allocation Fund | 5.8% |
| Asset Allocation Pension Fund | 6.4% |
| **Crisil Balanced Fund Index** | **8.2%** |
| | |
| Equity Midcap Fund | -3.8% |
| Equity Midcap Plus | -2.3% |
| Equity Midcap Pension | -2.5% |
| Accelerator Mid Cap Fund | -2.4% |
| Accelerator Mid Cap Fund II | -1.2% |
| Accelerator Midcap Pension Fund | -2.0% |
| **Nifty Mid Cap 50 Index** | **-16.0%** |
| | |
| Equity Fund | 7.2% |
| Equity Index Fund | 8.7% |
| Equity Index Pension | 8.6% |
| Premier Equity Fund | 7.5% |
| Equity Index Fund II | 6.8% |
| Premier Equity Index Fund | 6.7% |
| Equity Index Pension Fund II | 8.3% |
| **Cnx Nse Nifty Index** | **7.3%** |
| | |
| Cash Fund | 7.5% |
| Cash Plus Fund | 9.3% |
| Cash Plus Pension | 9.4% |
| Liquid Fund | 9.0% |
| Liquid Pension Fund | 9.0% |
| **Crisil Composite Liquid Index** | **8.2%** |
| | |
| Debt Fund | 9.7% |
| Debt Plus Fund | 11.5% |
| Debt Plus Pension | 11.4% |
| Premier Debt Fund | 10.1% |
| Life Long Gain | 9.0% |
| Bond Fund | 11.3% |
| Premier Bond Fund | 9.0% |
| Bond Pension Fund | 11.3% |
| Guaranteed Bond Fund | 10.8% |
| **Crisil Composite Bond Index** | **9.3%** |
| | |
| Secure Gain | 10.7% |
| Stable Gain | 10.8% |
| Accelerated Gain | 9.5% |
| Group Debt Fund | 11.1% |
| Group Liquid Fund | 9.4% |
| Group Short Term Debt Fund | 10.5% |
| Group Equity Index Fund | 7.8% |
| Group Asset Allocation Fund | 6.8% |
| Group Equity Fund | 8.8% |
| Group Blue Chip Fund | 7.6% |
| Group Short Term Debt Fund II | 9.0% |
| Group Return Shield Fund | 8.1% |
| Group Growth Fund II | 9.3% |
| | |
| Capital Guarantee Fund Sp 2014 | 6.8% |
| Capital Guarantee Fund Sp 2017 | 8.4% |
| Max Gain Fund I | 5.9% |
| Max Gain Fund II | 6.9% |
| Capital Shield Fund I | 6.5% |
| Capital Shield II | 8.2% |
| Shield Plus Fund I | 8.7% |
| Shield Plus Fund II | 9.5% |
| Shield Plus Fund III | 8.9% |
| Shield Plus Fund Iv | 9.8% |
| Growth Plus Fund I | 9.7% |
| Growth Plus Fund II | 6.8% |
| Assured Return Fund | 9.6% |

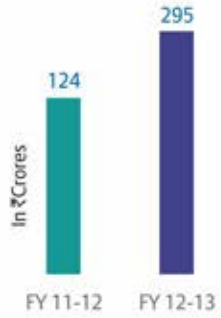
# Highlights of Financial Results FY 2012-13

## Bajaj Allianz General Insurance

**Gross Written Premium (excluding Pool)**




**Profit After Tax**




- GWP grew by 22%
- Profits grew by 138%
- Combined Ratio (excluding motor pool losses) improved from 96.1% to 93.4% in FY 2013.
- Loss Ratio remains under control at 62% in FY 2013

## Bajaj Allianz Life Insurance

**Gross Written Premium**


**New Business Premium**


**Shareholders' Profit after Tax**


**AUM**


- New Business for the FY 12-13 grew by 10%. One of the few Insurance companies to buck the trend.
- GWP down by 8% as business saw a dip in the industry due to impact of the regulatory changes by IRDA.
- Solvency ratio stood at a healthy 643% as against the minimum regulatory requirement of 150%.
- Total investments as on 31st Mar 2013 stood at ₹ 38,003 Crores.

# Bajaj Allianz Partners with India Bike Week

Keeping with the Drive Safely Campaign, Bajaj Allianz partnered with the India Bike Week which was held at Vagator, Goa, on 2nd & 3rd February, 2013. The India Bike Week, in its first year, is currently the biggest bike fest in the country.

Bajaj Allianz was the safety partner at the event which promoted a social message "Ride Safely" to all the bikers in India. More than 500 people pledged to Ride Safely, at this campaign. We were also one of the most innovative and interactive brand at the event.

More than 250 photos of businessmen, working executives and their families were taken through a new technology of self click photos with "Bajaj Allianz Ride Safely" branding in the background.


# Bajaj Allianz conducts Health Camps

Bajaj Allianz General Insurance conducted health camps in association with its Motor dealer tie-ups. The activity kick started in Vijayawada and Pune. The camps were organized to create awareness and focus towards the Health Segment.

The Health camp in Pune conducted Included body fat analysis, blood pressure, heart rate and doctor consultation which were done on site along with a complimentary eye-check up.

As a part of the tie up with Maruti dealers, a service camp was organized in Vijayawada, where free eye check up was conducted.

The event saw about 350 customers in total. In order to promote the health policies, various health brochures of our company had also been displayed. The event saw a great success in terms of customer engagement and helped in obtaining feedback from the customers.

# Money Today FPCIL Awards 2012

Bajaj Allianz General Insurance was awarded as the "General Insurance provider of the year" at the Money Today FPCIL Awards 2012. The company was presented this award for its robust financial performance, operational efficiency, customer satisfaction besides corporate governance and prudent risk management.

The award had been received by V.Jeyaraman former CFO, on behalf of Bajaj Allianz General Insurance.


*V. Jeyaraman, former CFO Bajaj Allianz General Insurance (Left) receiving the award.*

# SKOCH Financial Inclusion Award 2013

Bajaj Allianz Life Insurance received the "Organization of the Year" Award at the SKOCH Financial Inclusion Awards 2013. This award is in recognition of the organization's initiatives in the micro-insurance domain. Bajaj Allianz has been winning the SKOCH Financial Inclusion Awards for the last 2 years in various categories for its micro-insurance initiatives. In addition to this, Bajaj Allianz also received awards in 4 other categories, that is Micro Insurance Initiative - Securing the Unsecured, Settling the Claims at Nominee's Doorsteps, Insurance Awareness & Education and Innovations in Micro Insurance Renewals & Persistency Management.


*Yogesh Gupta, Head Business Procurement & Micro Insurance (2nd from Left) receiving the award on behalf of Bajaj Allianz Life Insurance.*

# Allianz Global Innovations Awards 2013

Bajaj Allianz General Insurance won the "Global Innovation Award-2013" for excellence in employee engagement. Bajaj Allianz won this award among nearly 1200 Allianz entities in over 70 countries in the world. This award honors Allianz entities that initiate and foster improvement in employee engagement; recognize the entities that have a culture of good leadership and demonstrate innovative employee engagement initiatives that have made a significant impact for the organization.

The ceremony took place in Spain and the award was received by Tapan Singhel, MD & CEO, on behalf of Bajaj Allianz General Insurance.


*Tapan Singhel, MD & CEO (Right) receiving the award.*


*Saptarshi Bhattacharya (2nd from Right) receiving the award.*

# Employer of the year

Bajaj Allianz General Insurance was awarded the "Employer of the year" in the General Insurance category, at the 6th Indira Excellence Award for Marketing Excellence. This award was presented by the India Group of Institutes. The award was conferred upon the company in recognition for creating employment for the youth.

The award had been received by Saptarshi Bhattacharya, Head Talent Acquisition & HR Analytics, on behalf of Bajaj Allianz General Insurance