

# COMMUNIQUE

IFFCO-TOKIO NEWSLETTER



FEBRUARY 2015

FOR PRIVATE CIRCULATION ONLY

## MESSAGE FROM MD & CEO'S DESK

## SPECIAL EDITION



Indian insurance market is on the verge of witnessing many changes in the coming year. The initiative of the Government to liberalise the sector is taking up shape now and measures to boost the economic growth have started taking off. The passing of The Insurance Laws (Amendment) Bill 2015 in the Parliament, in addition to increasing the FDI limit from 26% to 49%, has also opened the sector for foreign reinsurers to establish offices in India. Various provisions under the Insurance Act, 1938 have been amended to empower IRDA to regulate the sector in line with the emerging environment. The requirement of licensing of insurance agents and also of appointment of loss assessors has been liberalised.

During the current financial year, in the period upto January 2015, general insurance industry (excluding specialised insurers) grew by 10.00% as compared to 13.90% during the same period last year. During this period, IFFCO TOKIO growth at 12.10% has been better than the industry growth and is in line with the planned targets of the company. From the industry perspective, the years ahead are quite promising. In keeping their commitment to achieve higher GDP growth, the Central Government in the Union Budget 2015 has announced

various measures for consistent investment in infrastructure and social security schemes. Hurdles in development of Road, Power and Railways are being taken care by legislative changes. The recent decision of the Government to implement new monetary policy framework led to the Central Bank cutting lending rates, thus making funds available for industrial growth at reduced interest rates. These measures will open growth for the insurance sector.

For us at IFFCO TOKIO, the timing of these positive developments could not have been better. Being one of the earliest private sector entrants in insurance market, and supported by leading brands like IFFCO and Tokio Marine, we are perfectly poised to embrace these changes. We have built in various strategies in our Business Plan for 2015-16 to grow faster than the industry growth. I am sure that with the continued trust of our customers and the concerted efforts of all our employee, business partners and service providers will take the company to greater heights.

Warm Regards

Yogesh Lohiya

### CONTENTS

MD's Message .....	1
Editor's Note .....	2
Company News .....	3
Industry News .....	4
'Good Company' Concept in Mr. Tsuyoshi Nagano's Words .....	5-7
A Conversation With Mr. Tsuyoshi Nagano .....	7-8

## EDITOR'S NOTE

In this dynamic market environment, the flexibility of an organisation to change is often the key to its success. However, it has been often observed that in the urge to change, speed takes priority over strategy. Most organisations try to follow their peers in the sector without understanding their own strategic knowledge assets, core competencies and basic DNA. Although organisations try to create inventories of their existing knowledge base, they fail to map and leverage the same due to lack of good knowledge management systems in place. A classic knowledge management system should help organisations to identify, map and leverage most strategic assets for their successful future.

The years ahead for insurance companies in India will be quite challenging. With more and more players likely to enter the sector, it is imperative for the companies to strategise for the future ahead basis their knowledge assets base: core competencies, area of expertise, intellectual property and deep pool of talent. Joint venture insurance companies like ours have the distinct advantage of knowledge assets of their promoters which they must combine and leverage for an effective strategy. Best practices and efficient systems of international promoters can be customised for local conditions. It is extremely important that companies do not lose sight of their core values while building strategies for future.

With Best Wishes,

K.K. Aggarwal



*Welcoming Mr. Nagano, President (Tokio Marine Holdings) to Corporate Office on 22<sup>nd</sup> January 2015*



*Sharing New Year greetings with employees*



*Santa Claus appears at MD's Office*

## COMPANY NEWS

### The visit of Tokio Marine MD and CEO Mr. Nagano

Recently, the MD and CEO of Tokio Marine Holdings Mr. Tsuyoshi Nagano visited the Head Office of IFFCO TOKIO. This was his first visit as the MD and CEO. During his visit, Mr. Nagano addressed all the employees at the Head Office directly, and the other offices through a webcast. In his address, Mr. Nagano shared his vision for the company and his concept of "Good Company".

### All India Business/Customer Service Heads Seminar in Gurgaon



*Business/Customer Service Heads of IFFCO TOKIO*

The company recently hosted all the Business and Customer Service Heads in a seminar in Gurgaon. The seminar was attended by the Top Management Team. Inaugurating the seminar Mr Yogesh Lohiya, MD and CEO shared the future vision and plans of the company. Mr H.O.Suri, Director Marketing, in his address, briefed the gathering on business strategies of the company and unveiled a new organisation structure of business units to be followed from 1<sup>st</sup> April, 2015. The Chief Technology Officer shared various IT initiatives and proposed improvements. The Underwriting Heads updated delegates on underwriting philosophy and guidelines of the Company. Mr. Ichiro Maeda, Director Operations in his concluding remarks urged the delegates to follow "Good Company Concept" of TM Holdings.

### Meeting our extended family - Agents

We conducted the "Agents Meet" across different cities over the last few months. The idea for the meet was to keep the agents updated with product changes, provide an open platform for discussion and to identify and encourage the top performers. The meets were conducted across Agra, Ahmedabad, Lucknow, Raipur, Ludhiana, Jalandhar and Chennai over the months of December 2014 to February 2015.

### IFFCO TOKIO stall at FAI seminar

The Fertiliser Association of India (FAI) representing fertiliser manufacturers, distributors, importers, equipment



*MD IFFCO Dr. U.S. Awasthi with MD IFFCO TOKIO at the stall*

manufacturers, research institutes and suppliers of inputs, organised its 50<sup>th</sup> Seminar from 10-12<sup>th</sup> December, 2014 at JW Marriott Hotel Aerocity, New Delhi. IFFCO TOKIO as a leading insurance solution provider to the fertiliser industry set up a stall at the seminar to showcase the Insurance products offered.

### Training

The Technical Claim Officers placed at CSCs & Satellite Offices recently underwent a Specialised Training at the Jamshedpur plant of TATA Motors.

"The Tata Motors Training Program at Jamshedpur was a great experience. Apart from intricate technical details and discussions on issues faced, the visit to production and assembling lines were of great help." said one of the participants.



*The Tata Motors Training Program at Jamshedpur*

Advanced Technical Training for Motor OD Claims was held from 22<sup>nd</sup>-24<sup>th</sup> January 2015 at Corporate Office with experts from Tokio Marine. Claims Officers and In-House Surveyors participated in the program.

## INDUSTRY NEWS

### Insurance Bill passed in the Parliament

Recently, the Rajya Sabha passed the Insurance Laws (Amendment) Bill 2015, paving the way for the next phase of reforms in the insurance sector. This is being viewed as a major milestone in the history of the Indian Insurance Sector, which saw the first phase of reforms over 15 years back when the sector was opened up for private insurers. Over the last few years, successive governments have been trying to pass the bill, without much success. While the first phase of reforms created a solid foundation for the insurance sector in India, this phase is expected to help the sector leapfrog further by building on that foundation.

Some of the notable features of the bill are as follows:

- Increase in FDI from 26% to 49% - Foreign investors will be able to increase their investment from the current 26% to 49%. This will result in an inflow of over ₹20,000 crores in short term and over ₹60,000 crores over the long term.
- Foreign reinsurers allowed to open branches - International reinsurers, who until now, were operating through brokers, have now been allowed to open branches in India. This will allow better understanding of Indian markets and will improve overall coordination.
- Increased power to regulator - The bill allows for a shift of power from the Central government to the regulator. This decentralisation is a welcome move because IRDA will now be able to take decision faster leading to an overall better system.
- Severe penalties stipulated - Keeping in view that the customer's interest is paramount, the bill provides for severe penalties for all cases of default on the guidelines prescribed by IRDAI from time to time.

### IRDAI envisions better claim management for natural disasters

The insurance regulator IRDA, is planning to revamp the claim management process for insurance claims which originate from natural disasters. The regulator, in partnership with General Insurance Council, has invited suggestions to improve the natural disaster claims management process and inputs provided shall be incorporated into a guidebook which will provide the broad structure and guidelines for such claims in the future.

A need to revisit the existing process was felt in the aftermath of two major natural disasters that hit the country in 2014. In September 2014, the state of Jammu and Kashmir was ravaged by possibly the most catastrophic floods in history, while October 2014 saw many parts of Andhra Pradesh getting affected by Cyclone Hudhud.

In all, over ₹2000 crores and ₹2700 crores worth of insurance claims were reported from J&K floods and Cyclone Hudhud respectively. Early cyclone warning and efficient disaster management ensured that the government was better prepared to handle Cyclone Hudhud, thereby containing individual losses to a large extent. Torrential rainfall,

landslides, difficult topography of the region and the slow disaster response resulted in massive floods that lasted days and affected individuals more than businesses. Thus, while most of the claims from Cyclone Hudhud were business claims, the claims that originated from J&K floods were mostly from retail customers.

While IRDAI noted that over 90% of the claims which resulted from J&K Floods and Cyclone Hudhud have been paid by insurers, it felt that the existing system could be better and the concerns should be addressed to create a simpler and more efficient claim settlement process for the future.

### Government proposes ₹1500 crores Nuclear Liability Pool

The Government of India has proposed the creation of ₹1500 crores Nuclear Liability Pool to cover claims arising out of nuclear disasters. The decision to create this pool is considered to be a major step towards the fulfilment of the India-US Civil Nuclear Deal. Through this pool, the government hopes that concerns related to liability of foreign nuclear manufacturers and suppliers should be taken care of.

The IRDAI, India's insurance regulator has given the go ahead for this. The pool shall cover both operators and suppliers. It will cover risks arising out of nuclear reactors and shall cover both hot zones (radiation and nuclear reactors) and cold zones (outside nuclear reactors).

Currently, nuclear reactors in the country provide coverage in the cold zones (outside nuclear reactors) only due to lack of sufficient data on the liability of hot zone. This will change as soon as the new pool comes into effect because the premium collected will be used to provide coverage inside the hot zones.

### Insurers should create simple and low cost products

In an effort to create financial inclusion amongst the masses, the government has suggested that insurers should leverage the extensive network created by the Pradhanmantri Jan Dhan Yojana.

Mr. Hasmukh Adhia, Secretary, Financial Services and Mr. T.S. Vijayan, Chairman, IRDA suggested this in a meeting held to review the performance of insurance sector in India. In order to increase insurance penetration amongst the common people, it was suggested that insurers should create simple and low cost insurance products. Such products could be effectively distributed through the network created by Pradhanmantri Jan Dhan Yojana.

It must be noted that through the Pradhanmantri Jan Dhan Yojana, the Government of India opened over 11 crore bank accounts for Indian householders who did not have access to any banking facility before this. Although the accounts are zero balance accounts, account-holders have deposited a corpus of over ₹9000 crores in the accounts opened under this scheme. Among other things, the scheme gives the account-holders Rupay debit cards and a term insurance benefit of ₹1 lakh.

## 'Good Company' Concept in Mr. Tsuyoshi Nagano's Words



**Mr. Tsuyoshi Nagano, President & CEO Tokio Marine Holdings**

*President of TMHD, Mr. Tsuyoshi Nagano has delivered a hearty message with strong passion in respect of 'Good Company' concept in his visit. More than 200 local staff attended the session and his address was broadcast all over India through TV conference system and more than 1,000 staff enjoyed the live address.*

Ladies and Gentlemen,

Good Morning, I am Nick Nagano, CEO of Tokio Marine Holdings. It has already been 18 months since Mr. Sumi, our current chairman, passed me the baton of CEO in June 2013, and I am really pleased that I finally have the opportunity to visit this wonderful country, again and more importantly have the opportunity to meet with you all. Firstly, thank you so much for the hard work you put in every day to provide the best service you can to our customers and clients. India is such a vital market to the Tokio Marine group which provides such huge growth potential, and in order for us to realise this potential, dedicated and motivated people like you all is the key. I truly appreciate the great effort and hard work all of you have put in over the past decade to make this company the third largest general insurance company in the private sector. I am convinced that IFFCO TOKIO is the most successful joint venture business within the Tokio Marine Group and represents the ideal hybrid company between India and Japan.

I would like to use this opportunity today to talk with you about my vision of the Insurance Group I believe we should and are trying to build. Anyway, I will start by telling you a bit about my background. I joined Tokio Marine in 1975, so this year will mark my 40<sup>th</sup> anniversary with the company. Saying that makes me seem old but I can tell you I feel younger and more passionate about our business than I ever have. Of the 38 years prior to becoming CEO I spent 24 of them in domestic and international sales and the remaining 14 were spent in the planning, marketing and product development departments. So I have been lucky to experience many aspects of our business. In the two years prior to being CEO, I was the executive in charge of Tokio Marine Group's international business. During that time I was fortunate to have the opportunity to visit India and this trip marks my first time back in 3 years.

Because of my background as a salesperson I find it essential

to be as connected with the field as possible: to understand what is going on with our customers and business partners, to hear their needs and to listen to the real voices of the people working for our company, rather than just reading reports. These types of visits are such a valuable and enjoyable experience through which I always learn so much.

In addition to being CEO of Tokio Marine Holdings, I am also the President and CEO of Tokio Marine Nichido & Fire Insurance Company which is the Japanese domestic non-life company and the biggest company in the group with over 17,000 employees. Since becoming CEO & President I have taken the opportunity to travel around Japan to share my ideas and interact with our employees. So far I have managed to visit approximately half of our branch offices. But of course I haven't travelled just in Japan but I have also visited many of our branch offices internationally from Shanghai to Sao Paulo.

I have visited all of these places all over the world but my first destination after becoming CEO was the Tohoku region in Japan which was affected so gravely by the Great East Japan Earthquake and the tsunami that followed. At the time of the



*Greeting employees with a 'Namaste'*



*Mr. Nagano welcomed with flowers*

earthquake, I was the Executive in charge of Corporate Planning and was assigned to lead our taskforce to support victims of disaster. For the next three months, with employees from throughout Japan we worked tirelessly to try to get claims settled and help people start putting their lives back together. It was probably the toughest time of my career but also the most meaningful.

From that June I was then given my new assignment for the international business and for the next 2 years I was working away from the recovery efforts but always in my mind I wanted to know how everything was progressing. To be honest, on that first trip back as CEO I really felt like while the initial clean-up was finished, the real work of helping to put people's lives and communities back together was still to come.

The reason why I chose it as my first destination was of course to see how the reconstruction was coming along but it also gave me the opportunity to consider the company I wished to pass on to future generations. The disaster brought so much pain and suffering to so many, but in looking at the recovery we could directly see the value of the work we do, as the payment of claims through policies we and our agent network recommend provided relief and helped people start immediately rebuilding their lives. We learnt so much from the tragic events about our role as a company in society, about how to leverage the strengths of each team member, about being proactive to get things done and not just waiting for instructions. These are lessons that I don't think I could ever forget, nor should I ever forget as they serve as our point of origin.

For the past few years we have been running the senior and



*Employees listening to Mr. Nagano*



*Mr. Nagano at Corporate Office entrance*

middle global leadership program. These programs are made up of key future leaders from around the world. In the future I hope to see some of the people here selected. One cornerstone of both programs is a visit to the disaster region. The look in their eyes is completely different before and after the visit; they also feel something profound through their time there. And while this is easy to feel in the wake of natural disasters because it affects regions and countries on a huge scale, we must never forget that every accident and claim has a similar impact on the individual concerned. While achieving financial goals is an essential part of being a business, this is not the fundamental reason we exist. We exist to be there for people all over the world in moments like these when they most need our support. We must be seen as providing an essential service to society and must be the company to whom clients turn. To be a continuous resource and a trusted advisor to customers is not only a goal but the very reason we exist. I would like to show you a short video regarding the 'Good Company Vision' and the Tsunami that occurred in the Tohoku Region of Japan. I believe through this video you can better understand the concept and its origin.

*(The excerpt of Video Played)*

"As you may know The Tokio Marine Group has a 135 year history but in Japan there are many companies that have existed for over 200 years. How many would you guess? There are actually 3113 (three thousand one hundred and thirteen) which represents over half of the total number in the world. I became interested in the reasons why there were so many companies and looked into what had allowed them to exist for so long.

Was it simply that they had attained their financial goals every year for all that time?

The answer I found was a clear 'no'.

What I discovered was that all of these companies shared a unique perspective. Their ideas were not simply around what can we sell. Rather they thought deeply about their connection to clients, how they could better serve their community, how they could contribute and why they would be selected by the market. By concentrating on these principles, they found their place and became part of society, earned trust and from there results flowed. So companies that exist for 200 years plus are not there just as a result of making profit but rather because they were chosen by their customers and became a necessary presence in their communities.

The driving force behind this objective is of course our people- both empowered and proactive employees. For me

there is nothing more valuable, more important than engaged, energised and motivated employees. I want to build a company in which employees and their families feel a profound sense of satisfaction in joining us and are proud that they work here." (VTR playends)

As all of you are aware, "Look Beyond Profit", "Empowerment of Our People" and "Deliver on Commitments" are the key words for GOOD COMPANY concept. I am very happy with IFFCO TOKIO because this company is contributing so much to both customers and society, including rural areas, and achieving excellent top and bottom line commitments based on customer trust. I hope that the IT & Business Process Innovation initiatives will deliver better services and further enhance customer trust.

The insurance business is a people's business. We will aim for sustainable growth with self-motivated, proactive people and a dynamic organisation as the driving force of our competitive advantage. I hope IFFCO TOKIO will strengthen training programs for both employees and agents to develop strong human resources under the strong leadership of Mr. Lohiya.

I am very aware of the fact that we are made up of many individual components and needless to say, each part of the Tokio Marine Group, whether direct organic business, new acquisition or joint venture, has its own strengths, history and culture. We must ensure that we value and embrace these positive virtues. So along with the group vision, we must work together to leverage these assets and become a stronger company, a kinder company.

This is a journey I believe that has no destination. The moment that we say to ourselves we have already become a good company, I believe, is the beginning of the end. We must always be striving to do something more for our clients, our partners and society, this is what is most important on our timeless endeavour 'to be a good company'. I ask for your support and help as this can not be achieved by my words but through the actions of all of our team members every day.

Now, India is changing under the strong leadership of Prime Minister Modi and Japan India bilateral relations are getting closer and stronger. We welcome the deregulation of FDI and India and Japan will enjoy a special partnership that will lead to mutual sustainable growth.

Thank you very much for listening to my ideas and thoughts and let's make a GOOD COMPANY together in India.



*Mrs. Nagano welcomed by MD & CEO*



*Mr. H.O. Suri (Director Marketing) welcomes Mr. Arthur Lee (CEO Tokio Marine Asia Pte. Ltd.)*

## A CONVERSATION WITH MR. TSUYOSHI NAGANO

### 1. Any thoughts you would want to share on IFFCO TOKIO?

I am very pleased with this company as it is contributing so much to both customers and society, including rural areas, and achieving excellent top and bottom line commitments based on customer trust. I believe that the insurance business is a people's business. We will aim for sustainable growth with self-motivated, proactive people and a dynamic organisation as the driving force of our competitive advantage.

I am very aware of the fact that we are made up of many individual components and needless to say, each part of the Tokio Marine Group, whether direct organic business, new acquisition or joint venture, has its own strengths, history and culture. We must ensure that we value and embrace these positive virtues. So along with the group vision, we must work together to leverage these assets and become a stronger company, a kinder company.

Let's make a "GOOD COMPANY" together in India.



*Surprise for trainees of In-house surveyor workshop*



*Mr. Tandon (Financial Advisor) welcomes Mr. Tad Uhera Managing Executive Officer TMH*

**2. Would you like to comment on the increased FDI in Insurance sector?**

I witness that India is changing under the strong leadership of Prime Minister Modi and Japan India bilateral relations are getting closer and stronger. We welcome the deregulation of FDI and India and Japan will enjoy a special partnership that will lead to mutual sustainable growth.

**3. Faced with several options, how do you choose the optimal one? More so when none of them are sufficient to achieve the goal?**

I always bear in mind that "honesty is the best policy" when pondering over the decision.

**4. Under what circumstances would you take instant decision and when would you take time in deciding?**

When I feel the passion of my employees who think seriously what they should do, the decision is easier, which means to trust and respect their judgments.

**5. What books are you currently reading?**

The book I have recently read is "How Google Works". The book is about lessons Google Executive Chairman and Ex-CEO Eric Schmidt and former SVP of Products Jonathan Rosenberg learned as they helped build the Company.

**6. How do you keep up-to-date with local, national, and international trends in our Industry?**

I always go through any documents, reports or newspapers circulated and try to get opinions or insights from several persons/experts even on a specific topic.

**7. How do you ensure that the direction that you give to your employees is actually followed through upon?**

It is not my management style to follow up if the direction is in line with my expectation. Instead, I prefer to entrust our employees and respect their ideas.

Giving people the space to make responsible decisions helps them take ownership of those decisions, which builds their leadership, self esteem and confidence. It increases their level of happiness and job satisfaction, which leads to higher engagement and more productivity. A win-win for both the company and the employee.

**8. How many hours a week do you spend on work? What about family/hobbies?**

I am usually in my office at 8:30 and return home around 21:00-22:00 after dinner with my clients. Inclusive of these interactions, I spend 60 hours a week on work. During the weekend, I go shopping or have a meal with my wife or schedule to play golf with the clients. I sometimes swim in the pool at my condo for keeping in good shape.

**9. What according to you are the key skills that define a successful CEO?**

It is to motivate and empower your employees. I would like to quote one of famous words coming from Andrew Carnegie (1835-1919) known as the "steel king of America" who made his wealth largely from the steel industry. The inscription on his tombstone reads, "Here lies a man who knew how to enlist in his service better men than himself."



*We bid "adieu" - till next time to Mrs. & Mr. Nagano, Mr. Tad Uhera and Mr. Arthur Lee of Tokio Marine Holdings*

We acknowledge with thanks the support of Mr. Yasuke Yoshida, Mr. Fujimoto at Tokio Marine Holdings-Tokio Office and Director Operations Mr Ichiro Maeda and Mr. Yasue at our Corporate Office.

**Editorial Board:** K.K. Aggarwal, R. Kannan, Ramesh Kumar and Pushpa Hariharan

**Sub Editor:** Pragati Kakkar



**IFFCO-TOKIO General Insurance Company Limited**

IFFCO TOWER - II, Plot No. 3, Sector - 29, Gurgaon, Haryana - 122 001

[www.iffcotokio.co.in](http://www.iffcotokio.co.in)

CIN U74899DL2000PLC107621; IRDA Regn. No. 106

Views expressed in this Newsletter by contributors are their own and IFFCO-TOKIO does not own any responsibility for the same. For private and restricted circulation only, not for sale.

For circulation only amongst employees and associates of IFFCO-TOKIO.