

The First Monthly Journal on Insurance in India in Service Since 1981

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Report : India InsurTech Association's 4th Annual Event at Mumbai



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Interview

The Silver Jubilee of BIMTECH's Insurance Business Management Programme (IBM) marks a proud milestone in its pioneering journey of shaping leaders for the insurance and risk management sector.

Dr. Prabina Rajib
Director
BIMTECH

FAIR remains committed to facilitating collaboration, knowledge exchange, and capacity development among its 200+ member institutions across more than 50 countries.

Mo'men Mukhtar
Secretary General
Federation of the Afro-Asian
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One of the strongest messages of the conference was the call for cooperation and partnerships among different players in the emerging markets including regulators and other stakeholders.

Alaa El-Zoheiry
Managing Director, GIG Egypt
& Vice Chairman
Federation of the Afro-Asian
Insurers & Reinsurers, FAIR

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Sanjiv Achut Shanbhag

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Editor-in-Chief's Desk



Ram Gopal Agarwala
B.Com, LLB, FCA.

The proposal to allow 100% Foreign Direct Investment (FDI) in insurance, expected to be tabled in the upcoming winter session, could be a watershed moment. While this promises capital inflows, global best practices, and product innovation, it also warrants a balanced approach to safeguard national interests and prevent over-reliance on foreign entities. The long-term regulatory oversight and ownership structures must be carefully evaluated to preserve domestic control over a socially sensitive industry.

In parallel, the revival of the merger plan for PSU general insurers by the Finance Ministry has reignited discussions on operational efficiency versus service reach. Consolidation may offer economies of scale and improved solvency, but it should not come at the cost of grassroots presence or workforce morale. A phased, transparent roadmap is crucial.

IRDAI has urged private players to mirror the impact of government-led schemes like PMJAY and PMFBY, stressing the need for inclusive innovation. However, its recent concern over unfair practices in health insurance claim settlements is a reminder that consumer trust remains fragile. Transparency and timely grievance redressal are non-negotiable. IRDAI is severely lacking on front of education and awareness. Education has been kept at backbench with no focus on training and development.

A new report by the National Centre for Promotion of Employment for Disabled People (NCPEDP) has revealed that over 80% of persons with disabilities (PwDs) in India are excluded from health insurance coverage. The findings, released during a national consultation, highlight widespread structural discrimination in both public and private health insurance schemes, which fail to adequately address the needs of the disabled community.

The Indian insurance sector is poised for transformation—but its future must be guided by inclusivity, fairness, and a balance between commercial ambition and social responsibility.

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Digital-First Approach in Insurance: Pathway to Enhanced Customer Experience and Operational Efficiency



Dr. Rakesh Agarwal

As the digital wave sweeps across industries, insurance—traditionally seen as paperwork-intensive and relationship-driven—is undergoing a tectonic transformation. A digital-first approach is no longer a competitive advantage; it is a survival imperative. Insurers must now re-imagine every touch-point of the customer journey—from onboarding to claim settlement—through the lens of digital agility, seamless experience, and automation-led efficiency.

The essence of a digital-first strategy lies in designing processes with digital as the default mode of interaction, not as an afterthought. It requires re-engineering back-end systems, breaking down silos, and deploying technologies like AI, cloud computing, blockchain, and data analytics to deliver real-time, responsive, and hyper-personalised services.

Enhancing Customer Experience (CX)

Today's insurance customer expects speed, simplicity, and self-service. From buying a policy with a few clicks to receiving instant claim updates, the demand for convenience has never been higher. By integrating digital tools such as mobile apps, chatbots, and AI-powered advisory systems, insurers can offer 24/7 service availability and customised product recommendations. Facial recognition for KYC, digital signatures, and e-policy issuance are further simplifying on-boarding and reducing friction.

Reducing Operational Costs

Digital adoption leads to substantial cost efficiencies. Intelligent automation of underwriting, policy servicing, document verification, and claim adjudication reduces dependency on manual processes, eliminates errors, and cuts down turnaround time. Robotic Process Automation (RPA) and straight-through processing (STP)

also help insurers manage peak loads without scaling manpower linearly. These savings can be redirected to product innovation and pricing competitiveness.

Faster Claims and Fraud Prevention

Claims remain the 'moment of truth' in insurance. Digital-first models allow customers to submit claims digitally, upload evidence, and track claim status in real time. Integration of AI-based fraud detection tools enables insurers to flag anomalies early and process genuine claims faster. This balance of speed and scrutiny builds trust and loyalty.

Challenges and Way Forward

While many insurers have taken digital strides, a true digital-first shift requires cultural transformation. It calls for leadership commitment, re-skilling of the workforce, investment in legacy system upgrades, and above all, a relentless customer-first mindset. Data privacy and cyber security must also be prioritised to protect sensitive customer information in a fully digital environment.

Additionally, digital adoption should not widen the protection gap. Insurers must design user-friendly platforms, offer multilingual interfaces, and ensure accessibility for all segments, including the elderly and rural populations. Hybrid models—combining digital tools with human support—can help bridge this divide.

Conclusion

The future of insurance belongs to digital-first innovators who can deliver speed without compromising trust, and scale without losing the human touch. Indian insurers, supported by regulators and InsurTech ecosystems, are well poised to lead this shift.

Let digital be not just a channel, but the DNA of tomorrow's insurance enterprise. □

Insurance Demystified

The Implications of Drafting the Letter of Subrogation



Dr Abhijit K. Chattoraj
Chartered Insurer

It ensues that subrogation arises only where the insured has suffered a loss and has the option of recovering the loss from the wrongdoers, other than from the insurer. If the insured recovers the loss from the insurer, then his right to claim from the wrongdoer passes on to the insurer.

Traditionally, in insurance, subrogation refers to the right of an insurer having indemnified an insured in respect of a particular loss to recover all or part of the claim payment. The insured transfers their right of recovery against a third party who is responsible for causing the loss. The insurer, standing in the shoes of the insured, can initiate the recovery.

In other words, the right of the insurer, having indemnified the insured under a legal obligation to do so, to stand in the place of the insured and avail himself of all the rights and remedies of the insured, whether already enforced or not.

It ensues that subrogation arises only where the insured has suffered a loss and has the option of recovering the loss from the wrongdoers, other than from the insurer. If the insured recovers the loss from the insurer, then his right to claim from the wrongdoer passes on to the insurer. This is in keeping with the principle of indemnity, which disallows recovering from two or more sources for the same loss for more than the actual loss suffered.

The issue of subrogation merits deeper introspection. We

will refer to the case of Oberai Forwarding Agency Vs. New India Assurance Co. Ltd to fathom the minute intricacies related to subrogation.

Facts of the case -

M.S. Industries took a transit (marine) policy from the New India Assurance Company Ltd.

M.S. Industries, through its agent, Oberai Forwarding Agency, hired two trucks from M/s. Bhasin Goods Carriers of Bareilly to transport broken rice to Barpeta, Assam. According to Oberai Forwarding Agency, the appellant in the above case , only settled the freight for the consignment. The consignments of the broken rice did not reach the destination as they were lost.

After the loss, the insurer paid the resulting claim for Rs 64,137/ to M.S. Industries (also the consignor in this case). It may be noted here that the consignment was insured for Rs 93,925.55.

Having received the claim, M.S. Industries executed a Letter of Subrogation on 15th June, 1992, in favour of New India Assurance Company Ltd. The Subrogation letter mentioned 'In

consideration of your paying to us the sum of Rs 64137/- only say Rupees Sixty four thousand one hundred and thirty seven only in full settlement of our claim for non- delivery/shortage & damage under policy No.2142140400015 Cert. No./decl. No.269240001/54 & 55 issued by you all on the undermentioned goods, ***we hereby assign, transfer and abandon to you all our rights*** against the Railway Administration, Road transport carriers or other persons whatsoever, caused or arising by reason of the said damage or loss ***and grant you full power to take and use all lawful ways and means in your own name and otherwise at your risk and expense to recover the claim for the said damage or loss and we hereby subrogate to you the same rights as we have in consequence of or arising from the said loss or damage.*** And we hereby undertake and agree to make and execute at your expense all such further deeds, assignments and documents and to render you such assistance as you may reasonably require for the purpose of carrying out this agreement.

On the same day, M.S. Industries also executed in favour of the first respondent a Special Power of Attorney, to the insurer to file suit in the court of law against the Railways Administration.

On 9th September 1992, the insurer, New India Assurance Co.Ltd, filed a complaint against Oberai Forwarding Agency (also the appellants in the above case) under the Consumer Protection Act in respect of the loss of the consignment. It maintained that it had been subrogated to the rights of M.S.Industries - the consumer, and as a result was a consumer under the law and the purview of the Consumer Protection Act.

Points of Contention - Three issues in this appeal, namely, (1) whether the first respondent, New India Assurance Co. Ltd, was subrogated to the rights of the M.S.Industries, the second respondent, also consignor in respect of the lost consignment. Was it a mere subrogation or (2) Was it an assignment in favour of the insurer? In other words, the insurer was the assignee of the rights of the second respondent, M.S.Industries, and (3) the last contentious issue was whether M.S.Industries was a consumer within the meaning of the Consumer Protection Act, 1986, thus entitled to maintain a complaint thereunder.

Oberai Forwarding Agency, in its written statement, argued that M.S.Industries was not a consumer and had no right to file the complaint as per the provisions of the Consumer Protection Act. To suit the above requirement, the name of M.S.Industries was included as a co-complainant.

Oberai Forwarding Agency filed a complaint at the District Forum, Shahjahanpur. The District Forum directed Oberai Forwarding Agency to pay M.S.Industries the respondents a sum of Rs 98,924.55 and interest.

Oberai Forwarding Agency preferred an appeal before the State Forum, which dismissed the petition but reduced the amount of compensation to Rs 69,137/-. The revision petition against this verdict was filed before the National Consumer Dispute Redressal Commission, which not only dismissed the petition but restored the compensation to Rs 98,924.55 as decided by the District Forum.

Oberai Forwarding Agency- the petitioner obtained a special leave to appeal to the Supreme Court.

The learned counsel of Oberai Forwarding Agency argued that the document issued as a 'Letter of Subrogation' was not a subrogation of rights but an assignment by M.S.Industries, the second respondent, of its rights to New India Assurance Co.Ltd - the first respondent. In view of such assignment, the assignor M.S.Industries had no right left. The insurer, therefore, was not a consumer. The counsel of the insurer, however, insisted that the document submitted by it was indeed a letter of subrogation. As a result, both the insured and the insurer could complain as consumers.

Observation of the Court - The apex court referred to various cases like Union of India vs. Sri Sarada Mills Ltd., or Vasudeva Mudaliar vs. Caledonian Insurance Co. & Anr., AIR 1965 Madras 159, as precedents to arrive at the judgment. The apex court referred to the consumer protection Forum in the case of M/s. Green Transport Company (ibid). On perusal of the definition of 'consumer' under the Consumer Protection Act, it was found that it was only the person who had hired a service for consideration or any other person availing of the benefit of such service with his approval who could be regarded as a consumer thereunder.

In the case before it, the defendant insurance company was the complainant. The consignment, it insured, was already lost. The rights of subrogation acquired by it against the transporter did not help it in the proceedings under the Consumer Protection Act. The various documents, like the letter of subrogation, the deed of transfer of the right of action and the Special Power of Attorney, enabled it with the legal status of a consumer so as to allow it to summon the special jurisdiction of and maintain the complaint under the Consumer Protection Act.

The apex court also referred to the case of New India Assurance Co. Ltd. vs. G.N. Sainani.

The question that arose in the case referred to was whether the assignee could be said to be a beneficiary so as to be able to make the complaint. What had been assigned as per the document was merely the right to recover the loss by way of the right to sue. The assignee was not the beneficiary of any service and could not avail of the remedy under the Consumer Protection Act as he was not a consumer.

The court observed that the loss had already occurred and the transport service was also complete; the insurer, as an assignee, was not the beneficiary of any services hired from the carrier; therefore, it was not a consumer under section 2(d)(ii) of the CP Act.

Difference between subrogation and assignment- Both allow one party to enjoy the rights of another, but subrogation differs from assignment. The rights of subrogation arise as a result of the operation of law. The insurer enjoys rights as soon as it compensates the loss for the insured. An assignment on the other hand, requires an agreement that the rights of the assured be assigned to the insurer. It does not require the assignor to assign his rights against third parties unless asked for specifically.

The insurer would prefer assignment as it allows it to recover more than it has paid. There is another important distinction between the two titles. An insurer who wants to exercise the rights of subrogation against a third party has to always do so in the name of the assured/insured. On the other hand, an insurer who has a legal assignment of its assureds uses its own name to effect any recovery.

The apex court examined the above two documents in the light of the above distinctions. The Letter of Subrogation executed by the insured in favour of insurer in its operative portion categorically mentioned that 'we hereby **assign, transfer and abandon to you all our rights** against the Railway Administration Road transport carriers or other persons whatsoever, caused or arising by reason of the said damage or loss and **grant you full power to take and use all lawful ways and means in your own name** and otherwise at your risk and expense to recover the claim for the said damage or loss; and (ii) we hereby subrogate to you the same rights as we have in consequence of or arising from the said loss or damage'.

The implication of the clause 'assign, transfer and abandon to you all our rights' needs to be understood carefully. By doing so, the insured allowed the insurer full power to take lawful means to recover the claim for the loss, and to do so in its own name.

The court observed that had it been mere subrogation, the word assigned would not be used. The transfer in such a case would be limited to the recovery of the amount paid by the insurer to the insured and not the transfer of all the insured's rights in respect of the loss.

In case of subrogation, the insurer would not be entitled to take steps to recover the loss in its own name; It always has to do so in the name of the insured.

Thus, by the first clause, the court observed there was an assignment in favour of the first respondent and not subrogation.

The second clause, as the court observed, did use the word subrogate, but it conferred upon the insured the same rights that the insured had in respect of the same loss. This meant that the transfer was not limited to the amount paid by the insurer to the insured but included all the compensation for the loss. Even by the second clause, the court observed therefore, there was an assignment in favour of the insured.

The apex court felt it was clear the loss of the consignment had already taken place. All that was assigned and transferred by the insured to the insurer was the right to recover compensation for the loss. There was no question of the insurer being a beneficiary of the service that the insured had hired from the carrier. That service, namely, the transportation of the consignment, had already been availed of by the insured, and in the course of it the consignment had been lost. The insured, therefore, was not a consumer within the meaning of the Consumer Protection Act and was, therefore, not entitled to maintain the complaint.

The court, by its order, gave relief to the carrier by freeing it of its liability as fixed by the district, state and national commissions.

Reference

Oberai Forwarding Agency Vs. New India Assurance Co. Ltd. & ANR [2000] INSC 32 (1 February 2000)

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