

## Highlights



*CMD at 36th AIO Conference Tanzania.*



*FAIR Committee on Nat Cat Pool.*



*CMD in Conversation with IUMI Members*



*Members of FAIR Committee on Nat Cat Pool.*

## Editor's Thoughts...

**T**he quarter which has gone by was a momentous period for Indian Democracy. We all witnessed a great "dance of democracy" with 420 million voters out of 710 millions exercising their franchise enshrined by Indian Constitution in a most peaceful manner and paving the way for a representative and stable Government at Centre. Every Indian should be proud of this achievement and the reaffirmation of the democratic character of our Polity.

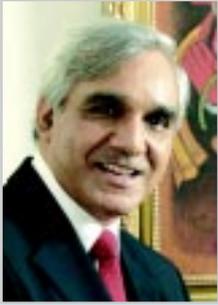
With new Government in place with a large public mandate, the country can now look forward to achieving inclusive and sustainable economic growth to create employment and opportunities for our youth who now constitute around 50% of population. With slowdown of World economy and with little signs of its early recovery, country now has to look inwards for strong impulses for the economic growth. Infrastructure, financial sector reforms and creating the rural demand are the need of the hour.

The financial performance of the Corporate Sector for the FY 2008-09 was not very encouraging as many corporates appear to be grappling with the economic slowdown. The same trend is reflected in the performance of Insurance sector, which has however recorded growth in premium volumes, but failed to produce underwriting profits. The road ahead is full of challenges and opportunities where the rules may have to be written. IRDA's initiative to usher in IFRS4 accounting standards and improved corporate governance standards are a step in the right direction. GIC Re has done well in the FY 2008-09 and achieved a considerable growth in the international business with the foreign / domestic mix showing 38:62 taking it one more step further to the target of 50:50. GIC Re's name is taken with affection and respect in the Afro-Asian insurance fraternity as felt in the recent AIO conference in Dar-Es-Salaam and FAIR meet in Colombo. Reflecting this trust, FAIR has asked GIC Re to spearhead the setting up of a Pool for nat-cat perils for the Afro-Asia.



**Raghunath**

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## From the CMD's Desk

The winter of economic crisis is now beginning to thaw. While introspections have been done and will continue to be done, what is certain is that corporate governance in the affected sectors was observed more in breach than in practice which led to this imbroglio.

Corporate governance and strict regulatory systems helped us in India to remain above water during the downturn and ensure greater customer satisfaction and high employee morale. However, today when businesses and organisations function without borders we cannot remain in isolation. IRDA is preparing a road-map for the Indian insurance industry to comply with the International Financial Reporting Standards by 2011. We should be prepared to ensure a smooth transition.

Natural Catastrophes know no boundaries and the entire world faces their perils but it is the developing countries that have to face the brunt. They take the most time to recover. To support their efforts and to create additional reinsurance capacity for risks pertaining to natural calamities, the Federation of Afro Asian Insurers and Reinsurers (FAIR) is setting up a FAIR Nat-Cat Pool. The Pool will also provide technical services to the members. We are happy to play an important role in formation of this Pool.

A recent study by ASSOCHAM reveals that in coming years not the corporate segment but retail and rural areas will offer tremendous growth opportunities for the insurance sector which is projected to register a growth of 200 percent by 2010-11. This devolves a greater responsibility on all of us in the industry so that this opportunity is not frittered away.

A pilot exercise carried out internally to assess the satisfaction level of our customers with our services, brought out encouraging results. I am happy to say that we do measure up to the expectations of our customers. I congratulate all of you, but we will need to keep up the good work as the competition is bound to increase and pose greater challenges. Our team of committed employees, at all levels, has always put its best foot forward and I am sure will continue to do so.

With best wishes,

**Yogesh Lohiya**

## “Financial resources are important but much more important is the human resource”

**Ezzat Abdel Bary, Secretary General, FAIR**

*Mr. Ezzat Abdel Bary, Secretary General, Federation of Afro Asian Insurers and Reinsurers (FAIR) was in India recently to attend a meeting of the Committee on the proposed FAIR Nat Cat Pool. During Mr. Bary's visit, K Raghunath, Editor, GIC ReNEWS spoke to him for his views on a variety of issues on insurance industry. We reproduce below Mr. Bary's detailed interview with GIC ReNEWS.*



*Mr. Ezzat Abdel Bary speaks to GIC Re News.*

**Insurers in the FAIR region are experiencing the effects of financial meltdown. Your word of advice for them.**

Insurers and reinsurers have felt the effect of financial meltdown. It has had a double impact on them. The first is investments. The money in the stock exchanges has disappeared. Stock market investment requires patience. Insurers invest not for trading but only for investments. The stock exchanges

are down now. May be after some time things will get better or may be even much better. But at the moment it has hit them.

The financial confusion will also affect the premium and profitability of insurers and reinsurers. The real challenge would now be; how to maintain premium income; this needs new markets, new products. In FAIR we are in a better position than the saturated markets. In saturated markets the insurance industry is badly affected by this financial crisis as the penetration level is very high in these countries. Where as in the Afro-Asian countries, I am talking of the majority, penetration is very modest / low; hence the scope is enormous. We need to think and act traditionally. We need to have new products, new areas and new distribution channels.

**What role do you envisage for GIC Re vis-à-vis FAIR in the scenario where the global focus is shifting towards BRIC of which India is a prominent member?**

Yes, it is a fact and now well known that GIC Re of today is absolutely ahead and in a very good position compared to GIC Re of say three years ago. Regional cooperation is gaining more ground. The thrust and confidence of GIC Re says that it is not only the reinsurer for India market; it is expanding to the regional level and growing in international stature. We know that quite well. In Aviation we know GIC Re is 5<sup>th</sup> largest reinsurer. All this proves that at a time when people who used to turn their eyes towards London, are now getting support from GIC Re.

**‘GIC Re is expanding ..... and growing in international stature’**



Mr. Bary (right) in conversation with Raghunath, Editor GIC Re.

Academy (India), Malaysian Insurance Institute, BIBF (Bahrain) and Insurance Institute (Turkey) as associate members. Over and above this, we have correspondent members from Europe like Munich Re and Swiss Re and Tokio Marine. We are keen to expand in the Afro-Asian region.

**'GIC Re of today is absolutely ahead and in a very good position compared to GIC Re of say three years ago...'**

### **How do you evaluate the success of the 3 existing FAIR Pools and how do you see the future of the to-be-born NAT CAT Pool?**

The three existing FAIR Pools are being managed professionally, commercially and in the best interest of FAIR members. They are growing. Results are good. They have well distributed portfolios; but for sure, they can do more with better understanding of all members. Each Pool has a Technical Board. They are elected on two criteria; volume of business ceded and profitability of the business.

For the proposed NAT CAT Pool we see GIC Re, Korean Re, Africa Re and Malaysia Re as members of Technical Board of the Pool and that is a guarantee of professional management of the Pool. But they can achieve more if members cede more business. And the good results and profits will go back to them again.

### **Asia has more exposure to NAT CAT perils than Africa. Will there be a differential in risk rating for cessions to the Pool?**

The FAIR Nat-Cat Pool will be in a short time a reality. All guidelines and rules will be made to secure its professionalism in management because we are in business for making a profit. So every Risk, every exposure should have a correct rate.

### **Is FAIR looking to expand its membership?**

Companies which were present in the founding meeting were from 20 countries. Now we are from 52 countries and have 210 member companies; life and non-life companies and reinsurance companies. In addition, we have academic and training institutes such as National Insurance

### **Several big names, especially in the west, are in the throes of financial problems. How does FAIR view this; an opportunity or a threat?**

It is both. Security is a matter of paramount importance. The role of a Rating Agency is very important. But the lesson we learnt should not be forgotten and this role should not be over-estimated. Some times it was misused. It is an opportunity now to prove that we have competent players in the insurance industry; this is based on our knowledge; we know them; the existing business is based on relationship with the entities.

**'the people who used to turn their eyes towards London, are now getting support from GIC Re.'**

### **Many a times corporate governance is ignored by the insurers in the developing economies which may bode well in the short term but plays havoc with the system in the long term. Will FAIR take a lead in reinforcing the concept of Corporate Governance among its members?**

Firstly, I disagree that corporate governance was ignored by the insurers in the developing economies. The Financial Crisis has proved that it was ignored only in the developed countries. However, we need to remember that Corporate Governance concept is the back bone of any entity, especially insurance. Insurance is based on the principle of utmost good-faith. – Not Good faith. So we are in great need of this, more than any other industry. That is why

we are so concerned to inculcate this concept through educative seminars and training programs.

### **Would FAIR look at a Pool for long tail business like Liability?**

It is a matter for the underwriters. A decision will have to be taken by the Technical Board. Underwriting guidelines will be set up for the Pool. FAIR is just the project manager. It being a commercial organization; consisting of General Assembly and Technical Boards. FAIR is not the decision maker.

### **The recent financial meltdown has brought to fore the fact that the models adopted by international rating agencies are not perfect. Isn't the time ripe to adopt newer models or think of forming some regional rating agencies that can do justice to groups like FAIR?**

Some things are too obvious and need not be stated very elaborately. Sometimes these ratings are given much importance. We should do the job ourselves. Then it doesn't make so much difference between an international rating agency and a regional rating agency.

### **Your impression on the recently concluded FAIR Seminar at Colombo?**

It was a seminar on Personal Lines. The Insurance Association of Sri Lanka made a wonderful job of it. The number of participants exceeded 285 from 26 countries. The sub-subjects under the same were smartly chosen. Everything went on like clockwork. The number of attendees in the last session was not less than the opening ceremony. I congratulate IA of Sri Lanka.

### **You have had a long and cherished innings in insurance/reinsurance over the last 4 decades. What would be your words of counsel to the profession today?**

We have to believe in ourselves and cooperate internationally. Have to be genuine partners in this great profession of insurance industry but to attain that we have to work for getting the knowledge and obtaining experience. Financial resources are important but much more important are the human resource. If we take care of them everything else will fall in place.

**Thank you** ●

## 36<sup>th</sup> Conference & General Assembly of the African Insurance Organisation

The 36<sup>th</sup> Conference and General Assembly of the African Insurance Organisation (AIO) was held in Dar-es-Salaam, Tanzania from the 24<sup>th</sup> to the 28<sup>th</sup> May 2009. GIC Re is also a member of the AIO and Mr. Yogesh Lohiya, Chairman cum Managing Director GIC Re was the Key-Note Speaker at the Conference. Mr. Lohiya also made a presentation on "Role of the consumer of insurance in dealing with challenges of access to Insurance services in India" in the Conference. We bring you a report on the 36<sup>th</sup> AIO Conference. Also on page 5 we have an interview with Mr. Lohiya on his views about the insurance industry in Africa.

Editorial Desk



36<sup>th</sup> AIO Conference in Progress.

The 36<sup>th</sup> Conference and General Assembly of the African Insurance Organisation (AIO) was held in Dar-es-Salaam, Tanzania from the 24<sup>th</sup> to the 28<sup>th</sup> May 2009. The theme of the Conference was "**Challenges of Access to Insurance Services in Africa**". The theme was chosen in view of the low insurance penetration in Africa. Presently it is estimated that only 5-6% of the entire population of Africa (with the exception of South Africa) has access to insurance. Africa's share of the total global market in 2007 was 1.69%. The choice of the theme of the conference was therefore apt as it is clear that action needs to be taken to examine the situation with a view to finding solutions to improve the accessibility of insurance to the population in the continent.

Africa accounts for only 1.3 per cent

of the entire world's insurance business. Europe takes up 44 per cent while America takes 32 per cent. Of this 1.3% share South Africa alone takes up 85 per cent while the rest of the 15% is shared by the other 52 countries of the African continent.

The theme was discussed from the perspective of all stakeholders, namely:

- ★ policy makers
- ★ insurance industry
- ★ consumers
- ★ professionals

The conference was declared open by the Prime Minister of the Republic of Tanzania, His Excellency Mizengo Kayanza Peter Pinda. The

Opening Ceremony was attended by an array of ministers, members of parliament, members of the diplomatic corps, delegates and other invited guests.

### Speakers

Eminent personalities and insurance practitioners were invited to address the gathering and share their experiences. Our Chairman cum Managing Director Mr. Yogesh Lohiya also addressed the gathering.

### Delegates

The conference was attended by 725 participants from 50 countries from Africa, Asia, Europe, the Middle East and Australia.

On this occasion a new journal of the African Insurance Organisation was also released.



Delegates at 36<sup>th</sup> AIO Conference, Dar es Salaam

## “GIC Re is today a Brand in Africa”

*Mr. Yogesh Lohiya, Chairman cum Managing Director GIC Re was the Key-Note Speaker at the 36th Conference and General Assembly of the African Insurance Organisation (AIO) held in Dar-es-Salaam, Tanzania from the 24th to the 28<sup>th</sup> May 2009. Mr. Lohiya also made a presentation on “Role of the consumer of insurance in dealing with challenges of access to Insurance services in India” in the Conference. We have here an interview with Mr. Lohiya on his views about the insurance industry in Africa.*

*Editorial Desk*



**H**ow would you describe GIC Re’s role and position over the years, as a reinsurer in Africa?

GIC Re has been a leader and an active player in the African insurance market all these years and has still a larger role to perform. This has been primarily due to our relationship management and our customer oriented service which is now our brand equity in Africa. We have become a Brand to be reckoned with in the area of reinsurance in Africa.

**GIC Re has made some strategic investment in some African insurance companies. Do you have any further plans to make such investments in more such companies? Would GIC Re be looking at taking up the Management control in any African insurance company?**

GIC Re has acquired 14.75% equity stake in East Africa Re, Kenya. We also have an equity participation to the extent of 9.20% in Kenindia Assurance Company Ltd, Kenya. We also have an indirect stake in Tanzindia Assurance Company Limited of Tanzania which is promoted by Kenindia. We would be looking at similar strategic associations with other companies too. However, we are neither considering nor looking for any management control in any company in Africa.

**South Africa takes up 85 per cent of the share of Africa’s share in the global insurance business. Does GIC Re have any plan to enter the South African insurance market?**

Yes, we are aware of the opportunities that exist in South Africa and are working on a road map to enlarge our share of the pie there by setting up an office in South Africa.

**GIC Re is a leader in reinsurance programmes of several African insurance companies. To further strengthen its image as a leader in the continent, what steps does GIC Re plan to initiate in the short-term and long-term?**

GIC Re has always believed in the policy of ‘personal touch’ in all its business relationships and this has yielded excellent results. We are strengthening our marketing teams to provide better service to our customers in Africa. I have already spoken about opening an office in South Africa. I don’t think we should be classifying things in this area as short term & long term. We have always been known for our flexible approach to underwriting and our willingness to promptly pay valid claims. This is our brand equity and this is what has made GIC Re the Brand that it is today in Africa.

**Agriculture insurance is a major issue in Africa. Recently Africa Re in partnership with Partner Re and collaboration with the World Bank has established Index Re for weather derivatives with a pan-African presence. Would GIC Re like to take a similar initiative?**

Yes, I am aware of this partnership as also of the fact that Agriculture Insurance is a major issue in Africa. We are planning to take some initiatives on this front very soon. Beyond that I would not be able to say much on this.

**AIO has Aviation and Oil & Energy Pools, a Nat Cat Pool is in a formative stage; would GIC Re as a new member of AIO and with ample experience in Pool management play a role in the AIO Pools?**

Yes, certainly we will participate in these pools. We are a member of the Africa Insurance Organisation and are now in touch with the promoters of the various Pools so that can actively participate in their activities. We are looking into the nitty-gritty of these aspects carefully.

**What advantage does GIC Re has in African insurance market viz-a-viz the European reinsurers.**

As I said earlier, we have always believed in the importance of Relationships. We have never looked at things, even in business, materialistically. Also, we have an advantage that with our long standing relations we have developed meaningful acquaintances which have helped us to evolve as a brand in the African continent.

**You were a key-note speaker at the recently concluded AIO conference. Would you like to say something about the Conference, its deliberations and its success?**

The Conference was really well planned and well attended too. There were over 700 delegates from almost all the African nations. There was active interaction following the presentations and interesting questions were posed. I am happy that participants were keen to understand the Indian insurance market and get the benefit of our expertise and experience for developing their own markets. It was really heartening to note that the success story of the Indian systems has inspired many in the insurance/ reinsurance markets overseas, especially in Africa and Middle East.

## The FAIR Seminar on “Personal Lines Insurance – Meeting the challenges of a rapidly changing environment” at Colombo, Sri Lanka - A Report.

*The Federation of Afro-Asian Insurers and Reinsurers “F.A.I.R” was established in September 1964, to promote cooperation among insurance and reinsurance companies in Africa and Asia, through the regular exchange of information, expertise and the development of business relations. Currently having 210 members, FAIR is dedicated to the cause of regional cooperation and the development of the insurance industry in Afro-Asian nations.*

*Editorial Desk*



Mr. P. K. Bhagat, Dy. General Manager makes his presentation at the FAIR Seminar at Colombo.

With the global risk landscape perpetually undergoing rapid change due to the changes in weather patterns, societal values and other man-made catastrophes, demand for personal lines insurance is on the upswing even during economic recession. Moreover the demographic changes in Afro-Asian markets have added to the middle and upper-middle classes apart from the already existing dearth of insurance at the grass root level for low income earners. This has created additional market segments for personal lines insurers and a challenge for them, to reach out to these segments with suitable tailor-made solutions to suit their diverse needs. The need of the hour

**Personal lines insurance products are obtained by individuals, in their private capacity seeking insurance protection for their valuable assets which have emotional and sentimental value attached and against liabilities and other eventualities that they face such as accidents, sicknesses, travel related eventualities, auto liability etc**

for personal lines insurers is undoubtedly innovative products and alternate distribution channels to meet the challenge.

The theme of the International seminar organized by the Insurance Association of Sri Lanka (IASL) together with the F.A.I.R - “Personal Lines

Insurance – Meeting the challenges of a rapidly changing environment” was thus well chosen. The FAIR seminar was effective in examining the key success factors involved in personal lines insurance where Afro-Asian insurers could share their collective experiences on the subject.

The topics selected for the nine sessions were very relevant to the theme and thought provoking. The presentations of the various speakers were excellent and gave in-depth knowledge of the subject as well as the practices followed by the region represented by the speaker.

Mr P. K. Bhagat, Deputy General Manager, GIC Re presented a very comprehensive picture of the Indian Personal Lines Insurance market. The detailed presentation giving many facts and figures was very well received by the audience and provided a bird’s eye view of the Indian challenge in this area. His presentation was widely covered by the Lankan media with his speech being quoted in the Daily Mirror, Sri Lanka’s leading newspaper along with his photograph taken at the event.

The other topics covered were Microinsurance, Bancassurance, Role of the Actuary in Product Development and Pricing, Branding, Family Takaful, Reinsurer’s role in Personal Lines insurance and Alternate distributions

channels which were very informative and well presented. Health Insurance and the role of the TPA was covered very well.

The participation at the Seminar was excellent with over 100 guests from overseas. The warmth and hospitality extended to all the visitors by the Sri Lankan organizers was very touching and made the stay for all participants in this beautiful island state very memorable.

The Seminar also provided a lot of opportunities for participants to network and develop business opportunities. The GIC team also made best use of this opportunity. Whilst the non-life team comprising of DGM, Mr Bhagat, Ramaswamy and Rajesh Pawar met with non-life companies and insurance market bodies during and after the seminar gathering a lot of first hand intelligence on the non-life market, I had the opportunity to meet many life company representatives to discuss business opportunities.



Team GIC Re (L-R) Girija Subramanian, N Ramaswamy, P K Bhagat, Rajesh Pawar at GIC Re Stall at the FAIR Seminar at Colombo.

All in all the seminar was a big hit on all counts and will bring intangible value to the Sri Lankan market in terms of good will and image building – a richly deserved reward for such selfless hard work put in by the organizers. To sum it up, in Mr Bhagat's crisp words on the

seminar organisation, which was again a well applauded remark at the seminar – **“Thoughtfully organized, Meticulously planned, Perfectly Executed.”**

*Girija Subramanian*



### Shri G C Chaturvedi

Mr. G C Chaturvedi assumed the post of Additional Secretary (Department of Financial Services) Ministry of Finance in May this year. A distinguished civil servant of Uttar Pradesh cadre, Mr. Chaturvedi entered the Indian Administrative Service in 1977.

Prior to his present posting Mr Chaturvedi was Mission Director & Additional Secretary in the Ministry of Health & Family Welfare. He was also Joint Secretary (Banking & Insurance), Ministry of Finance, Government of India from May 2003 till December 2007.

He has also notched up several academic achievements in his illustrious career. Mr. Chaturvedi is a soft spoken person with a very pleasing personality. We wish Mr. Chaturvedi a very successful stint in his current posting.

### CONGRATULATIONS



GIC ReNEWS congratulates Mr Kailash V Pathak on his promotion to the cadre of Deputy General Manager.

Prior to his promotion Mr. Pathak was Assistant General Manager in-charge of Human Resource Group in the Corporation. Mr. Pathak joined GIC in January 1977. A Fellow of the Insurance

Institute of India, he is also a Law graduate. He has served various departments during his stay in the Corporation and is a popular figure in the Corporation.

A superb 'personnel' man, Mr. Pathak is also a versatile trainer. He was instrumental in training a good many number of students who opted for the Insurance stream in 10+ 2. Several of them are holding prominent positions in the insurance sector in India and abroad. We wish Mr. Pathak the very best in his future career.

## Corporate Governance

*Some of the recent failures in the corporate world have brought the focus on the term Corporate Governance once again. The high profile collapses of firms Worldcom and Enron Corporation and more recently back home Satyam episode has drawn attention of one and all. This is perhaps the right time to understand the term Corporate Governance in its right perspective. We bring you an article on Corporate Governance by Ashok Kumar Roy, General Manager, GIC Re. Editorial Desk*

Corporate Governance can be termed as a set of processes, customs, policies, laws and institutions affecting the way a corporate entity is directed, administered and controlled. It is still evolving. Corporate governance is about striking a balance between private and societal returns while protecting the interests of stakeholders. Following major corporate failure such as Enron Corporation, Sarbanes Oxley Act was passed in United States of America in 2002 outlining the contours of Corporate Governance.

In India the most significant step in this direction was taken by SEBI under Clause 49 of the listing agreement for Listed Companies. Under Clause 49 various requirements of Corporate Governance have been outlined.

Most significant requirements of clause 49 include:

### Composition of Board

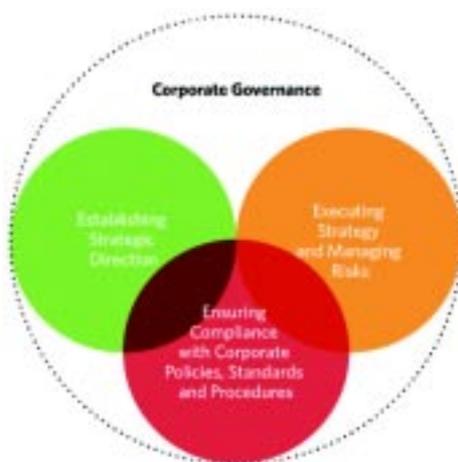
- i. The Board of directors shall be such that not less than fifty percent of the board of directors be non-executive directors.
- ii. Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise of independent directors and in case he is an executive director, at least half of the Board should comprise of independent directors.

### Non executive directors' compensation and disclosures

All fees/compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors

### Other provisions as to Board and Committees

- i. The board shall meet at least four times a year, with a maximum time gap of four months.
- ii. A director shall not be a member in



- more than 10 committees or act as Chairman of more than five committees
- iii. The Board shall periodically review compliance reports of all laws applicable
- iv. An independent director who resigns or is removed be replaced within 180 days

### Code of Conduct

- i. The Board shall lay down a code of conduct for all Board members and senior management of the company. The code of conduct shall be posted on the website of the company.
- ii. All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.

### Audit Committee

A qualified and independent audit committee should be in place consisting of minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors. The Chairman of the Audit Committee shall be an independent director. The Company

Secretary shall act as the secretary to the committee

### Meeting of Audit Committee

The audit committee should meet at least four times in a year and not more than four months shall elapse between two meetings.

### Powers of Audit Committee

The audit committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### Remuneration of Directors

- i. All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company shall be disclosed in the Annual Report.

### Subsidiary companies

1. At least one Independent Director of holding company shall be a director on the Board of Directors.
2. The audit committee of holding company also review the financial statements of the subsidiary.
3. The minutes of the Board Meetings of the subsidiary company shall be placed at the board meetings of holding company.

### Management

(a) Management Discussion and Analysis report should form part of the Annual Report it should include the following matters

1. Industry structure and developments.
2. Opportunities and Threats.

3. Segment-wise or product-wise performance.
  4. Outlook
  5. Risks and concerns.
  6. Internal control systems and their adequacy.
  7. Discussion on financial performance with respect to operational performance.
  8. Material developments in Human Resources / Industrial Relations front, including number of people employed.
- (b) Senior management shall make disclosures to the board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the company at large.

#### Shareholders

- i. In case of the appointment or re-appointment of a director the shareholders must be provided with the following information:
  - a. A brief resume of the director;
  - b. Nature of his expertise in specific functional areas;
  - c. Names of companies in which the person also holds the directorship and the membership of Committees of the Board; and
  - d. Shareholding of non-executive directors
- ii. Quarterly results and presentations made by the company to analysts shall be put on company's web-site.
- iii. A board committee under the chairmanship of a non-executive director shall be formed to specifically look into the redressal of shareholder.
- iv. To expedite the process of share transfers, the Board of the company shall delegate the power of share transfer.

#### CEO/CFO certification

The CEO/CFO, shall certify to the Board that they are true, represent true and fair view of the company affairs and does not include any transaction which are fraudulent, illegal or violative of the company's code of conduct. They have also to certify that they have indicated to the auditors and the Audit committee

- i. significant changes in internal control over
  - ii. significant changes in accounting policies
  - iii. instances of significant fraud.
- (I) Report on Corporate Governance
- i. There shall be a separate section on Corporate Governance in the Annual Reports.
  - ii. The companies shall submit a quarterly compliance report to the stock exchanges within 15 days from the close of quarter

#### Compliance

The company shall obtain a certification from auditor or practicing company secretary on compliance of the provisions of corporate governance

#### Non-Mandatory Requirements

##### 1. The Board

A non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties. Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years

##### 2. Remuneration Committee

i. The board may set up a remuneration committee to determine company's policy remuneration packages for executive directors .

##### 3. Shareholder Rights

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.

##### 4. Audit qualifications

Company may move towards a regime of unqualified financial statements.

##### 5. Training of Board Members

A company may train its Board members in the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.

##### 6. Mechanism for evaluating non-executive Board Members

The performance evaluation of non-

executive directors could be done by a peer group comprising the entire Board of Directors, excluding the director being evaluated

##### 7. Whistle Blower Policy

The company may establish a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases.

#### Corporate Governance Initiatives at GICRe

Though Clause 49 provisions are not applicable on GICRe as it is not a listed company still it has adopted the best practices of corporate governance. Some of the significant initiatives at GICRe are:

1. Board level audit committee is already in place and fully functional
2. Board consists of 3 independent directors.
3. Norms on numbers of board meetings and its frequency is observed.
4. Norms on numbers of Audit committee meetings and its frequency is observed.
5. Disclosure norms as stipulated in clause 49 are already in place at GICRe.
6. Report on corporate governance is placed in the annual report.
7. Remuneration committee is already in place and functional.

Thus we have already moved some steps ahead on our own and are adequately prepared to adapt to the corporate governance norms which IRDA is planning to introduce for Insurance sector. In fact we have already made a study of the proposed regulations of IRDA ,and submitted our views to the regulator.

We at GICRe are committed to Corporate Governance principles and shall move swiftly to align ourselves to the norms laid down by IRDA once the regulations in this regard are effected.

**Ashok Kumar Roy**

## INDUSTRY NEWS (JUNE 2009)

It finally appears that scare of a financial depression of gigantic proportions has passed. There are already signs of growth recovery in developing economies and recovery is expected to surface in developed countries towards the end of the year. It is widely expected that growth and recovery will be quite muted in medium term. As it happens, the financial scare is replaced by health scare since viruses, in this instance H1N1, these days fly business class.

On the domestic front, there is a lot of excitement following clear mandate in favor of United Progressive Alliance (UPA) in the belief that reforms will move full throttle ahead. However, rain God has queered the pitch for now and recovery will depend on good agricultural output.

The seeds of irrational exuberance were sown in the excess liquidity floating in the world economy and governments world over chose to cure the global financial crisis by injecting more of the same liquidity. By broad consensus, it is believed that this liquidity either will lead to asset bubble in some part of world or inflation which will resist all attempts at control.

Experts will continue to debate the genesis of the financial crisis starting from personal greed to professional incompetence to inadequate or non-functioning enterprise risk management systems to mismanagement of macro economy by central bankers to global geo-economic structural imbalances. Focus of the challenge of understanding and managing risks, which also remains at the core of any risk carrier's strategic landscape, is brought to fore time and again by such "corrections" in the financial markets.

Alongside, the regulatory focus has evolved from operations to systems to risk-based monitoring to effective integration and co-ordination of financial regulation, among segments of financial market, across group entities as well as across borders. This is going to have implications for how the financial markets are going to be regulated in the times to come and after a lag, insurance and reinsurance markets

in particular.

Insurance Regulatory & Development Authority (IRDA) has decided to introduce a uniform valuation methodology based on the companies' embedded value (considering discounted future profits and adjusted Net Asset Value). This change is a move towards differentiating portfolios with reference to the risk embedded therein and movement in direction of risk-based capital requirements as against solvency ratio based regulation at present.

### Business Written 2008-09-Non-Life Insurance: \*

Performance indicators for 2008-09 for the industry are out. Market premium for non-life segment has increased to INR 30,603.53 crore from INR 28,058.30 crore in the previous year, registering a growth of 9.1%. About 50% of the market premium growth has been contributed by the health segment with miscellaneous contributing almost the other half, motor about 30% and non-motor about 15%.

Public sector players booked a premium of INR 18,031.77 crore as compared to INR 16,829.58 crore in the previous year, resulting in y-o-y growth of 7.1%. Private players have by comparison grown y-o-y at a rate of 12.0% from INR 11,228.72 crore to INR 12,571.76 crore. Market share of public players thus has shrunk from 60.0% to 58.9%, a loss of 1.1% to private players. This compares with loss of market share by public players of 5% during 2007-08, 8.3% during 2006-07 and 6.3% during 2005-06. In the face of growing competition and de-tariffing, it would seem that market is now stabilizing.

### Business Written 2008-09- Life Insurance: \*

On the Life insurance side, the premium (first year premium) went down by 6.3% from INR 92,988.71 crore to INR 87,107.62 crore. Public sector market share for 2008-09 stood at 60.8% as against 63.6%, a loss of 2.9% to private sector over last year. This compares with private sector gaining 10.5% during 2007-08. LIC degrew by 10.5% while private sector premium volume remained stable. Thus here too, market

appears to be stabilizing. Among the types of policies, individual premium, single and non-single both declined in volume.

### Market Developments:

ULIPs continue to contribute very significantly to the sales of insurance players. SEBI has removed entry-load for mutual funds in line with the operation of New Pension Scheme. ULIP thus becomes more attractive with higher commissions for distribution channels in the insurance sector. This is likely to create pressures for rationalization of commission structures in insurance. Alongside life insurers selling more ULIP may be required to put up more capital following new valuation norms to kick in from March 2010.

The Government of India introduced New Pension System from May 1, 2009. This is expected to have a significant impact on the financial markets owing to marked influence on retirement planning and investor behavior, especially for employees in the private sector. It marks a move from a defined benefit pension to a defined contribution based pension system. The scheme provides the flexibility to choose asset allocation as well as fund managers. NPS has adopted partial annuitization programme alongside lump sum withdrawal or phased withdrawal. Hopefully, annuity market in India will grow and acquire depth in short to medium term.

IRDA has ruled that only life insurers through their fully-owned subsidiaries (to be approved on a case to case basis) can engage in pension fund management under the New Pension Scheme. No insurer may act as a point of presence for New Pension Scheme.

Insurance market expects to see the foreign direct investment cap being raised from 26% to 49% in the Central Budget 2009-10 to be presented in early July. IRDA has indicated that additional disclosures will be required in case of initial public offerings by insurance players. These will focus on valuation, investment portfolio, product offerings and distribution channels.

\*Source: IRDA Journal;

Note: Figures: 1 crore= 10 million

### India ratifies Montreal Convention 1999 on International Air Travel:

GIC Re is a significant airline underwriter globally for roughly a decade now. Indian carriers have also created significant underwriting capacities on the back of proportional and non-proportional treaty arrangements during last couple of years, so much so that Indian market can be considered quite soft for general aviation sub-segment. The aggressive entry is driven by the considerations of diversifying the risk portfolio, writing big ticket business contributing to top-line as also catering to the clients for all their insurance needs including aviation, and of course, partake of the growing aviation market.

Aviation liability is a fascinating subject owing to the potential involvement of multiple jurisdictions across the world. To harmonize and avoid the conflict among

national legislations, international conventions such as Warsaw Convention 1929 and a series of protocols, revisions and agreements have been agreed to by various signatory countries.

India had signed Warsaw Convention 1929 and Hague Protocol 1955. A number of subsequent conventions were not ratified by India. This deficiency of not being in step with the international legislative developments was addressed by India ratifying Montreal Convention 1999 - replacing Warsaw Convention 1929- (91st country to ratify). The ratification is by way of the Carriage by Air (Amendment) Act 2009 which came into effect from June 30 2009, covering the international carriage of passengers, baggage or cargo by airlines. International travel is travel between signatory nations irrespective of nationality of passenger. This convention governs

legal actions for compensation for bodily injury to and death of passengers in international air transportation and is the sole remedy under law.

Some important features of the Montreal Convention 1999 are:

- ★ two tier liability regime: a first tier of strict air carrier liability for damages of up to 100 000 SDRs (special drawing rights); second tier of liability - without limit, based on the fault of the carrier.
- ★ Provision for advance payments.
- ★ Addition of 5th jurisdiction for legal action: passenger's principal / permanent place of residence at the time of accident. Warsaw allowed for four which are: States of domicile of and principal place of business of the carrier, carrier's place where contract is made and place of destination.

*Hitesh Joshi*

## Formation of FAIR Natural Catastrophe Perils Pool



*GIC Re Management with FAIR Committee members*

The Ad-hoc Committee set up to study the various aspects related to the formation of a FAIR Natural Catastrophe Perils Pool met in Mumbai on the 19th of June 2009. The Committee was set up as a follow up of the 49th Meeting of the FAIR Executive Board held in Istanbul, Turkey in October 2008. The Board had in principle approved of the setting up of the Pool. The Committee consisted of:

1. Mr. Yogesh Lohiya, CMD, GIC Re, India
2. Mr. Teddy Hailamsah, President Director, P.T. Assuransi Central Asia, Indonesia
3. Mr. Sonny M. Rubin, Exec. Vice President, Malayan Insurance Co. Inc., Phillipines
4. Mr. Hadj Mohamed Seba, Chairman & GM, Compagnie Centrale De Reassurance, Algeria
5. Mr. Ahmed Zinoun, MD, Societe Centrale De Reassurance, Morocco
6. Mr. Nasir A. Choudhury, CEO & MD, Green Delta Insurance Co. Ltd, Bangladesh

The Committee, prior to its meeting, had circulated a questionnaire to the members of the FAIR to assimilate the views of the members and assess the support by way of capacity and potential business for the Pool. The feedback received from the members and views expressed by them were presented and discussed in the Committee.

The main objective of the Pool is to create additional reinsurance capacity for risks which pertain to natural calamities like earthquakes, cyclones and tsunami, causing huge losses in terms of casualties/economy. The Pool will provide capacity as well as lead reinsurance terms to the members, in respect of exposures in Afro Asian countries. The Pool will also provide technical services to the members.

A Comprehensive document will now be presented at the next meeting of the FAIR Executive Board at Kuala Lumpur in October 2009.

*Editorial Desk*



*Meeting of Ad-hoc Committee in progress.*

## Introduction to Derivatives

*Derivatives are a type of securities whose price is derived from the underlying assets and value of these derivatives is determined by the fluctuations in the underlying assets. These underlying assets are most commonly stocks, bonds, currencies, interest rates, commodities and market indices. As Derivatives are merely contracts between two or more parties, anything like weather data or amount of rain can be used as underlying assets. We bring you a Report on Derivatives by our correspondent Satyajit Tripathy.*

*Editorial Desk*

**A**s a term, derivative indicates that it derives its value from some underlying asset. The product/contract has no independent value of its own. There fore, derivative is a product/contract with a pre determined and fixed duration, linked to a specified asset or an index (Nifty or Sensex in the Indian context for equity) for the purpose of fulfillment of the contract.

The underlying asset can be commodities, securities, currency, interest rates, credit, bullion etc. The products are primarily used as hedging instruments to protect financial interest in the form of price risk, currency risk and interest rate risk. Appropriate hedging strategies help in minimizing the risk associated with market volatility.

Though commodity futures started long back in 1874 in the global market, financial futures began in 1972 with the introduction of futures trading in currency and interest rates. Subsequent introduction of Equity Options in 1973 and Interest futures in 1975 led to rapid strides in the field of structured financial products. One of the root causes of the current global financial crisis is attributed to excessive usage of complicated financial products without clearly understanding the counterparty risks. Since derivatives are tools designed for risk management, its rampant use as a speculative tool without proper control mechanisms in place has led to collapse of many reputed global financial institutions in the recent past.

In India exchange- traded equity derivatives started to operate in June 2000. Subsequently during the year 2001 individual stock options and futures were introduced in the Indian market. During August 2008 currency futures operations have started in India.

There are only three types of generic derivative contracts/products, namely, forward, futures and option contracts.

In the following few lines we will describe the basics of some key futures and options terms.

### Key F&O Terms

- 1) Futures :** A futures contract is a standardized contract. The contract is entered into for either buying or selling an underlying asset at a certain pre fixed date in the future. A futures contract holder has an obligation to make or take delivery of the asset under the terms of the contract.
- 2) Options :** An option is a contract between a buyer and a seller that gives the buyer the right, but not the obligation, to buy or sell a particular asset at a future date for an agreed price. An option that can be exercised at any time on or before the expiry date is called an "American option" and the option which can be exercised only on its expiry , is called a "European option". The price at which the option is exercised is called the strike price
- 3) Call Option :** Call options give the buyer the right, but not the obligation, to buy a specific quantity of the stock at a specified price on or before the expiry of the contract. An investor/market player will buy a "call option" when he/she is bullish about the underlying security, i.e they expect the price of the security to move up.
- 4) Put Option :** Put options give the buyer the right, but not the obligation, to sell a specific quantity of the stock at a specified price on or before the expiry of the contract. An investor/market player will buy a put option when he/

she has a bearish outlook about the underlying asset and is certain that the price of the underlying will go down in the coming days.

- 5) Open Interest :** Open Interest refers to the total number of outstanding options/futures contracts held by market participants at a particular point of time in the ongoing F&O series. Open Interest analysis is used to identify and confirm trends and trend reversals of the underlying asset e.g equity.
- 6) Cost- of- Carry (CoC) :** It is the cost of carrying or holding a position in respect of a particular stock. The cost in this case primarily refers to the interest and also the opportunity cost which market players are ready to pay for buying/ selling a futures contract. For e.g. if a particular stock attracts a higher cost of carry along with a rising Open Interest, it indicates a general bullish outlook for the stock in the coming days.
- 7) Swaps :** Swaps are agreements between two parties for exchange of cash flows at a future date as per a pre determined formula. "Interest rate swaps" are most commonly used between two parties to exchange one stream of cash flows against another stream.
- 8) Rollover :** The process of squaring up an investment position in the Futures and options segment before the expiry of the current month series and simultaneously assuming the same position for the next month's contract is known as Rollover.

**S Tripathy**

### IUMI Executive Committee Spring Meeting held in Mumbai, India on 14-15 May 2009



The International Union of Marine Insurance (IUMI) was founded in 1874 in Berlin and its Secretariat is in Switzerland since 1952. At present, 54 national associations are members of IUMI and it represents a marine insurance premium of over 21 billion US\$.

The main objective of IUMI is to represent, safeguard and

develop insurers' interest in marine and transport insurances. IUMI advances marine insurance business; fosters cooperation of markets; facilitates exchange of information; promotes cooperation with international governmental and non-governmental organizations; lobbies for the cause of marine insurance and undertakes education activities in marine insurance.

The conduct of the IUMI affairs is done by an Executive Committee consisting of experts in the field of marine and allied insurance field. The Executive Committee held their 2009 Spring Meeting in Mumbai, India on 14-15 May 2009. GIC Re made all arrangements for holding the meeting successfully as also for sightseeing of the visiting members of the IUMI Executive Committee and their spouses.

CMD, GIC Re hosted a dinner on 15<sup>th</sup> May 2009 to the visiting guests who arrived from different parts of the world. A brief presentation on GIC Re and Indian market was also made on this occasion. Besides senior executives of GIC Re, a few top executives from the non-life industry also participated.

Members of IUMI have expressed their appreciation on the excellent conduct of the meeting.

*J S Karkera*





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US \$ in Million			
Total Assets	US\$ 9,305	Gross Premium	US\$ 2,337
Net Worth	US\$ 1,677	Incurred Claims	US\$ 1,058
Rated A - (Excellent) by AM Best		Investment Income	US\$ 598
Rated AAA (In) by CARE for Claim Paying Ability		Profit Before Tax	US\$ 289
		Profit After Tax	US\$ 250

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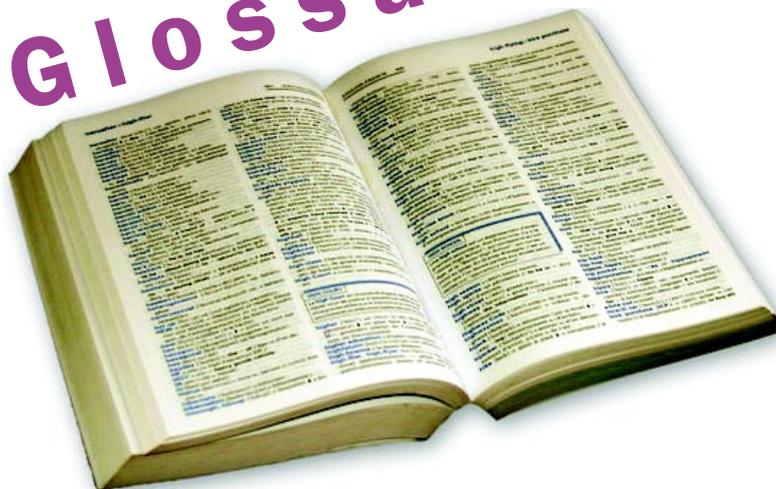
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# Glossary



## **Bordereaux**

A list of premiums payable and claims paid or due which is prepared by a cover-holder for a managing agent or by a reassured for its reinsurer. Bordereaux are commonly produced on a monthly or quarterly basis. They breakdown block premium payments that are made to underwriters and detail claim payments made on behalf of or due from underwriters.

## **Cedant**

A syndicate or company that transfers a risk exposure under a reinsurance contract.

## **Commutation**

The termination of a reinsurance contract by agreement of the parties on the basis of one or more lump sum payments by the reinsurer which extinguish its liability under the contract. The payment made by the reinsurer commonly relates to incurred losses under the contract.

## **Consortium**

An agreement between a group of two or more insurers according to which each member of the group agrees to accept a proportion of all risks of a specified type that are underwritten by one or more designated members of the group which act as leading underwriters.

## **Facultative risk**

A reinsurance risk that is placed by means of separately negotiated contract as opposed to one that is ceded under a reinsurance treaty.

## **Hard market**

When the availability of some or all classes of insurance or reinsurances is limited relative to demand for such insurance or reinsurance resulting in increased premiums and coverage restrictions.

## **Long tail (risk)**

This refers to a type of insurance where claims may be made many years after the period of the insurance has expired. Liability insurance is an example of long tail business. The opposite of long tail business is short tail business.

## **Liability insurance**

An insurance which covers the insured against third party claims or, in the case of employer's liability insurance, claims by employees, subject to specified terms and conditions.

## **Misrepresentation (of risk)**

A misstatement of fact that is made by the insured or his broker to an underwriter during the negotiation of the placement, amendment or renewal of cover which causes the underwriter to grant, amend or renew cover on an incorrect basis of fact. If the misrepresentation is material the underwriter may avoid the contract on the basis that the insured has breached his duty of utmost good faith.

## **Non-proportional reinsurance**

A type of reinsurance in which the reinsurer does not share similar proportions of the premiums earned and the claims incurred by the reassured plus certain associated expenses. Compare proportional reinsurance.

## **Proportional Reinsurance**

A type of reinsurance in which the reinsurer shares similar proportions of the premiums earned and the claims incurred by the reassured plus certain associated expenses. Compare non-proportional reinsurance.

## **Quota share treaty**

A reinsurance treaty which provides that the reassured shall cede to the reinsurer a specified percentage of all the premiums that it receives in respect of a given section or all of its underwriting account for a given period in return for which the reinsurer is obliged to pay the same percentage of any claims and specified expenses arising on the reinsured account.

## **Reinstatement of cover**

The restoration of cover following its exhaustion as a result of a loss by payment of an additional (reinstatement) premium. Many reinsurances provide for one or more automatic reinstatement of covers.

## **Short-tail (risk)**

A type of insurance where claims are usually made during the term of the policy or shortly after the policy has expired. Property insurance is an example of short tail business. The opposite of short tail business is long tail business.

## **Sunrise clause**

A clause that provides retroactive cover in respect of losses occurring before the inception of a (re) insurance contract.

## **Uberrima fides**

Latin for utmost good faith.

## PURAN POLI

*Puran Poli is a popular marathi dessert served during auspicious occasions and during important festivals. Although it resembles a Roti, it is actually very different. It is also popular in Karnataka and Andhra Pradesh. It is known as Holige in Karnataka and Bobbatlu in Andhra Pradesh.*

### Ingredients :

1. 2 cups chana dal (Bengal gram dal), soaked in water for 4 hours
2. 2 cups jaggery (adjust for sweetness)
3. 2 cups refined flour
4. 3 tbsp oil
5. 1 tsp cardamom powder
6. 1/4th tsp nutmeg powder
7. 1/4th tsp nutmeg powder
8. 3/4 tsp turmeric powder



### Instructions

- Cook chana dal in a pressure cooker till it turns soft. Drain out excess water until the dal is absolutely becomes dry.
- Add jaggery and cook further and then mash into a soft paste.
- Add cardamom powder, saffron, and freshly grated nutmeg powder and mix well. Form 20 balls of equal size and put it aside.
- Mix refined flour, oil, water and turmeric powder. Make very soft, sticky dough. Knead very well. Use oil to knead. Divide into 20 equal portions.
- With greased palms, take one portion of dough and flatten it into a disc of the size of the palm. Place a ball of "chana jaggery" paste in the centre and fold the disc from all sides to cover the paste completely.
- On a well-floured board, better over a sheet of clean transparent plastic wrap, gently roll out each poli to a 6 inches disc. This can get tricky as the paste does try to slide out. Use a little flour if that happens. Roll.
- Roast each poli on a hot, dry girdle. Do not use oil or ghee. Roast both sides well. Smear with ghee on both sides when done. Serve warm with clarified butter or a bowl of milk.

**Pooja G**

## MALAI KOFTA

*A dish for special occasions, Malai Kofta is the vegetarian alternative to meatballs. It goes very well with naans (tandoor-baked flatbread) or Jeera Rice.*

### Ingredients :

#### For Koftas :

- ★ 250 gms. Potatoes, Boiled, peeled and mashed
- ★ 1 Cup Spinach (Palak), washed and chopped
- ★ 1/2 Cup Methi (Fenugreek), washed and chopped
- ★ 1/2 Cup Coriander, washed and chopped
- ★ Salt to taste
- ★ Juice of 1 Lime
- ★ 1/2 cup Corn Flour or Besan (Gram flour)
- ★ 1/4 tsp. red chilli powder
- ★ Oil for frying

#### For Gravy :

- ★ 2 medium size Onions, finely chopped
- ★ 1 large Tomato, pureed
- ★ 1 cup plain non-fat yogurt (dahi)

- ★ 1 cup milk
- ★ 1/4 cup cream
- ★ 1/2 tsp turmeric
- ★ 2 tsp. coriander powder
- ★ 1/2 tsp. sugar
- ★ Salt to taste
- ★ 1/4 tsp. Garam masala powder
- ★ 4 tbsp. Oil

#### Grind to paste :

- ★ 12 Almonds, soaked and peeled
- ★ 3 tbsp. poppy seeds
- ★ 3 tbsp. melon seeds
- ★ 1 tsp. each Ginger-garlic paste
- ★ 3-4 Green chillies



### Preparation :

- For koftas, mix all the ingredients of koftas together and divide into equal portions and shape into long rolls, deep-fry till golden in colour. Drain onto an absorbent paper and keep aside.
- Heat oil in a pan and fry chopped onions till golden brown. Add the ground ingredients and stir-fry for few minutes. Add turmeric powder, coriander powder, sugar and salt. stir-fry for few seconds. Stir in tomato puree and cook on high heat, stirring continuously till oil begins to separate.
- Now add yogurt, milk and cream and cook stirring continuously till oil begins to separate. Add 1 cup of water and bring to boil. Simmer and cook for 5-10 minutes or until desired consistency.
- Just before eating, place the fried koftas in a serving dish and pour the hot gravy over and serve immediately garnished with garam masala powder and chopped coriander.

**Annapurni Nair**

To, 07.04.2009

The Editor  
GIC Re News

This has reference to the GIC Re News of March 2009.

I must congratulate the Editor, the Editorial Board & all the contributors for the excellent readership value of the news letter not only amongst the GIC Re family but all those who are in the periphery of the Insurance Management subject. I think that the first step towards transformation is effective communication.

In this context I recall an anecdote in a book by Andrew Robinson. This is a story narrated by the German playwright Carl Zuchmayer. An Indian soldier of the Gorkha Regiment was taken as a POW by the German army during World War II. His leg was to be amputated, but this required consent from the soldier. German was as good as Greek to him while the Surgeon did not know English or any of the Indian languages. After much consultation, the Surgeon whispered the only Indian words he knew - Tagore ! Tagore ! Tagore into the soldier's ears. The soldier with a weak smile nodded his head, Which was technically taken to be a consent. And the operation took place.

This friends, is the magic of communication ! Communication however is not magic; it is only through sincere efforts and deliberate strategy to reach out that makes it effective. I think GIC Re - News is just this - an effort to reach out, to the immediate work force, the clients, the Brokers & the rest.

Wishing GIC - Re News a very bright prospect.

  
(Gopa Ray)  
GM & CVO

## Conserve Water

I read somewhere that the next major war on this earth would be about water. It also predicted that the whole of India would be facing a major water scarcity in 2025 if we didn't do anything about it now itself. While 2025 may be a pessimistic view for the whole of the country it is certainly true that in some parts of the country it has already happened. Living in water surplus cities some of us seem to take 24 hour running water for granted. Blaming the government, blaming the civic bodies, blaming the monsoon while all may be true but are not the solution. There are a number of ways to save water, and they all start with YOU.

Every drop of water conserved is a drop of water that has not been wasted and can be put to better use.



- Avoid leakage of water from the taps.
- Repair leaky taps and always turn off your taps tightly so they don't drip

**Even a small drip can waste tons of water. A tap leaking one drop of water per second wastes more than 25 liter of water a day! (That's 9,000 liter a year! )**

- When you are washing your hands, don't let the water run while you lather.
- Turn the tap off when not in use especially when you brush your teeth or wash clothes.
- Use minimum amount of water to bath.
- Do not leave the tap running while washing the dishes in the kitchen.
- Install small shower heads to reduce the flow of water.
- Wash only a full load when using the washing machine. It takes about 200 Liter of water per load!

**"We did not inherit this planet. We have only borrowed it from our children"**

**Devesh Srivastava**

## An Appeal to Our Readers

We welcome your feedback on the layout, contents and presentation of GIC ReNEWS.

GIC Re employees are welcome to send in their write-ups for publication in the next issue of the newsletter.

Readers can send in their feedback to the mail id: [gicrenews@gicofindia.com](mailto:gicrenews@gicofindia.com)

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