नेपाल बीमा प्राधिकरण
NEPAL INSURANCE AUTHORITY

THE OECD-ADBI-IRDAI ROUNDTABLE ON INSURANCE AND RETIREMENT SAVING IN ASIA

INSURANCE POLICY-RELATED OPPORTUNITIES AND CHALLENGES

Presenter

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- ABOUT NIA
- INSURANCE INDUSTRY AT A GLANCE
- CHALLENGES
- OPORTUNITIES
- GOVERNMENT FOCUS

About Nepal Insurance Authority

- Regulatory Agency established to systematize, regularize, inspect and supervise insurance business in Nepal.
- Insurance Board (Beema Samiti) was established in 1969
- With the Enactment of Insurance Act, 2022 Insurance Board was converted into Nepal Insurance Authority.

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About Nepal Insurance Authority

DUTY AND POWER

(Section 5 of Insurance Act, 2022)

- Act as Advisor of Government of Nepal regarding Insurance
- Formulate National Insurance Policy
- Grant Approval and license for establishment of Insurance companies and insurance intermediaries
- Formulate necessary Bylaws, Directives, Guidelines and Orders
- Carry out Regulation, Inspection and Supervision of Insurance business
- Settle the disputes concerning various parties of insurance
- Protect policyholder’s interest
- Decide on complaints filed by insureds against insurers.
- Coordinate with Foreign Insurance Regulatory bodies and International organizations and obtain membership .

VISION

"Transform Nepal Insurance Authority into a highly prestigious and leading Institution of Nepal."

MISSION

"Be recognized as a very professional and well-empowered insurance regulator through continuous learning, competence and integrity"

CORE VALUES

Integrity
Transparency
Accountability
Team Spirit
Service
Fairness
Innovative

INSURANCE INDUSTRY AT A GLANCE

Number of Insurers

15 Life Insurance Companies

15 Non-Life Insurance Companies

2 Re-Insurance Companies

4 Micro-Insurance Companies

Insurance Intermediaries

12 Brokers

296403 Agents

1240 Surveyors

As of : May 2023

INSURANCE INDUSTRY AT A GLANCE

Paid up capital

Regulatory Requirement	
Life Insurance	5 Billion(USD38 million approx.)
NonLife Insurance	2.5 Billion (USD19million approx.)
Micro-Insurance	750 Million(USD 5.7million approx.)

	2021	2022	Growth
Life Insurance	38.91 Billion	43.89 Billion	12.81%
Non- Life Insurance	19.84 Billion	22.8 Billion	14.82%

Employment

2021	2022	Growth
10882	12301	10.56%

As of : July 2022

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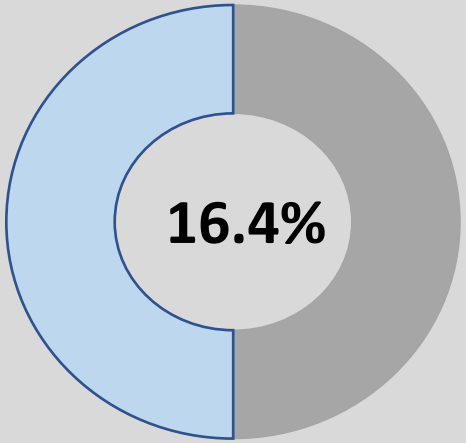
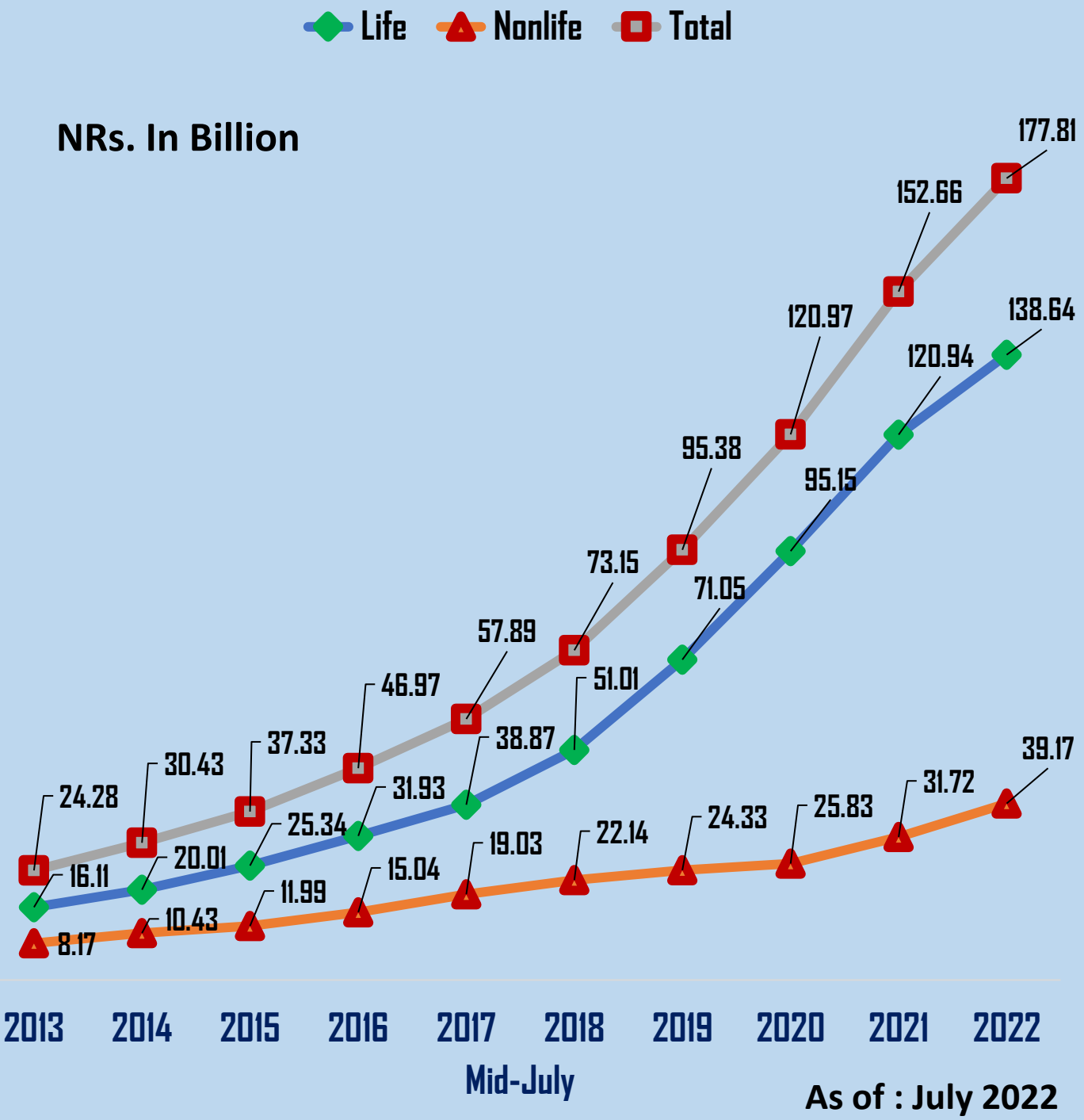
Gross Premium Collection



Growth in Gross Premium Collection



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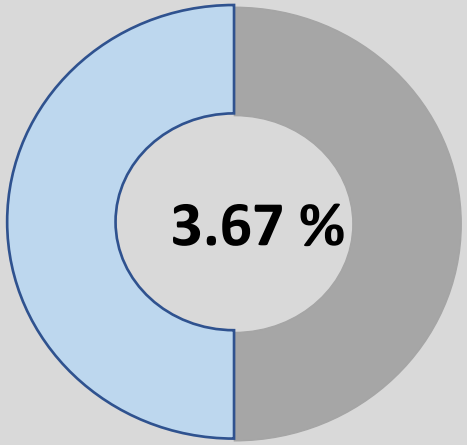
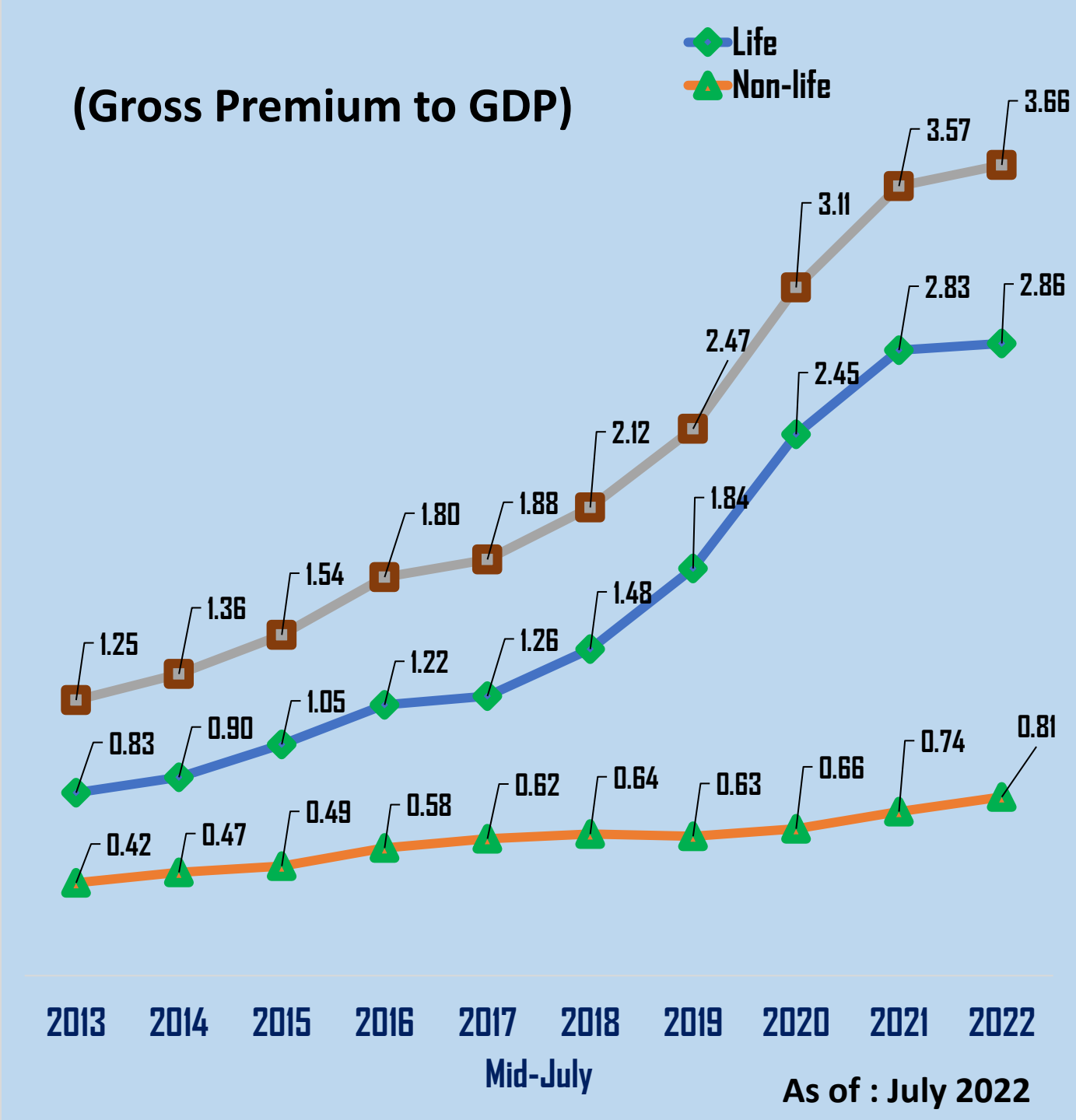
Insurance Penetration



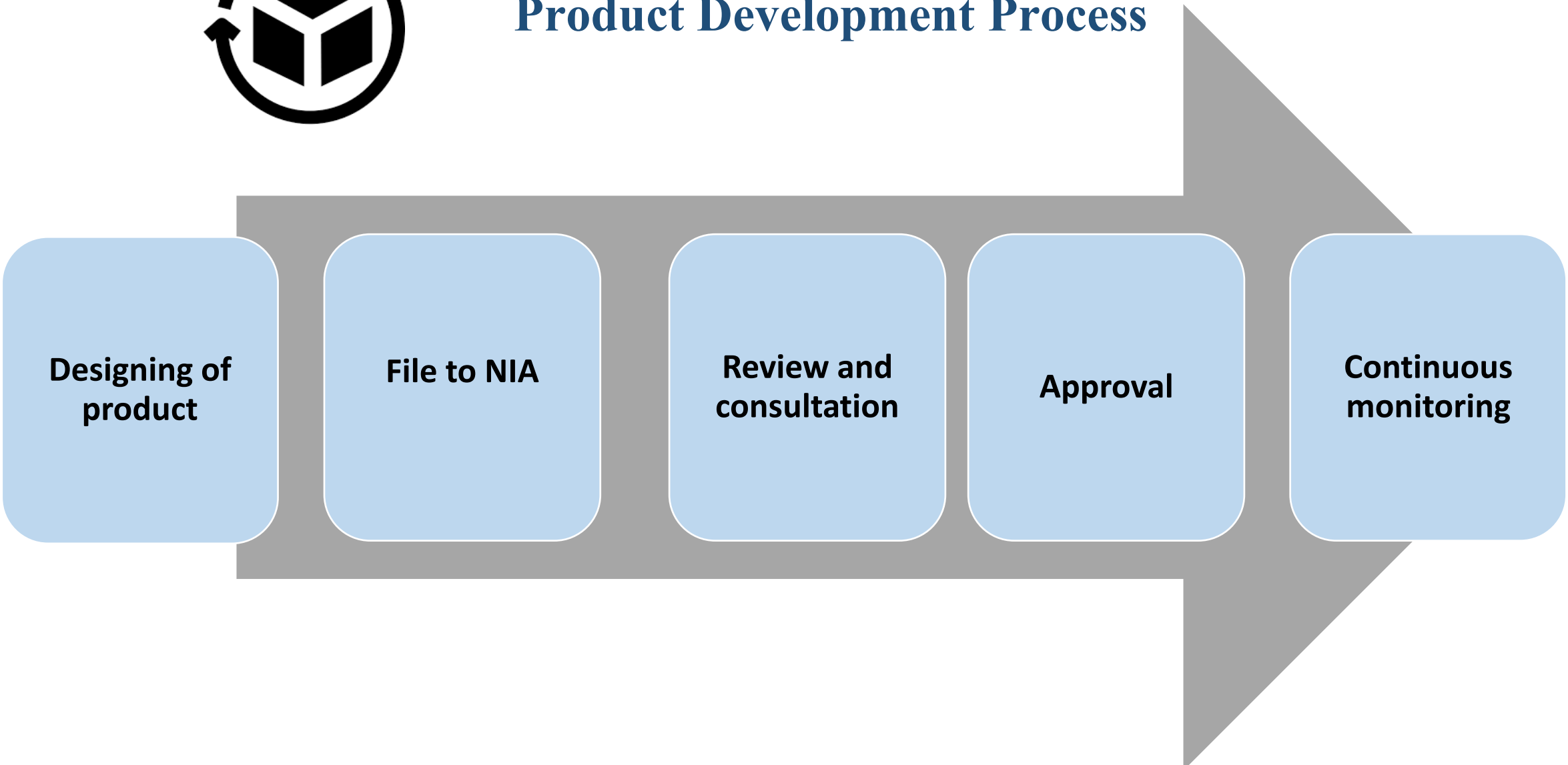
2.86% - Life Insurance
0.81%- Nonlife insurance

Percentage of People covered by Insurance

38.26% (Excluding FE)
41.10 % (Including FE)



Product Development Process



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PRODUCT CHALLENGES

- Conventional policies with similar features across industry
- Insufficient Market based research in product design
- Dependency on foreign actuaries for product designing and pricing
- Revision of Mortality Table (currently based on 2009 data)
- Lack of innovative products based on the need of the target market

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REGULATORY CHALLENGES

- Prevalence of Mis-selling
- Dependency on agents as distribution channel
- Minimizing Surrender and Lapses
- Deficiency of Technical expertise
- Rate cutting in Tariff based products
- Weak underwriting practices
- Building resilience towards emerging risks
- Implementing risk-based approaches
- Introducing advanced technologies and digitalization

OPPORTUNITIES

Increased Scope of NIA (Insurance Act, 2022)

Establishment of Provincial Offices

Increased Emphasis Towards Merger and Acquisitions

Adoption of risk-based approaches (RBC,RBS)

Increasing Level of Awareness and Insurance Penetration

Support from international organizations

Government support

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GOVERNMENT FOCUS

Government Target	Reference
Compulsory Motor Third party insurance	Implemented in 2009
Compulsory Foreign employment insurance policy	
Microinsurance to be at least 10% of total business	Fiscal policy 2018/19
Target set to achieve 33 percent insurance coverage	Fiscal policy 2021/22
Provision for establishment of Separate microinsurance Company	Fiscal Policy 2022/23
Target set to achieve 60% life and health insurance access 10% agricultural insurance access by 2023/24	15th Economic Plan
Government subsidy 80% in Agriculture insurance premium 50% in premium of insurance under concessional loan	
Deduction in taxable income Life insurance premium up to Nrs40000 Household insurance premium up to Nrs 5000	

Questions