



INSURANCE
BENCH
MARKING
REPORT FOR THE
IT & ITES
INDUSTRY

September 1,

2009

A report based on the survey conducted for the Indian IT and ITES Customer

An initiative
by India Insure

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Dear Reader,

As a Risk manager, you have probably always had some kind of uneasiness while finalizing your insurance portfolio. Questions which may have loomed large at the back of your mind could be, “Am I paying the right price, or am I being fleeced?”, “Are my competitors also taking a similar kind of coverage or am I taking too much or too less?”, “Are there any new covers in the market that I am unaware of?” or “What would be the total budget I should set aside towards insurance expenses?”

Well, a bench marking exercise, kind of tries to answer these haunting questions that you never knew whom to ask. It would be an effective tool for you to fall back on to understand what the industry trends are and accordingly make an informed decision.

Through this inaugural benchmarking report, we provide insight into the Insurance and Risk Management portfolio of firms in India’s IT/ITES sector. This being the first time an exercise of this kind being done in India, there was a kind of uncertainty with every corporate whom we approached - should we or should we not reveal the entire information to an Insurance broker was the doubt many had. Understandably so!

However, we had a good response and we thank each of you who made it possible. We look to making this an annual feature and that would help you analyse trends in the market as in comparison with the previous year. This being the first survey of its kind, we believe that the data would keep growing in the years to come and based on the theory of large numbers, the larger the database, the clearer the picture. For this, we look to you readers to be more participative in the years to come.

Trust you would find this report especially valuable in evaluating the effectiveness of your current plans and to knowledgeably make future adjustments while keeping the benefits both competitive and cost-effective. In case of any clarification required, you may get in touch with any of our associates who would direct you accordingly.

Truly,

V Ramakrishna
Chairman
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01st Sept 2009

EXECUTIVE SUMMARY

This report basically deals with the insurance trends in the IT industry, with a special focus on the health policies, the IT /ITES industry being so much people dependent. The study shows insurance information for major lines of coverage including health insurance, liability insurance, property insurance and risk management.

The sample sizes differ throughout the report because companies may not have purchased all lines of coverage or information about those placements may not have been revealed.

The major findings of the study are

- That the size of the company, in terms of the annual TO or employee strength has no bearing on the type of Health insurance policy being taken. Coverages are similar irrespective of the size of the company. About 78% of the corporates do not impose a co-payment on their employee's health claims. The Health claims ratio in majority of the companies is in the range of 100-150% of premium paid.
- Liability insurance, a growing segment is predominantly dominated due to the compulsions of the contracts that the corporate are entering into with their vendors.
- Property insurance is mostly availed in the form of an Office Package Policy rather than stand-alone policies. Terrorism cover has been opted for by 67% of the respondent companies. However Business Interruption insurance that covers the loss of income has not been opted for by most of the companies.
- Risk Management is becoming an increasingly important area of focus for the Indian IT industry. Risk is slowly become a boardroom issue as responsibility for risk and its management lies at the top for almost all the companies. Nevertheless, many organisations still have a long way to go in exploring what Enterprise Risk Management (ERM) is and how their organisations can derive value from it.

While the highest outgo for insurance in an IT/ ITES Company remains the Health insurance, the market is still soft and the predictions on the effects of cross subsidizing are not yet seen.

For this report, we approached about 500 IT / ITES companies across the country and finally received responses from about 108 companies. The turnover of these companies range from Rs. 0.5 crore to Rs.20000 crore per annum.



These are just some of the major findings of this survey. For further information about this report, please email one of our SBU Heads

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About India Insure

India Insure Risk Management & Insurance Broking Services Pvt Ltd. was established in the year 1999 even before the broking concept saw the light of day in India. Promoted by a group of four professionals, this company was conceptualized prior to the liberalization of the insurance industry in India. Commencing with a team of 9 members, we are presently over 100 employees operating from 8 branches across the country. We are a full service Composite (Direct and reinsurance) Insurance broker and provide Risk management consultation to our Customers.

As India's leading composite insurance broker, India Insure aims to deliver the promises made to the stake holders. Insurance broking being in its nascent stages in India, we aim to provide long term solutions and be recognised as a fair and professional player. As composite brokers, we also aspire to give to the reinsurers a clear picture of the risk in the Indian market.

Our principle of transparency with all our stake holders has been the key driver of our success. We believe in an open two way communication with our stake holders encouraging feedback at various operative levels and technology plays a vital role in helping us track our service deliverables. From Employee benefits to Power projects, we have an over 300 strong customer base, some of whom have voiced their confidence in us by being with us for over 5 years.



INDIA INSURE RISK MANAGEMENT & INSURANCE BROKING SERVICES PVT LTD.

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