

September 16, 2009

IIIA report to President

The report is India centric as is a majority of my work.

There was a revival of the economy in India since the beginning of the year 2009 and appears to be continuing.

No catastrophe events in India in 2009 so far.

The Govt. owned insurance companies have a market share of approx. 60%. Strangely they are the most aggressive in garnering business at what appears to be, suicidal premium rates – almost 80% to 90% below the rates quoted 2-3 years. In contrast, private sector insurers have curbed discounts to approx. 60% and appear to be concentrating more on retail business. Motor and health insurance are the major growth areas.

A few more private /joint venture insurance companies are likely to start operations in India in the next 6-9 months after regulatory approvals are received. The largest of these will be the joint venture between State Bank of India (the largest bank in India – predominantly govt. owned) and IAG of Australia.

The average age of adjusters in the country seems to be rising and the shortage of experienced adjusters can only increase. Regrettably, Insurers and brokers do not seem to be alarmed about this issue. System driven approach seems to replace common sense and experience – presumably everywhere.

Best wishes to all

Saumil Mehta
India.