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The Monthly Insurance Newsletter

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General Insurance Industry Snapshot

In this edition we bring you a quick snapshot of the performance of the General Insurance Industry till July 2017

Insurer	Up to JULY 2017	Market Share up to July 2017	Growth over the period last year
Private Sector General Insurers	19,558	45.40	24.69
Stand-alone Pvt Health Insurers	2,003	4.65	43.73
Public Sector General Insurers	20,749	48.17	11.47
Specialized PSU Insurers	767	1.78	27.33
Total	43,077	100.00	18.69

*Source: IRDAI

* All figures in INR Crores

*Data for period of April-July 2017

Recent Updates & Developments

▶▶▶ The insurance regulator IRDAI has launched a central database of insurance sales persons in the country. Named as "Envoy", the database will ensure that all licensed insurance sales persons working for insurers and intermediaries including entities such as insurance agents, broker qualified persons, specified persons of corporate agents, authorised verifiers of web aggregators, point of sales persons (POS) etc, do not work with multiple insurers and intermediaries in the same business category

State-owned Life Insurance Corporation of India is going to turn cashless in its operations as it plans to introduce Point of Sale (POS) machines in all its offices across the country. This will be followed by the distribution of the machines to all agents for them to collect money from policyholders.



▶▶▶ Thirteen Indian insurance companies have come together to use a blockchain-like technology to create a central repository of policyholder data, so that insurers need not repeat the registration procedure for multiple policies. PwC's Global Fintech Report 2017 expects 77 per cent of financial technology institutions to adopt blockchain as a process by 2020, with payments, fund transfer and digital identity management being the top areas of usage. Blockchain is like a digital ledger used to store information of all crypto-currency transactions. In this particular case, it takes the form of a distributed and decentralised method of storing information based on mutual agreement of members

Global ride-hailing firm Uber Technologies will give free insurance to its 450,000 driver partners in India that will cover death, disability or hospitalisation due to accidents. The insurance cover will be applicable from Sept. 1, and will provide cover ranging from 500,000 rupees in case of death to 50,000 rupees for outpatient treatment



▶▶▶ General insurers are waiting for broad guidelines on how to implement the Supreme Court order on linking renewal of motor insurance policies with pollution certificate. In a bid to curb pollution, the Supreme Court had last month issued a directive that insurance of a vehicle would not be renewed unless the owner provides pollution under control (PUC) certificate.

As many as 1,767 claims were settled toward accidental insurance to RuPay Card holders under the government's flagship financial inclusion programme Pradhan Mantri Jan Dhan Yojana (PMJDY). A finance ministry data showed that a total of 2,514 accidental insurance claims were filed under the PMJDY, which provides accidental cover of Rs 1 lakh. Of the total claims, 1,767 were paid as on August first week this year. The scheme was launched in August 2014. The PMJDY also provides for life cover of Rs 30,000 payable to the account holder. Under this category, 4,165 claims were paid till August first week.



▶▶▶ Over 90 lakh farmers have benefited from the crop insurance scheme during the Kharif season last year and the Rabi season in 2016-17. Claims of over Rs 7,700 crore have already been paid to farmers under the Pradhan Mantri Fasal Bima Yojana, according to a PMO statement.

Three insurance firms have filed draft papers for IPOs that together are estimated to be worth nearly Rs 20,000 crore. General Insurance Corporation, New India Assurance and HDFC Standard Life are the 3 companies

INCO Terms (International Commercial Terms)

Incoterms are very important with respect to marine insurance covers. Below we look at various definitions and also the responsibility of buyer and seller across the various terms



The **Incoterms** rules or **International Commercial Terms** are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC). They are widely used in International commercial transactions or procurement processes as the use in international sales is encouraged by trade councils, courts and international lawyers.

A series of three-letter trade terms related to common contractual sales practices, the Incoterms rules are intended primarily to clearly communicate the tasks, costs, and risks associated with the transportation and delivery of goods. Incoterms inform sales contract defining respective obligations, costs, and risks involved in the delivery of goods from the seller to the buyer.



The Incoterms rules are accepted by governments, legal authorities, and practitioners worldwide for the interpretation of most commonly used terms in international trade. They are intended to reduce or remove altogether uncertainties arising from different interpretation of the rules in different countries. As such they are regularly incorporated into sales contracts worldwide.

Background

The first work published by the ICC on international trade terms was issued in 1923, with the first edition known as Incoterms published in 1936. The Incoterms rules were amended in 1953, 1967, 1976, 1980, 1990, and 2000, with the eighth version— **Incoterms 2010** having been published on January 1, 2011. The ICC have begun consultations on a new revision of Incoterms, to be called *Incoterms 2020*.

In the prior version, the rules were divided into four categories, but the 11 pre-defined terms of *Incoterms 2010* are subdivided into two categories *based only on method of delivery*. The larger group of seven rules may be used regardless of the method of transport, with the smaller group of four being applicable only to sales that solely involve transportation by water where the condition of the goods can be verified at the point of loading on board ship

EXW – Ex Works

The seller makes the goods available at their premises, or at another named place. This term places the maximum obligation on the buyer and minimum obligations on the seller. The Ex Works term is often used when making an initial quotation for the sale of goods without any costs included.

FCA – Free Carrier

The seller delivers the goods, cleared for export, at a named place (possibly including the seller's own premises). The goods can be delivered to a carrier nominated by the buyer, or to another party nominated by the buyer.

CPT – Carriage Paid To

CPT replaces the C&F (cost and freight) and CFR terms for all shipping modes outside of non-containerized seafreight.

The seller is responsible for origin costs including export clearance and freight costs for carriage to the named place of destination (either the final destination such as the buyer's facilities or a port of destination. This has to be agreed by seller and buyer.

If the buyer requires the seller to obtain insurance, the Incoterm CIP should be considered instead.

CIP – Carriage and Insurance Paid to

This term is broadly similar to the above CPT term, **with the exception that the seller is required to obtain insurance for the goods while in transit.**

DAT – Delivered At Terminal

This Incoterm requires that the seller delivers the goods, unloaded, at the named terminal. The seller covers all the costs of transport (export fees, carriage, unloading from main carrier at destination port and destination port charges) and assumes all risk until arrival at the destination port or terminal.

DAP – Delivered At Place

Incoterms 2010 defines DAP as 'Delivered at Place' - the seller delivers when the goods are placed at the disposal of the buyer named place of destination. Under DAP terms, the risk passes from seller to buyer from the point of destination mentioned in the contract of delivery.

DDP – Delivered Duty Paid

Seller is responsible for delivering the goods to the named place in the country of the buyer, and pays all costs in bringing the goods to the destination including import duties and taxes.

FAS – Free Alongside Ship

The seller delivers when the goods are placed alongside the buyer's vessel at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment.

FOB – Free on Board

Under FOB terms the seller bears all costs and risks up to the point the goods are loaded on board the vessel.

CFR – Cost and Freight

The seller pays for the carriage of the goods up to the named port of destination. Risk transfers to buyer when the goods have been loaded on board the ship in the country of Export.

CIF – Cost, Insurance & Freight

This term is broadly similar to the above CFR term, with the exception that the seller is required to obtain insurance for the goods while in transit to the named port of destination.

Incoterm	Loading on truck (carrier)	Export-Customs declaration	Carriage to port of export	Unloading of truck in port of export	Loading charges in port of export	Carriage to port of import	Unloading charges in port of import	Loading on truck in port of import	Carriage to place of destination	Insurance	Import customs clearance	Import taxes
EXW	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FCA	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FAS	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FOB	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CFR	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CIF	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Seller	Buyer	Buyer
DAT	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer
CPT	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer
DAP	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer
CIP	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer
DDP	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller

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