

# COMMUNIQUE

IFFCO-TOKIO NEWSLETTER



DECEMBER 2014

FOR PRIVATE CIRCULATION ONLY

## MESSAGE FROM MD & CEO'S DESK



Right from the time of its formation, the new government has shown clear intent to boost the economy; and with this in mind, has initiated many economic reforms. The much awaited insurance reform is one of them. Although the markets are already bullish with these announcements, results are yet to come and will take some more time to manifest.

General Insurance Industry during the period April-September'2014, grew at 10.2% and have underwritten a GWP of ₹41,846 crores as against ₹38,718 crores during the same period in the previous year. Our company's growth during the period has been in line with the industry growth and the company has underwritten GWP of ₹1626.20 crores. It is anticipated that the second half of the financial year will see a higher growth for the company.

Indian General Insurance Industry has so far primarily focused on industrial and urban customers. There is now too much of competition in this segment. Whereas we find that the rural markets that provide an area of immense opportunity for Insurance should now be the area of focus. These markets are exciting because of their huge market size, growing disposable income and resultant consumerism. The reach of mobile phones and television has created a new-age rural consumer who is equally curious, if not more, as his urban peers. However, the big challenge now remains in how to reach this consumer both for sales and service.

Reaching these lucrative markets is not easy. High cost of

acquisition, lack of quality infrastructure and IT connectivity are only some of the key challenges. Insurance wise, rural India suffers from poor financial literacy. However, the average consumer understands the risks associated with the loss of life which further adds to the family's hardship. Going forward, the awareness for retail products like motor, personal accident and health is expected to rise.

It is our belief that in order to penetrate the rural markets, insurers shall need to follow a two-pronged strategy. Besides an agent-partner model, effective use of technology especially online technology can help in providing access for these markets. Care should be taken to create and market products which are simple and easy to understand by the customer. India being a multi-lingual country, product information can be made available in the local language of the target market.

Recently, we inducted a new batch of Management Trainees across different functions. I wish the new joiners my best wishes and welcome them to the IFFCO-TOKIO family.

I also wish you and your loved ones a prosperous year ahead.

Warm Regards,

Yogesh Lohiya

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## EDITOR'S NOTE

E-commerce is the latest buzz word in the present business environment. Earlier belief that this western consumer buying behavior may not find a place in India, has surely thrown up a surprise, once again. We saw this happening in aviation and railway ticketing. E-commerce companies are doing whatever it takes—from offering discounts to providing seamless shopping experience—to win over customers.

The recent “The Big Billion Day” idea from Flipkart has been a trendsetter and has re-established the potential that digital holds. This trend is becoming catalyst to other innovations. For example, brick and mortar stores, the life of which is increasingly becoming difficult due to e-commerce trade that take the help of startup e-tailers, and are using innovative technologies like location-based tracking of mobile and wi-fi networks to serve customers in the vicinity.

Digital medium, having successfully disrupted sectors like e-commerce, travel and music already is now, a certainty in insurance. Estimates suggest that by the year 2021, four out of every five insurance policies in retail will be purchased through digital. This will be the result of large section of population becoming digital savvy and thereby changing the average customer behavior. Another key incentive is that the customer also stands to gain tangible benefits out of these transactions. To prepare for this sweeping change, Insurers shall have to work on products, IT platforms, service delivery mechanism and ownership of customers.

IFFCO-TOKIO has started moving in this direction. We intend to embrace this digital wave and benefit from it.

With Best Wishes,

K.K. Aggarwal

## COMPANY NEWS

### IFFCO-TOKIO joins the Government of India's Golden Hour Initiative



Driving down the Vadodara-Mumbai stretch of National Highway-8 just got a lot safer.

Travelers on this stretch, one of India's busiest highways, can now call 1033 (toll free) for an ambulance which will reach the accident spot in under 15 minutes and thereafter take the injured to the nearest hospital in just another 15 minutes. Time is critical in any medical emergency and the chances of saving a life are highest in the first hour of an accident also known as “The Golden Hour”.

In September 2014, IFFCO-TOKIO joined a Government of India initiative to provide Cashless Treatment to road

accident victims on the Vadodara-Mumbai stretch of NH-8. This pilot project is the 3<sup>rd</sup> such initiative, the other two being Gurgaon-Jaipur stretch of NH-8 and Ranchi-Rargaon-Mahulia stretch of NH-33. The project is extremely important as data collected will provide the foundation for a pan-India roll out next year.

#### The project highlights are:

- Covers over 400 kms, the largest such project ever undertaken in India
- Hospital network of over 400 hospitals will attend to accident victims, an average of 1 hospital per km
- 20 high-end ambulances will attend to the injured in 15 minutes of an accident
- An ambulance will be present every 20 km
- Coverage of upto ₹30,000 or first 48 hours (whichever is earlier) to be provided
- Cashless treatment will be provided to anyone on the highway
- Data collected will create the foundation for a pan-India roll out
- Premium is borne by the 'Ministry of Road Transport and Highways'

- Duration of project will be 1 year from September 2014

## In the project IFFCO-TOKIO will:

- Administer cashless treatment to anyone injured on the stretch
- Manage the hospital network of over 400 hospitals along the highway
- Provide and manage 20 world-class ambulances along the route
- Manage the centralized call-center helpline 1033 round-the-clock

India is one of the leading countries in terms of the number of road deaths across the globe. Often accident victims are unable to reach the hospital in time leading to loss of life or life-long injuries. Thus, a need for such a service was always there and this initiative is a step in the right direction.

## IFFCO-TOKIO features in "The Japan Times"

IFFCO-TOKIO featured in a Special Edition of "The Japan Times" on 2<sup>nd</sup> October 2014. The special edition covered the Indian Prime Minister Narendra Modi's visit to Japan in September 2014.

The Japan Times, an English daily owned by The Japan Times Ltd, was founded in 1897 and is one of the leading English dailies in Japan.

## IFFCO-TOKIO bags 7 districts in Karnataka for RSBY scheme



Karnataka Chief Minister inaugurated RSBY scheme in Bellary district on 29<sup>th</sup> Sep 2014 where IFFCO Tokio signed the MoU with Labour department, Karnataka and exchanged the MoU in presence of Chief Minister Mr. Sidharamaiya, Labour Minister Mr. Parameshwar Naik and Labour Commissioner Dr. Vishwanatha, I.A.S.

27.60 lack BPL families are being covered in Belgaum, Bagalkot, Bijapur, Dharwad, Gadag, Haveri and Uttara Kannada districts.

## IFFCO-TOKIO bags Information Week EDGE Award for Mobility

IFFCO-TOKIO bagged the Information Week EDGE Award for Mobility applications. The award is given to organizations that use IT for maximizing business impact. Mr. Saaju Anthony received the Award from Mr. Vinit Goenka, National Media Head – BJP on 5<sup>th</sup> September 2014 at Mumbai.



This year, the award was presented to over 167 corporate groups and NGOs for their IT initiatives.



MD with Mr. Yangchan Park (New CRO)  
Samsung Fire & Marine (India)



Mr. Watanabe (Manager) at Tokio Marine  
with Management Committee



## Training and Workshops

- All the Executive Vice-Presidents and Directors participated in an Experiential Learning Workshop at Best Western, Manesar from 18<sup>th</sup> to 20<sup>th</sup> September 2014.



- In line with the company's focus on augmenting behavioral competencies for Middle Managers through developmental training for higher productivity, one-day training was conducted for SBU Heads and senior-level employees at Regional Office. The training programmes were conducted on 2<sup>nd</sup> August 2014 and 20<sup>th</sup> September 2014 for the West and South regions respectively. Life-skills like trust building, accentuating the positive and reflecting the negative behavior were imparted in the sessions.



- On 7<sup>th</sup> August 2014, a one-day workshop for OEM Account Managers was conducted at the Corporate Office. At the workshop, Mr. Jagmohan Bhatti, Mr. Ramakant Dilip Mandhare and Mr. Manish Hora were awarded Top Performer's Trophy in the OEM segment.



- The new batch of Management Trainees that joined the IFFCO-TOKIO family underwent a 3-week Induction program.



## INDUSTRY NEWS

### **New Act proposes heavy fines for uninsured vehicles**

Driving an uninsured vehicle was never advisable, however, the risk will go up a few notches.

The Government of India, under the new Road Transport and Safety Bill has proposed hefty fines on vehicles found without insurance. This should dissuade vehicle owners who were earlier able to get away without buying motor insurance and preferred paying a paltry fine of ₹1000. Motorists across the country will get the encouragement to keep their vehicle insurance up and running.

The new Act proposes fines of ₹10,000 for motorcycles, ₹25,000 for light vehicles (auto rickshaws and cars) and ₹75,000 for heavy vehicles (HMs). It must be noted that despite motor insurance being mandatory under the law, over 70% of 2-wheelers and over 30% of 4-wheelers in India still run without any form of insurance.

In addition to increasing the fines, the Act aims to make motorists more responsible and sensitive while on the road. Through the Act, the government is hoping to gain long-term benefits like reduction in accident rates, injuries and fatalities. This shall have a cascading effect on general insurance sector which is currently struggling with excessive Motor "Third Party" claims.

The new Act should help increase motor insurance awareness as well as penetration.

### **IRDA opens up long-term motor policies**

IRDA, in a recent notification, allowed insurers to start selling 2-wheeler policies with "Third Party" premium for 3 years. This is an encouraging move and insurers will now look to develop comprehensive long term motor products which include both "Own Damage" and "Third Party" covers.

IRDA has specified that the total "Third Party" premium charged over 3 years will be 3 times the annual premium. The premium will be paid upfront in one go and will not be revised again in those 3 years. The cover cannot be cancelled under any circumstance except due to total loss. In case of a total loss, the remaining "Third Party" premium, if any, shall be refunded to the customer.

In India, although motor insurance is a compulsory cover, over 70% of 2-wheelers and over 30% of 4-wheelers remain uninsured. Long term policies are expected to improve these statistics. Additionally, these policies will be cheaper for customers as insurers will be able to pass on cost savings and the premium will remain same for 3 years. For the insurers, long term policies mean reduction on cost of

servicing such policies.

Long term motor insurance policies in other categories like 4-wheelers are expected to follow soon.

### **Natural disasters – the impact on insurers**

The country witnessed two major natural disasters recently.

In September 2014, the state of Jammu & Kashmir was hit by the worst ever floods in the last 60 years. The insurers are expecting claims of over ₹3000 crores from these floods.

In the month of October 2014, cyclone Hudhud caused extensive damage to many parts of Andhra Pradesh and caused large scale devastation in Vishakhapatnam, Vizianagaram and Srikakulam. Insurance claims from Hudhud are expected to cross ₹4000 crores.

In the aftermath of two back-to-back natural disasters in the country, the call for creation of a natural catastrophe pool has gained momentum. All general insurers will contribute to the pool and the funds will be used to settle natural disaster claims.

In June 2013, the floods that affected the North Indian state of Uttarakhand resulted in claims of around ₹1,500 crores.

### **IRDA working group on F&U submits report**

In April 2014, IRDA created a working group to review the "File & Use" guidelines for general insurers.

The 8-member group was asked to examine the current guidelines and brainstorm the possibility of better general insurance products in line with the consumer and insurer needs. IRDA suggested that simple, viable and useful products, that are sustainable for insurers, should be made available to consumers.

The working group submitted its recommendations recently. It suggested that general insurers be allowed to launch "pilot products" for a short period of time in a defined area with defined exposure limits, after informing IRDA. After gaining the experience, insurers can finalize the product and file it for final approval. The working group noted that developing innovative products required experimentation, testing, refinement and finalization. The current system jumps directly from experimentation to finalization. The new use-and-file system is a big step in this direction.

With the average consumer in mind, the working group has



also suggested classification of products in two broad categories – retail and commercial.

The working group has suggested creation of product management committees within insurance companies, to create a self regulating mechanism for management of products within the company. All products need to be approved another important suggestion is that if IRDA does not revert on products filed under File & Use, insurers can

launch such products.

Regarding pricing, the group suggested that the appointed actuary of an insurer be given pricing flexibility to the extent of acquisition cost and profit margin built into the product, subject to IRDA approval and an overriding condition that the combined ratio for the said product shall be below 100%.

## CORPORATE SOCIAL RESPONSIBILITY

### **Blood donation camp conducted by IFFCO-TOKIO – Team Gujarat**

On 20<sup>th</sup> September 2014, our Gujarat team conducted a Blood Donation Camp across 25 locations in Gujarat. The camp saw enthusiastic participation across all locations and a total of 1057 units of blood were collected from 1397 visitors.

The camp was inaugurated by Mr. Raju Jani along with Mr. Milan Sanghvi, Ms. Milan Mistry and Mr. Vishal Shah.

### **Plantation day celebrated by Ahmedabad retail -1 SBU**

On 23<sup>rd</sup> August 2014, Ahmedabad Retail -1 SBU celebrated Plantation Day. On the occasion, Ms. Kumud Pandya with



the support of Mr. Nikhil Shah coordinated the entire event with the rest of the team members ably supporting them.

Dedicated teams drove this wonderful initiative across different locales namely: schools, residences, societies, roadsides, dealers, gardens, etc.

The camp was inaugurated by Mr. Raju Jani along with Mr. Milan Sanghvi, Ms. Milan Mistry and Mr. Vishal Shah.

### **Mumbai office helps 3-year old child suffering from Leukemia**

Our Mumbai Retail Regional Office and SBUs put together a voluntary contribution of ₹11,000 for the treatment of 3-year old Aayush Mandar Nikale. Aayush, currently suffering



from Acute Lymphoblastic Leukemia, is undergoing treatment at the Jupiter Hospital in Thane. The amount was contributed by executives of Mumbai Retail RO and Chembur SBU.

## ENCOURAGE TEAM WORK AT WORK PLACE

**"There is no security on this earth. There is only opportunity."**

Avail an opportunity immediately, lest somebody else shall grab it. To exploit an opportunity we need an organization which performs and performance of an organization

depends upon the readiness of people to work together as a TEAM. When a group performs a task, they act as team and seek to develop a co-operative state called Team Work. A team, therefore, is a coordinated action by a co-operative group which is in regular contact with each other, wherein the members contribute responsibly and enthusiastically

towards task achievement. The Team may be further analyzed as:

**T - Together**

**E - Effectively**

**A - Achieve**

**M - More**

#### **Guideline for Effective Team Building:**

- 1. Clarity of role and objective** - A team can work together effectively only when each member knows the role of other members of the team with whom they will be interacting. The objectives must be clear in the minds of the members of the team so that there is no ambiguity while they function.
- 2. Compose the group, ready to learn** - While composing the group one must ensure that each member should be ready to learn and acquire the requisite knowledge of his/her field.

**Enough of science and of art;  
Close up those barren leaves;  
Come forth and bring with you a heart;  
That watches and receives.**

- 3. Clear expectations** - The clear cut expectations should be communicated.
- 4. Context** - The context as to where the team work fits into the organizational goal to be known to all team members.
- 5. Commitment** - Complete commitment and integration towards the team objective amongst all.
- 6. Competence** - Ascertain the competence of team members and fit them accordingly.
- 7. Charter** - Team to take up its assigned area of responsibility and design its own mission, vision and strategies.
- 8. Control** - The team should have the freedom and empowerment to accomplish its charter but at the same time the members should be aware about the limitation and exercise proper control.
- 9. Collaboration** - Working together in coordination effectively.
- 10. Communication** - Proper and honest method of feedback for effective communication.
- 11. Creative innovation** - Encourage creative thinking and innovations.



- 12. Consequences** - Team members to feel responsible for the team achievement. Organization to design system to recognize both team and individual performance.

#### **Role of Team Leader/Manager**

Leadership is the sine-qua-non for effective team building and in order to define leadership, we may state that it is an art of influencing individual or group activities towards the achievement of Institution's objectives. Leadership actually represents a category of behavior and a dynamic process by which an individual behaves in a manner that influences others to follow him.

To make the human resource operate in unison and to their optimum capacity, it requires a continuing motivated contribution from its human resource through proper utilization of vehicles of participative decision making, delegation, communication, feedback and management by objective (MBO). Each of these vehicles requires very delicate handling and careful balancing and when a Manager succeeds in achieving these, he automatically attains the status of a Leader. Remember a Leader should:

**"Be not like a sign-post, but go the way you point."**

A Team leader/Manager must be people oriented and ensure the achievement of goals through people, usher a team spirit and ensure that the Team is able to perform the task with full vigor and within the time frame assigned.

Once the objective is clear one should mentally convert himself in to a powerful force, enough to conquer all obstacles and also endeavor to achieve the assigned objective with speed and not approach it with leisurely attitude, lest someone else would grab the opportunity available. The below mentioned couplets of Ramayan is an illustrative example of the above:

**"Ram Kaj lagi tav Avatara,  
Sunat hi Bhayav Parvata Kara."**

**"Jimi Amodh Raghupati Kar Bana,  
Aehi Banhti Chaleu Hanumana."**

When Lord Hanuman was specifically told about the objective for which he took incarnation he converted himself into a mountain and then he leapt towards Lanka with a force similar to that of the "Amodh Astra" released by Lord Ram.

The Team Leader/Manager should adapt an evangelistic style and ensure that the team synergy is maintained at optimum level and goals are achieved.

In this era of stiff competition the sustenance and growth of any organization depends upon the 'team effort'. It generates mutual respect and support amongst all team members and endeavors to achieve the objective in a collaborative and coordinated manner.

**Contributed by Mr. Ramesh Kumar - EVP (HR & Training)**

DIWALI

## RANGOLI COMPETITION AT CORPORATE OFFICE



IFFCO TOKIO

## AT THE AIRTEL DELHI MARATHON ON 23<sup>rd</sup> NOVEMBER 2014



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